

IAASB Draft Work Plan 2020–2021

Our Work Plan for 2020–2021

Introduction

This **Work Plan** for the period 2020–2021 sets out our specific projects and activities that we have identified to help us deliver on our strategic objectives (and strategic actions therein) as set out in our **Strategy for 2020–2023**. The Work Plan has been developed in the context of the **Framework for Activities** (the Framework). The Framework helps us select, prioritize and scope our work by setting out processes, procedures, and criteria for making decisions about how best to deploy our resources, which are inherently limited.

Our Work Plan sets out our best view of how we can most efficiently deliver International Standards and other activities to respond to our stakeholder needs and identified issues. Our commitment to projects and activities as set out in the Work Plan accounts for available resources (e.g., people, plenary time and operating budget), and the need for a balanced Work Plan. While recognizing calls from stakeholders for our efforts on a variety of important topics, a consideration in determining and prioritizing planned actions will also be how best to deploy the IAASB's resources.

The Work Plan has also been developed to illustrate the mix of activities that we have committed to in our strategy, and illustrates a shift in focus from our more recent Work Plans.

Our Detailed Work Plan for 2020–2021

Our detailed Work Plan is presented below and is our best estimate, at the time of publication, for how we will progress the various projects and workstreams. This Work Plan may change given the nature of the issues and the complexities of the projects, and the need to be flexible in responding to environmental changes.

Broadly, our time and effort in 2020 to 2021 will focus on:

- Initially, completing projects already underway.
- Activities to support the effective implementation of the recently issued, or completed, new and revised ISAs, and quality management standards.
- Information gathering and research to inform new projects to commence in the period.
- Monitoring the environment and timely analysis of new and evolving issues that may affect our standards, and related activities thereafter as needed.
- Developing our Framework for Activities.
- Outreach.

How We Determine Our New Activities and Priorities

Our *new* projects and activities that will commence in 2020 and 2021, as capacity opens up on completion of previous projects, will:

- ❖ Originate from the activities within the Information Gathering and Research workstream; and

- ❖ Be determined taking into account:
 - The global need for the work, and whether it is in the public interest to undertake the work.
 - Our capacity for new projects in relation to available resources.
 - The nature of the project or activity.
 - The ability of practitioners to be able to adopt the standard in a high-quality manner.

Pool of Possible Topics for Consideration

Information Gathering and Research is one of the components of the Framework for Activities, the outputs of which informs the Board's decisions about its future projects and workstreams. Those decisions determine the nature and scope of a new project(s) or workstream(s) in terms of one or a combination of the other components of the Framework for Activities (i.e., Revising and Developing Standards; Effectively Implementing New and Revised Standards; Developing Non-Authoritative Guidance; or Narrow Scope Maintenance of Standards).

Information Gathering and Research helps inform our future work through:

- **Category A**—Activities related to identifying areas where IAASB action may be needed, which will be informed by monitoring the environment, interacting with stakeholders and ongoing outreach. Once a possible new topic is identified it will move to Category B for more active information gathering and research.
- **Category B**—Exploring new *known* topics to further understand whether there are identifiable issues and challenges, that are globally relevant, and that may warrant further focused information gathering and research (i.e., will move to Category C). Appendix 2 sets out a list of the known topics that would form the basis of the work within Category B.
- **Category C**—Activities focusing on identified topics to determine recommendations for Board action (including the scoping of such activities), which may include new projects or workstreams to address identified issues and challenges.

The outcomes from the various categories as described above will be evaluated against relevant criteria (as set out in the Framework), which then guides our assessment about which projects or activities would provide the greatest public interest benefit to our stakeholders. In reflecting on the public interest benefits, we consider:

- The extent to which the action will further enhance the quality and value of audit, assurance and related services engagements globally:
- The appropriateness of the action to contribute overall to standards that are relevant, robust and operable in accordance with the needs of our stakeholders; and
- The extent to which the action serves to facilitate enhanced public confidence in financial and other external reporting.

DETAILED WORK PLAN	2020				2021			
Project	March	June	Sept	Dec	March	June	Sept	Dec
Develop and Maintain the IAASB’s International Standards and Supporting Materials								
Complete Our Major Audit Quality Enhancements and Other Work Underway and Supporting and Facilitating Effective Implementation								
Revising and Developing Standards								
ISQM 1	X	F						
ISQM 2	X	F						
ISA 220 (Revised)	X	F						
ISA 600 (Revised)	E			X	X	X	F	
New Project Placeholder (Note 1)								
Development of Non-Authoritative Guidance and Other Activities Related to Standard-Setting								
Extended External Reporting (non-authoritative guidance)		X	X	F				
Technology (ongoing) (Note 2)		X		X		X		X
Professional skepticism (ongoing) (Note 2)			X		X		X	
Implementation Activities								
ISA 315 (Revised [2019])								
Revised Quality Management Standards (ISQM 1, ISQM 2, ISA 220)								
ISA 600 (Revised)								
Information Gathering and Research								
Auditor Reporting (Note 3)								
Audits of Less Complex Entities (Category C)	X (Note 4)	X						
Audit Evidence (Category C)	X (Note 4)	X						
Information Gathering and Research – Category B Topics			X		X		X	
Information Gathering and Research – Category A				X				X
Innovate Our Ways of Working to Strengthen and Broaden Our Capabilities								
Developing the Framework for Activities								
Strengthening collaboration efforts with NSS/IFAC								
Deepening our Relationships with our Stakeholders								
Outreach program								
Coordination with the IESBA			X				X	
Liaison activities with the IASB		X				X		

Key to Detailed Work Plan:

Appendix 1 sets out a description of each of the projects and workstreams included in the table above, which also categorizes the projects and workstreams by strategic action.

Cells with a(n):

- *Green highlight indicate expected Working Group, Task Force or Staff activity. The darker the shade of color, the more time and activity is needed for that particular workstream.*
- *'X' indicate that IAASB plenary meeting time is scheduled.*
- *'E' indicate the **targeted** publication of an Exposure Draft.*
- *'F' indicate the **targeted** finalization of a project.*

Notes:

1 = New project placeholders do not have time allocated due to the uncertain nature of what future committed work the IAASB will undertake. In addition, the new project may not necessarily be a new standard-setting project in which case this allocation would change to another category, or may be indicative of more than one or more projects or initiatives.

2 = Ongoing initiatives of the IAASB, including dedicated working groups to undertake ongoing information gathering and research activities, as well as working to a plan for the development of guidance and other publications as needed, and inputting to other IAASB projects as relevant.

3 = The findings from the Auditor Reporting Post Implementation Review, which commenced in 2019, may result in further work related to Auditor Reporting in 2020 and 2021.

4 = The outcome of information gathering and research activities may continue into 2020 (in which case there will be more Board discussions in 2020–2021) or may result in standard-setting or other activities. If standard-setting is undertaken, the projection of Board plenary discussions and timing of exposure drafts and finalization will be presented in this Work Plan at the time when the project proposal is approved.

Allocation of Resources

The IAASB Work Plan is still ambitious, and will draw on the full capacity of the IAASB to deliver high-quality standards, and undertake our activities, in a timely manner. The Work Plan as set out above is supported by a direct operating budget of approximately \$[12.5] million over the period (excluding operational support received from the International Federation of Accountants). The work that can be undertaken is also limited to the volunteer hours, consultant hours and staff capacity available to undertake activities that we have committed to. As projects and initiatives are completed, and resources become available, including budget that has not yet been allocated to work committed to, the IAASB will allocate these resources on the basis of information about new initiatives or projects that will need to be started (from the Information Gathering and Research component of the Framework) and past experience of the capacity needed to deliver our projects and initiatives.

Appendix 1

Description of Projects and Initiatives in the Work Plan 2020–2021

More information about our projects can be found on the project page: <https://www.iaasb.org/projects>. A direct link to the project page is included in the project title.

Develop and Maintain the IAASB's International Standards and Supporting Materials		Framework for Activities Component
Complete Our Major Audit Quality Enhancements and Other Work Underway and support and facilitate effective implementation		
Revising and Developing Standards and Non-Authoritative Guidance		
ISQM 1 – Quality Management at Firm Level	The purpose of the revisions to ISQC 1 is to improve firms' management of quality for all engagements performed under the IAASB's International Standards. This will be achieved through the introduction of a risk-based approach to the management of quality and strengthening various aspects of the standard, including governance and leadership, resources, information and communication, monitoring and remediation and networks.	Revising and Developing Standards
ISQM 2 – Engagement Quality Reviews	ISQM 2 aims to strengthen and clarify various aspects of engagement quality reviews, including the engagements to be subject to such reviews, the eligibility criteria for engagement quality reviewers and the performance and documentation of the reviews.	Revising and Developing Standards
ISA 220 – Quality Management at Engagement Level	The purpose of the revisions to ISA 220 is to strengthen aspects of quality management for individual engagements by focusing on the identification, assessment and response to quality risks in a broad range of engagement circumstances.	Revising and Developing Standards
ISA 600 – Group Audits	This project addresses revisions to ISA 600 to strengthen the auditor's approach to a group audit and clarify the role of ISA 600 in relation to other ISAs, such as ISA 220 (Revised), ISA 315 (Revised) and ISA 330.	Revising and Developing Standards
Extended External Reporting	The IAASB will continue to develop non-authoritative guidance in applying ISAE 3000 (Revised) to EER and continue to provide thought leadership on assurance issues in relation to EER. This includes determining the scope of an EER assurance engagement, exercising professional skepticism and professional judgment, obtaining the competence necessary to perform the	Developing Non-Authoritative Guidance

	engagement, and communicating effectively in the assurance report.	
Implementation Activities		
ISA 315 (Revised)	Activities to support awareness, understanding and effective implementation of ISA 315 (Revised) as needed.	Developing Resources for the Effective Implementation of New and Revised Standards
Quality Management Standards	Activities to support awareness, understanding and the effective implementation of the quality management standards as appropriate	Developing Resources for the Effective Implementation of New and Revised Standards
Information Gathering and Research		
Develop Ways to Address Complexity		
Audits of Less Complex Entities	in 2020 and 2021, the IAASB will analyze the responses from the Discussion Paper, <i>Audits of Less Complex Entities</i> , determine a way forward, and commence activities related to the determined actions.	Information Gathering and Research Activities
Challenge and Enhance the Fundamentals of Our International Standards		
Audit Evidence	The initial objective of this workstream is to perform further information-gathering and research activities to identify and prioritize audit-evidence-related issues when applying the ISAs, with the ultimate objective of developing informed recommendations for the Board's consideration of possible further actions to address such issues.	Information Gathering and Research Activities
Auditor Reporting	The monitoring of global developments in auditor reporting, with a focus on identifying practical implementation and other related issues that are causing the revised and new standards to not achieve their intended purpose. In addition, the post-implementation review will explore whether there are ways to improve the quality of the communication of key audit matters and other matters that could improve transparency about the audit that were not included in the new and revised Auditor Reporting Standards.	Information Gathering and Research Activities
Information Gathering and Research	The objective of the IAASB's research activities is to support future workstreams. Output from this stage informs the Board's decisions about its work streams.	Information Gathering and Research Activities
Technology	The objective of this workstream is to identify matters for which there is an opportunity for a more immediate response through developing and issuing guidance to address the effect of technology when applying certain aspects of the ISAs. The Technology Working	Information Gathering and Research Activities and Developing Non-Authoritative Guidance

	Group also work with other Task Forces and Working Groups to input on relevant matters relating to technology on current projects.	
Professional skepticism	The purpose of this workstream is to make recommendations on how to more effectively respond to issues related to professional skepticism. The Professional Skepticism Working Group also work with other Task Forces and Working Groups to input on relevant matters relating to professional skepticism on current projects.	Information Gathering and Research Activities
Innovate Our Ways of Working to Strengthen and Broaden Our Capabilities and Capacity		
Framework for Activities	Develop and implement a Framework for Activities that will include: <ul style="list-style-type: none"> • 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 	Strengthening and Broadening Capabilities and Capacity
Enhancing collaboration with NSS and IFAC	Explore new ways to expand our collaboration with national auditing standard setters and the International Federation of Accountants to optimize our activities, for example in relation to implementation support activities.	Strengthening and Broadening Capabilities and Capacity
Deepening our Relationships with our Stakeholders¹		
Coordination with the IESBA	Coordination activities with the IESBA involve proactive collaboration and transparent and timely communications between staff and members of the two Boards to determine and address matters of mutual impact.	Outreach
Liaison activities with the IASB	Continue our two-way liaison with the IASB providing input on the audibility and verifiability of new and revised International Financial Reporting Standards, thereby contributing to the quality of financial reporting.	Outreach

¹ Appendix 3 sets out details about the IAASB's outreach program

Possible Projects for Further IAASB Consideration

The IAASB's Information Gathering and Research Component of the Framework for Activities considers identified areas and issues, in particular whether further IAASB action is needed. In order to make these decisions, further information gathering and research will be undertaken to determine whether the following should be included on the IAASB's work agenda (including what the possible action may be), and its priority. The Following sets out those standards that will form the basis of Categories A and B of the Information Gathering component of the Framework for Activities (excluding those standards that are under active review in Category C (e.g., related to the Audit Evidence initiative) or there is a current project underway):

*[Note for IAASB – this list will need to be further developed and allocated to Categories A, B and C as the Framework for Activities is further developed. It is intended, at this stage, to provide an illustration of the types of topics that will be considered, based on suggestions received from respondents to the Strategy and Work Plan consultation and other work efforts of the IAASB (discussed in **Agenda Item 10**)]*

International Standards on Auditing:

- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*
- ISA 320, *Materiality in Planning and Performing an Audit*
- ISA 330, *The Auditor's Responses to Assessed Risks²*
- ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*
- ISA 505, *External Confirmations*
- ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*
- ISA 550, *Related Parties*
- ISA 570 (Revised), *Going Concern*
- ISA 620, *Using the Work of an Auditor's Expert*

Review Standards:

- ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

- ISAE 3400, *The Examination of Prospective Financial Information*

New / Other Topics:

- Guidance for joint audits
- Standards or non-authoritative guidance related to data analytics and new technologies

² A project to revise ISA 330 was strongly encouraged in the responses to ED-315.

- Industry-specific non-authoritative guidance for banks and insurance companies
- Post-implementation review of ISA 540 (Revised)
- Post-implementation review of ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*
- Guidance on internal control.
- Scoping of an audit (e.g., whether a binary audit report remains the right model; should audit report focus more on fraud; whether scope of audit should change, for example issue a report on internal controls).

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Our Outreach Program

Annually, IAASB representatives undertake outreach with the IAASB’s key stakeholders, to maintain the IAASB’s stakeholder relationships, obtain input and monitor developments within the environment. IAASB members and Staff also undertake a considered and active engagement strategy, including personal visits and meetings, participation in conferences, discussion groups and forums, as well as webinars and other methods of communication to inform and engage on technical topics. In 2020 and 2021 we will also be exploring new collaboration tools to reduce barriers to engagement with all our stakeholders.

Summary of Annual Stakeholder Engagement

It is intended that the following minimum stakeholder engagement will be undertaken by IAASB members, technical advisors and staff. In addition to the outreach listed below, the IAASB will focus on enhancing its outreach with certain stakeholder groups, such as investors and those charged with governance, that have had more limited outreach in the past strategy period.

Stakeholder	Description of Interactions
Consultative Advisory Group (CAG)	<ul style="list-style-type: none"> • Bi-annual 2-day meetings with CAG Representatives • Teleconferences with CAG Representatives as necessary
Other International Standard-Setting Boards	<ul style="list-style-type: none"> • Annual joint session with the International Ethics Board for Accountants (IESBA) and other collaboration activities as described in the Strategy and Work Plan • Annual IASB Update from a Representative of the International Accounting Standards Board, and annual meeting with IASB leadership • Regular interactions between chairs of other standard-setting setting boards to discuss areas of joint interest
Meetings with regulators and oversight bodies	<ul style="list-style-type: none"> • Annual or semi-annual meetings with representatives from, or presentations to regular meetings of: <ul style="list-style-type: none"> ○ The International Forum of Independent Audit Regulators, and its Standards Coordination Working Group ○ International Organization of Securities Commissions, and its Committee on Issuer Accounting, Audit and Disclosure ○ International Association of Insurance Supervisors ○ Basel Committee on Banking Supervision’s Audit Subgroup • Meetings with regulators and oversight bodies on “country visits” (see below)
National Standard Setters	<ul style="list-style-type: none"> • Annual two-day annual standard setters meeting with representatives from 18 standard setters globally

Stakeholder	Description of Interactions
	<ul style="list-style-type: none"> • Meeting with representatives from standard-setters in “country visits” (see below)
IFAC Member Bodies and Accountancy Organizations	<ul style="list-style-type: none"> • Meetings with representatives from member bodies on “country visits” (see below) • Presentations about IAASB activities at member body conferences and forums • Participation in panels at member body conferences and forums
Accounting firms	<ul style="list-style-type: none"> • Presentations at, and participation in, bi-annual meetings of the Forum of Firms (representing the 31 largest networks) • Meetings with firm leadership • Presentations at global and regional conferences of firms
Public Sector	<ul style="list-style-type: none"> • Attendance at annual INTOSAI Financial Audit and Accounting Subcommittee meetings
Academic Community	<ul style="list-style-type: none"> • Presentations about IAASB activities at various academic related conferences
Country Visits	<ul style="list-style-type: none"> • Meetings with relevant stakeholders including regulators and audit oversight bodies, NSS, member bodies, investor groups and others on a rolling basis globally.