The International Auditing and Assurance Standards Board (IAASB) is a global independent standard-setting body that serves the public interest by setting high-quality international standards which are generally accepted worldwide.

The IAASB believes that high-quality, robust and operable international standards contribute to enhanced engagement quality and consistency of practice throughout the world, and strengthened public confidence in the global auditing and assurance profession. The IAASB sets its standards in the public interest with advice from the IAASB Consultative Advisory Group (CAG) and under the oversight of the Public Interest Oversight Board.
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Chair's Foreword

The IAASB plays a meaningful role in the financial reporting ecosystem and wants to remain relevant as an international standard-setter. Therefore, we are committed to operating with a high degree of accountability to our stakeholders and demonstrating our responsiveness in an evolving world.

Sustained high quality audit, assurance and related services engagements require all relevant parties in the broader external reporting ecosystem to continue to play their respective roles. While we recognize that the IAASB is only one role player in the external reporting ecosystem, we must remain focused on fulfilling our mandate.

We will finishThis is my first strategy as chair, and a key theme of my first term will be acting with urgency and purpose. While proud of our significant progress to advance high quality audit and assurance standards, the IAASB will not be complacent. The challenges facing the profession and the standards that govern them are real—and some go to the core of what society expects of the profession and the type of standards that are needed. This strategy seeks to address these challenges in a highly responsive manner.

As a priority, we will complete on a timely basis our substantial in-progress projects from our 2015–2019 Strategy in order to set a strong foundation for our future efforts. These projects include changes to some of our more significant International Standards on Auditing (ISAs) and quality control standards, which are key to high-quality audits and other engagements.

Our strategy also prioritizes addressing key emerging public interest challenges. The IAASB’s attention will focus on the impact of evolving technology, demands for reporting to meet the changing needs of stakeholders (including demands for the IAASB to consider non-financial reporting), and changing expectations for the audit in relation to matters such as fraud and going concern. I expect those topics will require more immediate action and relative attention in the coming years.

During this strategy period, we will face difficult prioritization choices as capacity for new work becomes available. Nevertheless, we stand ready to support the effective first-time implementation of these new standards. We are aware that these changes are particularly important for our in-progress projects that will result in considerable changes to be implemented by our stakeholders over the short- to medium-term and must allow. We also understand the need to give adequate time for these changes to be properly and effectively implemented, and for the benefits to be observed. Although we have some responsibility in this regard, efforts to ensure effective transition for these changes will also require accountancy organizations, firms, regulators and others to play their part. We are particularly pleased and appreciative that the International Federation of Accountants (IFAC), one of our key stakeholders with whom we have a strong collaborative relationship, continues to be a leader in promoting and monitoring global adoption of our standards and has renewed its commitment to implementation support and education as a strategic priority.

There are increasingly competing demands for our attention. During this upcoming strategy period, we will face difficult prioritization choices as capacity for new work becomes available. In this document, we point to emerging public interest challenges, including addressing the impact of evolving technology and demands for reporting to meet the changing needs of stakeholders. I expect those topics, along with our
early implementation support and work to identify emerging application issues, to require more relative attention in the coming years.

I want the IAASB to be an innovator among standard-setters by making our processes more agile and reducing. The goal should be to reduce the barriers to participating in our standard-setting activities for those who have interest in reporting, auditing and assurance related activities. One way that we will do so is by developing our concept for a new ‘Framework for Activities’ that should give even more transparency to our decisions and provide a more deliberate approach on where and how to focus our work effort.

We do not work in isolation. All of our work is underpinned by our interactions with our stakeholders – through our extensive outreach program and in collaboration with others. The foundational relationships already built must be further enhanced. In particular, we need to explore how we can more effectively work with others, such as National Standard Setters (NSS) and IFAC, to expand our capacity.

The IAASB developed this Strategy and Work Plan with a recognition that the Monitoring Group review of our governance and operating arrangements is ongoing. We have developed a Strategy and Work Plan in a way that we can adapt to changing circumstances. Our focus is to continue to act in a timely and independent manner to ensure the public interest is served.

We expect the changes we would like to make to how we work, to take time. But we are confident that as we navigate forward, these changes will facilitate and promote a more agile response while maintaining our core mandate as an international standard-setter.

Tom Seidenstein
IAASB Chair
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.

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**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 Mindset**: A mindset that puts the public interest first, backed by **focused** work plans, processes, and activities that reflect our strategic focus as an independent, standard-setting board.

- **Accountability**: Building trust and inspiring confidence through communication and transparency about our actions.

- **Standards**: Globally relevant, forward-looking, applicable to entities of all sizes and complexities, adaptable in an evolving environment, and operable; developed and supported through activities that are independent and free of undue influence, timely, and responsive to the needs of our stakeholders.

- **Engagement with Our Stakeholders**: Timely and meaningful dialogue with a broad range of stakeholders, including with regulatory, user and practitioner communities.

- **Work Plans**: Focused on delivery of our International Standards and other related activities through timely identification of, and response to, our stakeholder needs; addressing issues with a global impact while carefully balancing speed and quality, capacity utilization, and coordination with others.

- **Methods**: Rigorous and inclusive, including leveraging external resources where feasible. Continuously reviewed and improved to better facilitate delivery of committed work plans.

- **Collaboration Efforts**: Leveraging efforts of, and continuing to strengthen coordination and cooperation with, in particular, the International Ethics Standards Board for Accountants (IESBA), IFAC and NSS.

- **Implementation Support**: Supporting the timely and effective implementation of our major new and revised standards.
Strategic Drivers

**Key to our success** is delivering on the strategic actions set forth in this Strategy for 2020–2023 (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 (over 130) using or committed to using the ISAs, including their oversight bodies (regulatory and inspection), and by user and practitioner communities.

Adapting to the environment, and meeting stakeholder needs, are the most significant drivers that have shaped our Strategy and Work Plan for 2020–2021 (Work Plan). The most relevant **strategic drivers** influencing our standards and future activities include:

| Advancement in, and Use of, Technology | • Rapidly changing and evolving technologies (e.g., artificial intelligence, robotics, blockchain, cloud computing, social networks and 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 such technologies influence how engagement teams are structured and interact. |
| Environment for SMEless complex entities | • Increasing pressure regarding the scalability and proportionality of the standards, in particular relating to the ISAs and quality management standards.
| • Changing audit thresholds are increasing the demand for other types of assurance or other services for less complex entities. |
| Increasing Complexity and Its Implications | • The business environment is becoming increasingly complex and as a result, financial reporting standards are responding and becoming more complex.
| • Accounting practice is evolving—transactions are becoming more complex and financial reporting changes, continues to change, with 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. |
| • The growing adoption of more complex auditing and assurance standards increases implementation and application challenges for practitioners, and, consequently, the need for guidance and support. |
| Changing Reporting Needs of Stakeholders | • Corporate reporting is evolving, with many users of corporate reports increasingly focusing on available non-financial information, and seeking assurance thereon (e.g., sustainability reporting, enhanced reporting requirements for financial institutions or reports addressing an entity’s governance arrangements and internal control, and other forms of extended external reporting). and seeking assurance thereon.)
Changing Public Confidence in Audits

- Fluctuating confidence and trust in audits arising from recent high-profile corporate failures and reported poor results of external inspections in some jurisdictions.
- Emerging public interest topics resulting from changing stakeholders’ expectations about what the standards should require the auditor to do, such as relating to the detection and reporting of fraud, and consideration of going concern issues (i.e., the ‘expectation gap’ between what is expected from an audit and what the current standards require the auditor to do).
Our Strategy and Focus

**Key to our success** is delivering on the strategic actions set forth in this Strategy for 2020–2023 (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 (over 130) using or committed to using the ISAs, including their oversight bodies (regulatory and inspection), and by user and practitioner communities.

The three strategic objectives set out below will direct the activities we commit to in pursuit of our goal.

Continuously understanding our key opportunities and challenges, *(identified as the strategic drivers influencing our work)*, and balancing the needs of all stakeholders, are crucial to the continued use and ongoing adoption of our standards globally.

Undertaking standard-setting and related activities that reflect the opportunities and challenges *(identified as the strategic drivers influencing our work)* is key to our goal. The emphasis of our actions will be on making timely and relevant changes to respond to the evolving environment, in particular the rapid advances in technology, and other public interest areas identified as driving our work. The success of this key strategic objective *(Achieving our objectives)* is underpinned by our independence, effective and efficient processes, being innovative about how we undertake our work, and broad and engaging outreach and collaboration, which are reflected in our other two strategic objectives described below.

Our three strategic objectives have been developed to 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 plans set out the specific actions we will undertake.

## I. Increasing the Emphasis on Emerging Issues to Ensure that Our International Standards Provide a Foundation for High-Quality Audit, Assurance and Related Services Engagements

Core to our activities is developing and maintaining high-quality international audit, assurance and related services standards. We will continue to focus on our traditional, core standard-setting activities, **while giving greater attention in relation to topics which are seen to be responsive to emerging and ongoing issues**, in particular those topics where there is an increasing public interest. At the same time, greater attention will be given to supporting the first-time implementation of changes arising from our recent significant projects, and addressing emerging and ongoing issues related to our standards. This balanced approach should enable our standards to remain relevant, robust and operable.

*Strategic Actions* – We will:

- Complete our major audit quality enhancements and other work underway at the start of 2020.
- Undertake actions to develop ways to address complexity, understandability, scalability, proportionality and usability.
- Challenge and enhance the fundamentals of our International Standards, **with an increased by:**
  - Increasing our focus on addressing emerging issues identified from the evolving environment (such as relating to the detection and reporting of fraud and the auditor’s consideration of going concern), or relating to our identified strategic drivers (such as, including how technology is
improving the implementation of the International Standards), and the growing desire for the IAASB to address non-financial reporting in an appropriate way and to reflect audits in light of changing corporate reporting;

- Considering further topics to maintain public confidence in a timely manner, to reflect audits in light of the changing public interest (such as relating to the auditor’s consideration of fraud and of going concern); and

- Serving as a thought leader and convening on topics related to the future of audit and assurance.

- Undertake actions to provide standards that are easily accessible and searchable.

- Respond, as appropriate, where public interest bodies or regulators identify to divergence in practice, or lack of clarity in standards where it has been identified as leading to issues in audit quality, or where it provides the opportunity to enhance our standards.

- Support and facilitate the effective implementation of new and revised standards, through developing or collaborating on support materials, including to assist first-time implementation, of new and revised standards, and other related activities, to promote the changes in the initial period after a final new or revised standard is published.

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

Enhancing and strengthening our processes is critical to our success, and will enable our standards to remain relevant, robust and operable.

**Strategic Actions** – We will:

- Innovate how we work through the use of technology, new collaboration tools, and other means to increase our agility and maximize the impact of our activities.

- Develop and implement our concept of a Framework for Activities that will:
  - Undertaking more structured and robust information-gathering and research activities as a foundation for future workstreams, while also providing transparency about the decisions made for the work we undertake.
  - Procedures for developing and revising standards, and the effective implementation thereof.
  - Developing mechanisms for addressing issues and challenges on a more timely basis.

- Consider how we can continue to improve our due process to ensure continuing public confidence.

III. Maintain and Deepen Our Relationships with Our Stakeholders to Achieve Globally Relevant, Progressive and Operable Standards

Timely and meaningful outreach and collaboration to appropriately inform our work, and to deliver on our mandate.

**Strategic Actions** – We will, in addition to maintaining and deepening our relationships with our key stakeholders (see Appendix 1), focus on:

- Exploring new ways to collaborate with, and leverage insight, knowledge and resources of, NSS,
• Building on our ongoing collaborative relationship with IFAC in promoting adoption and effective implementation of the ISAs and our other standards, in particular for audits of less complex entities, emerging markets and the public sector.

• Understanding issues, including implementation issues and challenges, that affect our standards through our wide-ranging outreach program.

• 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 three strategic objectives to help guide our activities for 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 and usability of our standards. Our planned The strategic objectives will guide the activities we decide to undertake in 2020–2023 will be representative in pursuit of those actions we have committed to focus on within each of the three strategic objectives our goal.

Our Goal:
Robust global standards that are in the public interest, and capable of consistent and proper implementation

- Increasing the emphasis on emerging issues to provide a foundation for high-quality engagements
- Innovate our ways of working / broaden agility, capabilities and capacity
- Maintain and deepen our relationships with stakeholders

STRATEGIC DRIVERS

TECHNOLOGY ADVANCES

ENVIRONMENT & REPORTING COMPLEXITY

PUBLIC CONFIDENCE IN AUDITS

CHANGING REPORTING NEEDS

ENVIRONMENT FOR LESS COMPLEX ENTITIES

Our Goal:
Robust global standards that are in the public interest, and capable of consistent and proper implementation
Our Work Plans and Concept for a Framework for Activities

Work Plans

Our specific activities are set out in our work plans. The Work Plan for 2020‒2021 describes our planned projects and activities in 2020 and 2021, including projected timelines where relevant. We will develop our Work Plan for 2022‒2023 using the strategic objectives to guide our planned activities.

The prioritization, timing and expected outcomes in the work plans reflect our current thinking about the allocation of existing resources and Board capacity, but will evolve as we address:

- Progress our thinking on new topics and undertake actions to respond to a continually evolving environment. Therefore, the planned work in the forward agenda may evolve over time to reflect changing timelines of our enhanced information gathering and circumstances—research activities, with the purpose of responding to our strategic drivers;
- Continue to enhance staff resources, in particular at more senior levels; and
- Free up plenary capacity.

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.

IAASB Work Plan for 2020‒2021

The Work Plan for 2020‒2021 describes our planned projects and activities in 2020 and 2021, including projected timelines where relevant, and is based on a full allocation of current staff, Board and other available resources. We will develop our Work Plan for 2022‒2023 using the strategic objectives to guide our planned activities.

In our previous strategy period (2015‒2019), we allocated most of our resources to revising and developing standards standard-setting activities (i.e., developing new and revising standards). Our current strategy, particularly our activities relating to the first and second strategic objectives, drives us to be a more agile and responsive standard-setter. Our aim is to respond to public interest issues in a more targeted manner.

As we move into our new workstream activities, it is expected that we will devote increasing time and resources to support the early implementation and application issues relating to the changes in our standards, address complexity in, and usability of, the standards, and address emerging and public interest issues (as set out in our strategic objectives and strategic actions). Accordingly, we plan to increase the relative amount of resources to support our new and enhanced activities and workstreams, while still being mindful of our mandate as a standard-setter and allocating relatively significant effort to the revision and development of our International Standards standard setting.

Past experience has shown that we have allocated our resources to a mix of activities, but with a significant focus on revising and developing standards standard-setting projects (in particular in the 2015–2019 strategy period). As some of the significant as we undertook projects started in the 2015–2019 strategy period will continue into 2020, the to enhance audit quality). The mix of activities in Diagram 1 below our previous strategy period is still reflective of this as we complete our significant standard-setting projects. As we finish these projects and shift our focus in line with our strategic objectives during 2021 there is expected to be a change in the mix of activities, with the same resources, as illustrated in Diagram 2.

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

In 2020 we will develop a Framework for Activities (the Framework), the concept of which is to better articulate how we undertake our work (i.e., the processes and procedures) to organize our efforts to deliver on our committed actions.\(^2\) Key components of the Framework envisioned include:

- **Information Gathering and Research Activities**—our activities to fact-finding activities, post-implementation reviews, targeted information gathering, and other activities for scoping projects, 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 Revising and Developing Standards—following due process in the development of new and/or 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).
  - Clearer scoping of future projects or other agreed actions.
  - A structure consulting further (as needed), developing an exposure draft and related conforming and consequential amendments, developing changes to guide the decisions about what matters are introduced into this workstream activity, how they are dealt with and how the relevant outputs are determined.

In carrying out these address comments on exposure and activities, we will look related to continued collaboration and resource leveraging opportunities, as appropriate, with IFAC, NSS, the academic community, or others as appropriate.

- **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 finalization of a new, or revised, standard.

- **Narrow Scope Maintenance of Standards**—Considering how we can be responsive to addressing developing responses to address issues in a more nimble or timely way, such as undertaking which may include narrow-scope amendments to standards, or interpretations relating to specific questions about an approved standard.

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\(^2\) The Framework 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).
Activities to Support Implementation Activities (including effectively implementing new and revised standards and developing non-authoritative guidance) of the IAASB’s Standards—Developing support materials, and other related activities (e.g., webinars, presentations etc.), to assist with the effective implementation of new and revised standards, in the initial period after a final standard is published, or developing non-authoritative guidance where information gathering has indicated that guidance is needed, or the issue relates to a specific industry. We will also coordinate with IFAC and others regarding broader implementation of our standards.

In carrying out our activities, we will look to continued collaboration and resource leveraging opportunities, as appropriate and as needed, with IFAC, NSS, the academic community, or others.
Delivery of the Strategy and Work Plan

Delivery of our Strategy and Work Plan is under 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 effective first-time and continuing implementation of new and revised standards.
- Building stronger relationships with key stakeholders.

Managing delivery of our committed Work Plans 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 an operating budget. The Framework being developed will help guide our decisions regarding the allocations of these resources, for which there are inherent limitations.

Accountability to our stakeholders about our actions, including how we undertake our activities, underlies the trust and confidence our stakeholders have in our standards. Therefore, we recognize the importance of demonstrating accountability to our stakeholders. As we develop our Framework, we will in parallel, further also consider how we can enhance transparency about how we are meeting our objectives and our goal. This will likely take into account, among other things, our efforts to change the focus of our activities (for example, enhanced implementation activities and more robust information gathering), changes in the adoption and use of our standards, how we collaborate with others to increase the capacity for our activities, and how we have strengthened relationships.
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 IAASB’s Consultative Advisory Group (CAG).** The CAG is a fundamental part of our engagement with our stakeholders and is a key element of our 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 IESBA.**

- **Explore new ways to expand our collaboration with NSS to optimize our activities.**

- **Continue our two-way liaison-coordination with the International Accounting Standards Board, providing input on auditability and verifiability of new and revised International Financial Reporting Standards, (including in relation to, for example, its projects on management commentary and primary financial statements), thereby contributing to the quality of financial reporting.**

- **Increase collaboration with the International Forum of Independent Audit Regulators and other regulators and oversight bodies to identify emerging issues related to the application of our standards and further explore causal factors for these issues.**

- **Further enhance working relationships with investor groups, audit firms, the public sector, and other standard-setting bodies (such as the International Valuation Standards Council) to help understand their concerns.**

- **Build on our existing collaborative relationship with IFAC and its various committees, in particular 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.**

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3 For more information about the IAASB’s liaison with the IASB see the project page: [http://www.iaasb.org/projects/iaasb-iasb-liaison](http://www.iaasb.org/projects/iaasb-iasb-liaison)