
Objectives of the IAASB Discussion
The objectives of this agenda item are to approve the IAASB’s Strategy for 2020–2023 (the Strategy) and Work Plan for 2020–2021 (the Work Plan).

Approach to the Board Meeting:
The Chair and Senior Staff will briefly introduce the topic, the Chair will walk through the Strategy first, then the Work Plan, asking for more significant Board comments during the process. Any matters of an editorial nature should be sent to Staff by Friday December 6, 2019.

A turnaround document addressing Board comments will be provided to Board members for approval on Friday 13 December 2019 (reading time will also be provided for the Board’s consideration of the revised draft).

Materials Presented
Agenda Item 3-A Draft of The IAASB’s Strategy for 2020–2023
Agenda Item 3-B Draft of The IAASB’s Work Plan for 2020–2021
Agenda Item 3-C Draft of the IAASB’s Framework for Activities

Introduction
1. The draft Strategy and Work Plan for discussion are presented in Agenda Items 3-A and 3-B respectively. The Board will be asked to approve these documents (subject to any changes made during the week to address Board comments).

2. The draft Framework for Activities (Agenda Item 3-C) (the ‘Framework’) has been presented as context for the matters set out within the Strategy and Work Plan. This document is a work-in-progress, and will be more fully developed over the next 12 – 18 months (as noted within the Strategy as Strategic Objective 2), and as described in the Work Plan (specific time has been allocated for the further development of the Framework). It is not intended that this document is discussed comprehensively at the December IAASB meeting, but time permitting more significant matters relating to the Framework may be discussed (however, if the comments relate to the content of the Strategy or Work Plan these will form part of the Board’s discussions).

3. Information about the Steering Committee (which acts as the Task Force for the development of the Strategy and Work Plan), and its activities since the September 2019 Board discussions, can be found in Appendix 1.

4. The draft minutes from the September Board meeting can be found in Appendix 2.

5. Descriptions of the significant changes made since September 2019 have been detailed below.
Strategy

6. The Chair’s Foreword has been added, describing an overall view of what is intended by the Strategy, and including acknowledgement that the Strategy has been developed in light of the ongoing Monitoring Group review (it had previously been noted that the Monitoring Group review would only be referenced within this foreword as the rest of the Strategy had been developed for the ongoing activities of the Board, even in light of possible changes in structure and processes arising from this review). In addition, the role of others within the financial reporting ecosystem has also been highlighted, as well as leading public interest issues that the IAASB will likely consider next.

7. Within the content of the Strategy, various changes have been made to illustrate the new mix of activities, while still communicating that the IAASB will continue to focus on its primary standard-setting mandate; i.e., revising and developing standards. The Steering Committee has also focused on making clear what falls within the IAASB’s responsibilities, in particular in relation to implementation activities, and what is for others.

8. Other changes within the Strategy include:

(a) Refining various matters set out in the ‘stakeholder value proposition’ section to address Board comments, and to also highlight the public interest focus and mindset of the IAASB and the importance of our accountability.

(b) Enhancements to various of the ‘strategic drivers’ to clarify these for the IAASB’s context. However, no further strategic drivers have been added as the Steering Committee believes that the list is reflective of what is driving the IAASB’s work at this time.

(c) With regard to ‘our strategy and focus,’ the Steering Committee has:

   o Revised the introductory paragraphs to make the link clearer between the strategic drivers and the work that is being committed to (through the strategic objectives), as well as the relationship between the strategic objectives.

   o Revised the first strategic objective to better reflect the balance that we are attempting to achieve so we are better positioned to address emerging issues. A change in the way the strategic objective has been articulated has been made, as well as to describe what falls within this strategic objective.

   o Revised the second strategic objective to emphasize the desire to innovate and be more agile and responsive.

(d) The diagram reflecting the relationship between the IAASB’s planned activities and goal has been updated to reflect the other changes to the Strategy that have been made.

(e) The description of the ‘work plans’ and the ‘framework’ have been updated for consistency with changes that have been made within those documents. In describing the Work Plan, the Steering Committee has tried to maintain a balance in describing our primary activities while still indicating that there is a shift of where our focus will be.

(f) In both the description of the Work Plan and the Framework, the descriptions of our work with others (such as the International Federation of Accountants and national standard setters (NSS)) has been revised to more clearly articulate the collaboration activities, and to highlight that these are ongoing, important relationships.
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(g) To commit to further considering how we can be accountable to our stakeholders in light of what we have committed to (i.e., how we are achieving our goal). It is expected that this will form part of the development of the Framework.

(h) Other enhancements to make clear that the Board will be addressing issues and challenges relating to technology, as well as the complexity, understandability and scalability of its standards.

Work Plan

9. More significant changes to the Work Plan include:

(a) Revisions to the descriptions of the activities within the information gathering and research component, which have been made to better reflect the Steering Committee’s thinking as it has been developing the Framework. In particular, more exploration about the way that topics could be grouped and addressed within this component has resulted in changes to better describe the categories, and how topics move within these categories.

(b) Changes to the detailed Work Plan table, including to better reflect the various components of the Framework (as it is described in Strategy), as well as to reflect all of the work activities being undertaken, even where there is no Board plenary time (or limited plenary time), such as for implementation activities directly after a new or revised standard is finalized. The Steering Committee believes that this better reflects the full work activities of the Board.

(c) Placeholders in the detailed Work Plan table for new projects to reflect that there will be future projects, but with explanatory notes detailing that these will only be specified once the relevant work has been undertaken to identify the IAASB’s next priority.

(d) Various changes to the descriptions of the various projects and initiatives, to ensure that all have been described and are in line with the work that has been committed to.

10. Within Appendix 2, which describes possible topics for further IAASB consideration, the long list of possible topics for IAASB consideration has been deleted. The intention had not been to suggest that these would necessarily result in standard-setting projects for the IAASB, so the Steering Committee were mindful to not imply that this may be the case. Accordingly, the projects within categories B and C have been detailed, and the topics within Category A described. In doing so, the Steering Committee had the view that presenting the long list of possible topics may create unrealistic expectations of the Board, and agreed that there would need to be another way to give transparency to these topics but not within the Work Plan (for example, through the public Board plenary sessions when these topics are discussed). There were very many important topics that would fall into Category A at this point (e.g., joint audits, sampling etc.) but the Steering Committee agreed that there was not enough evidence to promote these topics to more active considerations.

11. Included with Category B in Appendix 2 are two new topics relating to fraud and going concern. Both of these topics have been on the radar of the IAASB for further consideration, but in the view of the Steering Committee, recent global developments have suggested that more active information

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1 As part of the development of the Framework, the Steering Committee will further explore how transparency can be given to the topics in Categories A and B, while maintaining a balance between the expectations regarding these topics and the work the IAASB may undertake.
gathering to understand what the issues or challenges are is needed, so that an appropriate action(s) can be determined in relation to these topics. In the view of the Steering Committee it would be in the public interest to proceed accordingly.

Framework for Activities

12. The intention of this initial draft of the Framework, which still requires substantial work, is to start to build out some of the components of the Framework. This has been done largely because aspects of the components of the Framework are further described within the Strategy and Work Plan, which are needing to be approved in December 2019 (and therefore there had to be sufficient description about the relevant components to be able to evaluate the relevant descriptions).

13. There is a separate workstream in 2019 and 2020 for which time has been allocated to further develop the Framework, in particular the areas where criteria are needed, as well as exploring how narrow scope amendments could work within the IAASB’s due process. The Steering Committee feels strongly that a more nimble approach to making changes to the standards is needed (where appropriate), and through this mechanism this agility could be achieved.

Consideration by the IAASB of Significant Matters Identified by the Steering Committee

14. In the Steering Committee’s view, the significant matters the Steering Committee has identified as a result of its deliberations since it started work on developing the Strategy and Work Plan, and the Steering Committee’s considerations thereon, have all been reflected in the issues papers, draft consultation paper, and draft Strategy and draft Work Plan as presented at the IAASB meetings in March 2018, September 2018, December 2018, January 2019 (teleconference), September 2019, and this meeting. In the Steering Committee’s view, there are no significant matters discussed within the Steering Committee in developing the Strategy and Work Plan that have not been brought to the IAASB’s attention.

Consideration by the IAASB of the Need for Further Consultation

15. In formulating this Strategy and Work Plan, the IAASB undertook a formal public survey (May 2018) and also issued a consultation paper (February 2019). At its March 2018 meeting, the IAASB agreed with the Steering Committee’s proposed approach to developing the Strategy and Work Plan, including the proposed survey and outreach activities.

16. Notwithstanding that some stakeholder groups, such as investors, those charged with governance and public sector, were not well represented within the responses to the consultation paper, the Steering Committee is of the view that additional responses from these groups would not necessarily result in significant changes to the proposed changes as the respondents who did comment were broadly supportive of the direction and focus. In addition, the Strategy and Work Plan was discussed on all outreach covering a broad range of jurisdictions and stakeholder groups (see Agenda Item 1), and the Steering Committee has made changes within the Strategy and Work Plan for anything further that was heard (for example, going concern and fraud have been added as explained above).

17. Roundtables were not initially contemplated due to the results of the survey and the significant outreach program of the Board. The Steering Committee does not believe that further consultation in the form of roundtables or focus groups is necessary at this stage, given that there were no suggestions from respondents to the consultation paper or others (including the IAASB’s Consultative
Advisory Group (CAG)) to hold such events. The IAASB continues to inform itself of new developments through its liaisons with the CAG, NSS, and ongoing outreach with, among others, regulators and audit inspection bodies and audit firms. The IAASB will also be developing the Framework to help the IAASB to remain better informed about environmental developments and calls for future action.

**Matters for IAASB Consideration**

1. The IAASB is asked:
   
   (a) For its views on the revised proposed Strategy as presented in *Agenda Item 3-A*.
   
   (b) For its views on the revised proposed Work Plan as presented in *Agenda Item 3-B*, including the detailed Work Plan table and the indicative timing of projects and initiatives.
   
   (c) Whether there are any additional matters the Steering Committee should consider relating to the development of the Framework for Activities in *Agenda Item 3-C*.

2. The IAASB is asked to approve:
   
   (a) The *Strategy for 2020–2023*; and
   
   (b) The *Work Plan for 2020–2021*. 
Appendix 1

Steering Committee Members and Activities, Including Outreach

1. The Steering Committee serves as the task force for this project. Members are:
   - Tom Seidenstein, IAASB Chair
   - Fiona Campbell, IAASB Deputy Chair
   - Karin French
   - Marek Grabowski
   - Len Jui
   - Imran Vanker
   - Jim Dalkin (CAG Chair – Observer to the Task Force)

Steering Committee Activities

2. The Steering Committee met twice by videoconference in the preparation of the agenda items for discussion.

Strategy for 2020–2023

The Board acknowledged that the changes that had been proposed were responsive to the respondent’s comments to the Strategy and Work Plan consultation. Although the Board generally supported the Steering Committee’s proposals for changes to the Strategy, including the strategic objectives, the related strategic actions and the development of the Framework of Activities as set out in Agenda Item 10-A, the Board asked the Steering Committee to further consider:

• Clarifying in the Strategy how the strategic objectives are interrelated. It was highlighted that the second and third strategic action support the first strategic action, which was not clear in the document.
• Clarifying how the strategic drivers impact the IAASB’s future planned work.
• Elaborating on the Board’s actions to address complexity, understandability and scalability within the standards.
• Further considering how the Board’s activities in relation to technology have been presented.
• Clarifying that a project related to auditing less complex entities may also help to inform the Board about broader challenges and issues with applying the ISAs, and therefore help address the complexity within the ISAs.
• Including some kind of ‘measures of success’ so that the Board and its stakeholders can assess how the IAASB has performed against these measures, or how it will be accountable against its planned work, at the end of the strategy period.
• With respect to Appendix 1, including an explanation about how the IAASB will maintain and deepen its connection with the public sector. It was also suggested including collaboration with academics, the International Federations of Accountants’ member bodies and liaison activities with the International Valuation Standards Council.
• Providing more detail about the scope of the IAASB’s planned implementation activities. In that respect, it was noted that other stakeholders, such as NSS and firms, also play an important role in the implementation of standards and it was noted that this should be recognized. With regard to the appropriate period for implementation activities, it was suggested focusing the IAASB’s planned implementation activities from 6 to 9 months after approval date of a new or revised standard.
• Clarifying what the basis is for the diagrams in the section on ‘Managing Delivery of the Strategy and Work Plan.’

Work Plan for 2020–2021

The Board generally supported the Steering Committee’s proposals on the Work Plan, including the section on the allocation of resources, as set out in Agenda Item 10-B. Strong support was also expressed for enhancing the Board’s implementation activities, although it was noted that further consideration was

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These draft minutes are still subject to review by the IAASB and therefore there may be further changes.

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needed as to how this was presented to distinguish it from guidance more broadly. However, Board members cautioned that a balance in the planned activities should be maintained, noting that there still had to be an appropriate focus on standard-setting activities. With respect to the Work Plan, the Board asked the Steering Committee to consider:

- Clarifying that the list of possible projects in Appendix 2 are projects that could be considered by the IAASB as a project in the future as it was misleading as presented because it may suggest that all the projects listed may be coming onto the IAASB’s agenda. On the list of possible projects in Appendix 2, it was also suggested that only projects that the IAASB will realistically consider should be included, and suggestions were made of other standards that had not been recently updated to be included with higher priority (e.g., ISAE 3400 and ISRE 2410).

- On the detailed work plan table clarifying that the ‘new project placeholder’ could represent more than one project.

With regard to the description of the Framework for Activities, the Steering Committee was further encouraged to broaden the information gathering and research component to include more activities for ‘scanning the horizon’ for possible new topics. The Board also supported actively pursuing some of the other activities noted (such as limited scope amendments), although with appropriate consideration for due process.

IAASB CAG CHAIR REMARKS

Mr. Dalkin agreed with the summary of the CAG discussion, adding that the CAG had also highlighted the importance of acknowledging the Monitoring Group review somewhere in the final documents.

WAY FORWARD

The Steering Committee will consider the comments, and will present the final version of the Strategy and Work Plan for approval at the December 2019 meeting.