

IAASB Draft Strategy for 2020–2023

Our Goal and Stakeholder Value Proposition

Our mandate is straightforward. However, standard-setting itself is not, especially in a global context. The following messages frame the broad lens of our strategic thinking.

Our Goal

- **Sustained trust** in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of **robust global standards** that are in the **public interest** and capable of **consistent and proper implementation**.
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Our Stakeholder Value Proposition

- **Public Interest Focus:** Focused work plans, processes, and activities that are closely tied to our goal.
 - **Our Standards:** Globally relevant, applicable to entities of all sizes and complexities, forward-looking and operable; developed and implemented through activities that are timely and responsive to the needs of our stakeholders.
 - **Our Engagement with Our Stakeholders:** Timely and meaningful dialogue with a broad range of stakeholders, including with regulatory, user and practitioner communities.
 - **Our Work Plans:** Focused on delivery of our International Standards and other means through timely identification of, and response to, our stakeholder needs and issues with global impact, while carefully balancing speed and quality, capacity utilization, and coordination with others.
 - **Our Methods:** Rigorous and inclusive, including leveraging external resources where feasible. Continuously reviewed and improved to better facilitate delivery of committed work plans.
 - **Our Collaboration Efforts:** Leveraging efforts of, and continuing to strengthen coordination and cooperation with, in particular, the IESBA and National Standard Setters (NSS).
 - **Our Implementation Support on Major New and Revised Standards:** Supporting the development of timely and effective implementation of the IAASB's major new and revised standards.
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Strategic Drivers

Key to our success is delivering on the strategic actions set forth in this Strategy, which is facilitated:

- Through our commitment to **engage, listen and learn** from our key stakeholders, and to **lead and adapt** in our global standard setting responsibilities.
- By **fostering confidence** in the quality and relevance of our processes and standards, evidenced by the many jurisdictions (currently 130) using or committed to using our standards, including their oversight bodies (regulatory and inspection), and by user and practitioner communities

Continuously understanding our key opportunities and challenges, and balancing the needs of all stakeholders are crucial to the continued use and ongoing adoption of our standards on a global basis. Adapting to the environment, and meeting stakeholder needs, are the most significant drivers that have shaped our Strategy for 2020–2023 (Strategy) and Work Plan for 2020–2021 (Work Plan). Relevant **strategic drivers** include:

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| <p>Advancement in, and Use of, Technology</p> | <ul style="list-style-type: none"> • Rapidly changing and evolving technologies (e.g., artificial intelligence, robotics, blockchain, cloud computing, social networks and new digital payment platforms). • Developments in the use of advancing technologies, including how automated tools (including automated data analytics) are used to perform work on audit and assurance engagements, and the way that engagement teams are structured and interact. |
| <p>Environment for Small- and Medium-Sized Entities</p> | <ul style="list-style-type: none"> • Increasing pressure regarding the scalability and proportionality of the standards, in particular the ISAs. • Changing audit thresholds are increasing the demand for other types of assurance or other services by small- and medium-sized entities (SMEs). |
| <p>Increasing Complexity and Its Implications</p> | <ul style="list-style-type: none"> • The business environment is becoming increasingly complex and as a result, financial reporting standards are responding and becoming more complex. • Accounting practice is evolving—as transactions become more complex and financial reporting changes, more estimates and management judgments are needed. • The pace of change is driving complexity by exacerbating the impact of many of the factors referred to in this section, increasing pressures on responsiveness and relevance. |
| <p>Changing Reporting Needs of Stakeholders</p> | <ul style="list-style-type: none"> • Corporate reporting is evolving, with many users of corporate reports increasingly focusing on available non-financial information (e.g., sustainability reporting, reports addressing an entity’s governance and internal control and other forms of extended external reporting) and seeking assurance thereon. |
| <p>Changing Public</p> | <ul style="list-style-type: none"> • Decreasing confidence, and declining trust, in audits arising from continuing high levels of reported poor results of external inspections and recent high-profile corporate failures in some jurisdictions. |

**Confidence in
Audits**

- Changing **Stakeholders' expectations** about what the standards should require the auditor to do (for example, in relation to the detection and reporting of fraud, and the consideration of going concern issues) increases the 'expectation gap' between what is expected from an audit and what the current standards require the auditor to do, thereby impacting public confidence in audits.

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Our Strategy and Focus

The following three strategic objectives will direct the activities we commit to in pursuit of our goal. The **strategic actions** broadly describe our planned actions for each strategic objective. Our Work Plan sets out the specific actions we will undertake.

Develop and Maintain the IAASB's International Standards and Supporting Materials that provide a foundation for high-quality audit, assurance and related services engagements

Core to our activities is revising and developing International Standards that are relevant, robust and operable. The focus will be on making timely changes to respond to the continuously evolving environment while always remaining mindful of the need to retain the robustness and quality of our standards. During the period of this strategy, we will increase the relative amount of resources to support for implementation, addressing complexity, and emerging issues that respond to challenges identified in the Strategic Driver section. **Strategic Actions** – We will:

- Complete our major audit quality enhancements and other work underway at the start of 2020; supporting and facilitating the effective implementation of new and revised standards.
- Develop ways to address complexity in order to ensure scalability and proportionality within the International Standards.
- Challenge and enhance the fundamentals of our International Standards, including addressing emerging issues efficiently and appropriately to reflect the changing public interest and an evolving environment.

Innovate Our Ways of Working to Strengthen and Broaden Our Capabilities and Capacity to Do the Right Work at the Right Time

Enhancing and strengthening our processes is critical to our success. **Strategic Actions** – We will:

- Innovate how we work through the use of technology and other means to maximize the impact of our activities.
- Develop and implement a Framework for Activities that will include:
 - Undertaking more structured and robust information-gathering and research activities as a foundation for future work streams, while also providing transparency about the decisions made for the work we undertake.
 - Developing mechanisms for addressing issues and challenges on a more timely basis.

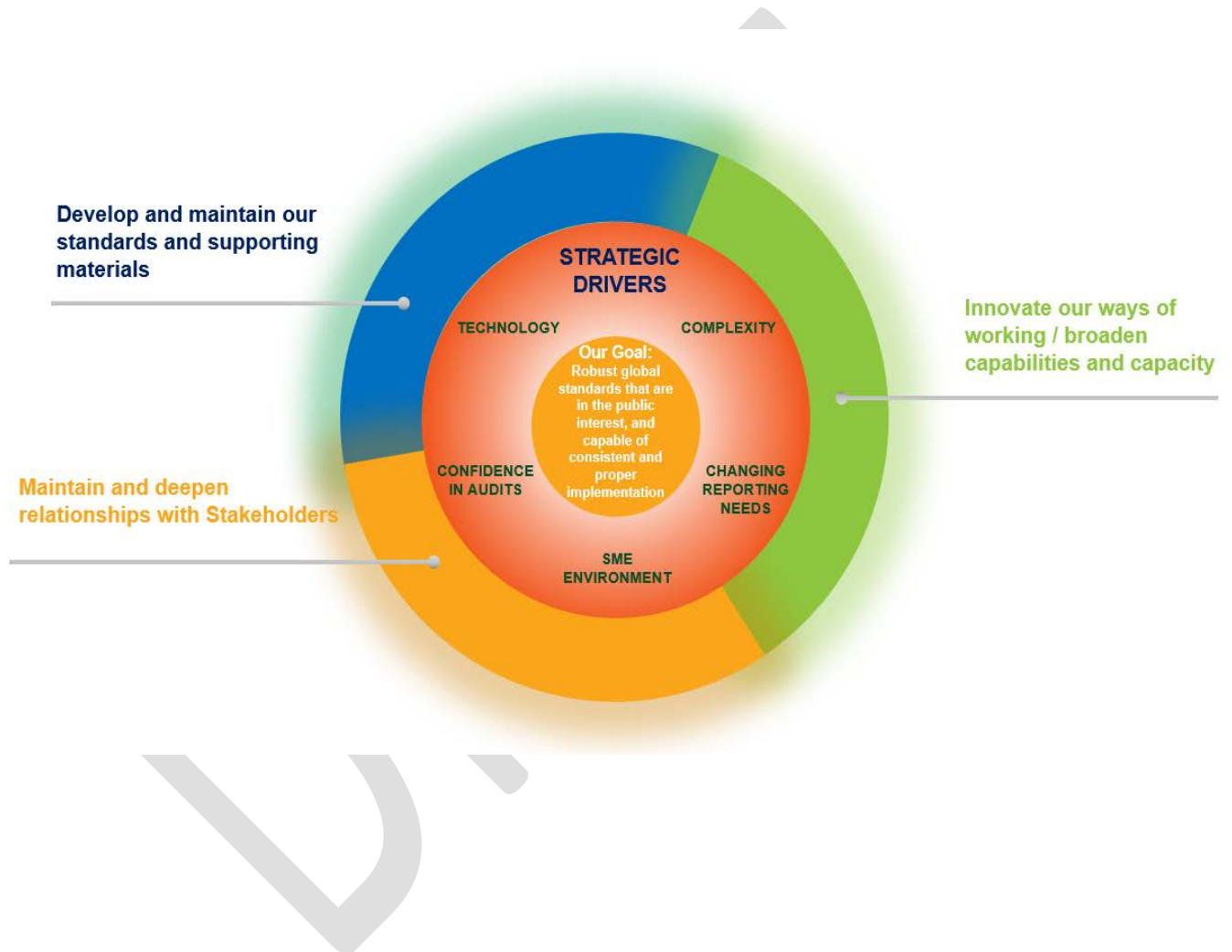
Maintain and Deepen our Relationships with our Stakeholders to Achieve Globally Relevant, Progressive and Operable Standards

Timely and meaningful outreach, and related activities, to appropriately inform our work and to deliver on our mandate. **Strategic Actions** – In addition to maintaining and deepening our relationships with our key stakeholders (see Appendix 1), we will also focus on:

- Promoting adoption and effective implementation of the ISAs and our other standards, in particular for audits of less complex entities, emerging markets and public sector.
- Understanding issues that affect our standards.
- Leveraging external resources and exploring new ways to collaborate with national standard setters, and others, as needed.
- Broadening the level of stakeholder interaction among all interested parties throughout the standard-setting process.

The Relationship Between Our Planned Activities and Our Goal

To achieve our goal, we have developed our strategic objectives to help guide our activities within our Work Plans. The strategic objectives have been developed taking into account the strategic drivers within the environment in which we operate, and the need to maintain the relevance of our standards. Our planned activities in 2020–2023 are representative of those actions we have committed to focus on within each of the three strategic objectives.



The IAASB's Work Plan and Framework for Activities

Work Plans

Our specific activities are set out in our work plan (for example, the Work Plan for 2020–2021 [\[link\]](#) describes our planned projects and activities in 2020 and 2021, including projected timelines where relevant). The prioritization, timing and expected outcomes in the Work Plans reflects the Board's present allocation of resources, but is subject to evolve as the Board addresses new topics and responds to a changing environment. Therefore, the IAASB is continually assessing and updating its forward agenda as necessary to reflect changing timelines and circumstances. We expect that the IAASB will devote an increasing amount of resources to implementation, addressing complexity in the standards, and emerging issues.

The IAASB will develop its Work Plan for 2022–2023¹ using the strategic objectives to guide our planned activities.

Framework for Activities

Our "Framework for Activities" (the Framework) [\[link\]](#) describes how we undertake our work (i.e., the processes and procedures) to deliver on our committed actions.² Key components of the Framework include:

- *Information Gathering and Research Activities*—our activities to support future workstreams. Output from this component informs the Board's decisions about its future work streams. Features of this component include:
 - Fact-finding activities to monitor, understand, research and explore emerging issues and developments that may affect our auditing, assurance and other standards.
 - Post-implementation reviews to understand whether new and revised standards have been implemented as intended, i.e., in terms of the purpose for which they were developed, how they are being understood and applied, identifying any practical challenges and concerns, and to gauge the demand for any change or possible further actions.
 - Targeted information-gathering on specified issues or challenges (including understanding causal factors).
 - The determination of possible projects, or other actions as appropriate, for addressing identified issues, and assessment thereof (using applicable criteria).
 - Scoping future projects or other agreed actions.

The IAASB may carry out these activities or draw upon, or the resources of others (such as national standard setters or the academic community), or in collaboration with others.

¹ The Work Plan for 2022–2023 will be developed during 2021, with consultation on the proposed activities as appropriate.

² The Framework for Activities will be more comprehensively developed as we continuously enhance our processes and procedures to adapt to the Framework during the strategy period (and in accordance with our strategic objectives).

- *Revising and Developing Standards*—following agreed scoping and due process to develop proposals for public consultation, analyzing the feedback, and refining the proposals to issue a final new, or revised, standard.
- *Effectively Implementing New and Revised Standards*—Developing guidance, and other related activities such as webinars, to support the effective implementation of new and revised standards, in a timely manner after a final standard is published; establishing implementation working groups to support and coordinate these activities (as needed), and coordinating with others regarding broader implementation of our standards.
- *Developing Non-Authoritative Guidance*—either where information gathering has indicated that guidance is needed, or the issue relates to a specific industry.
- *Narrow Scope Maintenance of Standards*—including [narrow-scope amendments and interpretations relating to specific questions about an approved standard.] (tbc)

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Managing Delivery of the Strategy and Work Plan

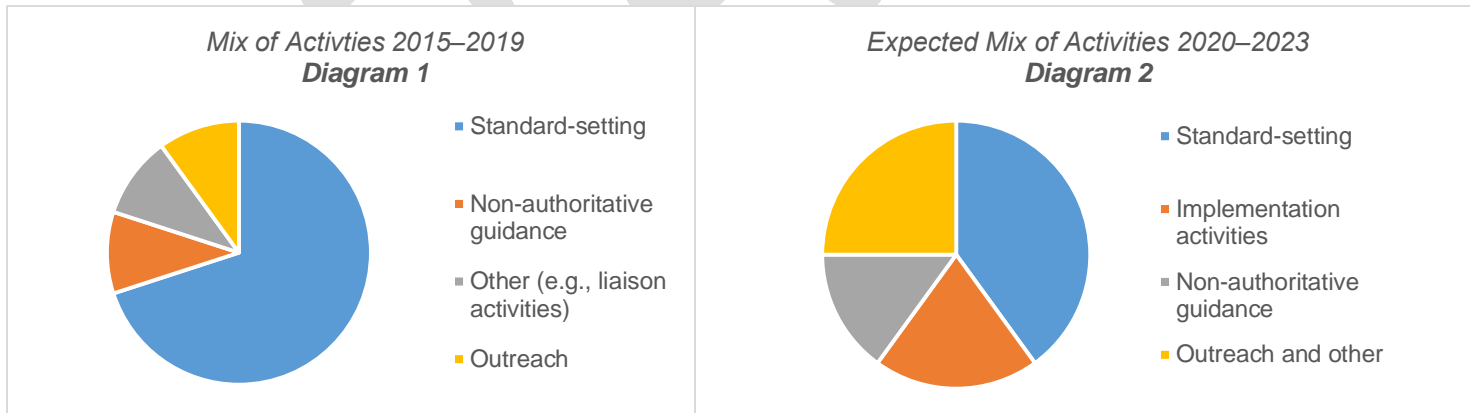
Accountability to our stakeholders about how our Strategy and Work Plans are being progressed is key to building trust and inspiring confidence. Communication and transparency about our actions is therefore an essential part of the IAASB's activities in the 2020–2023 strategy period.

We manage the delivery of our Strategy and Work Plan under the constant scrutiny by ourselves and our stakeholders in relation to:

- Meeting targeted outcomes set out in our Work Plan.
- Expanding global adoption of our standards, including adoption of new and revised standards by jurisdictions who are already using our standards.
- Facilitating the implementation of new and revised standards.
- Building stronger relationships with key stakeholders.

Managing delivery of our Strategy and Work Plan with limited resources requires careful consideration of the allocation of the available resources to the planned activities in the Work Plan in the most effective way. Our primary resources include a combination of staff and volunteer time from Board members, technical advisors and others, and financial resources in the form of operating budget. The Framework helps guide our decisions regarding the allocations of these resources, for which there are inherent limitations.

Past experience (over the strategy period 2015–2019) has shown that we have allocated our resources to a mix of activities as set out in Diagram 1 below. As we move into our new strategy period with a shift in focus as set out in our strategic objectives and strategic actions, Diagram 2 illustrates the expected shift in how we will allocate our resources to the focus of our activities planned for 2020–2023.



During our strategy period, we will continue to monitor internal and external developments and evaluate how changes may impact our approach to delivery of our Strategy and Work Plan.

Appendix 1

Maintain and Deepen Our Connections with Our Key Stakeholders

We work with many stakeholders, with a variety of expectations and needs that must be balanced and prioritized. Where necessary, we will seek out additional stakeholders in an effort to expand our influence or gain a greater understanding. Most importantly, our strategy must reflect and respond to the needs of all stakeholders in an integrated way. In maintaining and deepening our connections we plan to:

- Continue to **interact with the Consultative Advisory Group (CAG)**. The IAASB's CAG is a fundamental part of the IAASB's engagement with its stakeholders and is a key element of the IAASB's due process. The CAG is comprised of over 30 member organizations representing global regulators, business and international organizations, accountancy regional bodies and users and preparers of financial statements.
- Further enhance our **coordination efforts with the International Ethics Standards Board for Accountants (IESBA)**.
- Explore new ways to expand our **collaboration with national standard setters** to optimize our activities.
- Further enhance working relationships with **regulators and audit inspection bodies, firms and others** (as appropriate) to help understand their concerns, and further explore causal factors.
- Further explore whether the **IAASB can collaborate, as appropriate, with the International Federation of Accountants (IFAC)** and its various committees, in relation to implementation support activities.
- Continue to establish **subject-specific Advisory Panels** as needed to enable Task Forces and Working Groups to receive timely input on developing proposals from a broad range of relevant stakeholders.
- Continue our two-way liaison with the **International Accounting Standards Board (IASB)**, providing input on auditability and verifiability of new and revised International Financial Reporting Standards, thereby contributing to the quality of financial reporting.ⁱ

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ⁱ For more information about the IAASB's liaison with the IASB see the project page: <http://www.iaasb.org/projects/iaasb-iasb-liaison>