

Work Plan 2022–2023: Issues Paper**Objective**

The objective of this agenda item is to obtain the Board's views on the changes made to the IAASB's Work Plan for 2022–2023 (the Work Plan) and to approve the Work Plan as presented in **Agenda Item 4-A**.

Approach to the Board Meeting

There will not be a turnaround document of the Work Plan at the December 2021 meeting. The Board is asked to provide offline comments to IAASB Staff by **Wednesday December 1, 2021**.

Based on the comments received, the Chair and Staff will update the Work Plan and present a revised draft of the Work Plan (in marked) to the Board on December 6, 2021. The Board will then consider this updated Work Plan for approval (subject to any further changes resulting from the Board's discussions).

At the Board session on the Work Plan on December 8, 2021, the Chair and Staff will briefly introduce the topic and explain the changes made based on the offline comments. The Chair will then walk through the Work Plan, asking for any further Board comments. Once the Board is satisfied with any further changes discussed, the Board will be asked to approve the Work Plan.

Introduction

1. The draft Work Plan for discussion is presented in **Agenda Item 4-A**. This draft Work Plan has been revised to respond to Board comments from the September 2021 IAASB meeting.
2. Information about the Planning Committee (which acts as the Task Force for the development of the Work Plan) and its activities since the September 2021 Board discussions can be found in **Appendix 1**.
3. The draft minutes from the September 2021 IAASB meeting can be found in **Appendix 2**.

Significant Changes to the Work Plan

4. The following are the more significant changes made to the Work Plan:¹
 - (a) *Including an explicit section on how the IAASB selects its next project(s) to clarify the prioritization process.* At the September 2021 Board meeting, the Board asked the Planning Committee to clarify how possible new projects would be prioritized once capacity opens. It was also noted that it was unclear that new projects may start before projects underway are finalized. The Planning Committee was of the view that the September 2021 draft of the Work Plan included several paragraphs that explained how the Board will select its next project(s) but that those were scattered throughout the draft. The Planning Committee therefore grouped the relevant paragraphs together in one section ('Selecting Our Next Project(s)') and made further enhancements to address the Board's comments. In addition, the Planning Committee signaled in the Introduction and the 'Selecting Our Next Project(s)' section that the IAASB may

¹ In addition to these matters, the Planning Committee made several changes to the draft Work Plan based on offline comments from the Board. The Planning Committee also made several editorial changes to enhance the readability of the Work Plan.

start new projects before all projects underway are finalized. It was also emphasized that the Board only has capacity for one or two new projects in the Work Plan period.

- (b) *Enhancing the signals within the draft Work Plan that the IAASB is ready to act on Sustainability/ Environmental, Social and Governance reporting.* At the September 2021 Board meeting, the Board strongly encouraged that the developments related to reporting on non-financial information needed to be more actively monitored, and that necessary action be taken in a timely manner. In that regard, the Board noted that the IAASB should signal in its Work Plan that resources are available to take appropriate action at the appropriate time. In response the Planning Committee added the section ‘Maintaining the Balance Between Audit and Other International Standards.’ This section broadly explains the refocus on the IAASB’s other International Standards in the upcoming period given the fast-evolving developments related to non-financial reporting.
- (c) *Clarifying the aspects of a possible omnibus project on technology.* At the September 2021 Board meeting, the Board questioned whether the comments received on revising ISA 520² and ISA 530³ indicated a need for a holistic revision of those ISAs or was predominantly due to the impact of technological advancements. The Board suggested including possible targeted revisions related to ISA 520 and ISA 530 in any project to update the ISAs more broadly for the impact of technology. In response, the Planning Committee added a footnote that better explains that a possible omnibus project on technology:
- (i) May include targeted revisions to ISA 520 and ISA 530; and
 - (ii) Needs to be commenced after the IAASB finalizes its revisions to ISA 500.⁴ The IAASB’s project on ISA 500 aims, among other matters, to modernize ISA 500 to be adaptable to the current business and audit environment, including to enhance or clarify ISA 500 to address the increasing use of technology.⁵
- (d) *Revising the list of other initiatives and ongoing activities and Appendix 1 for consistency.* At the September 2021 Board meeting, Board members asked the Planning Committee to clarify how the post-implementation review of the new and revised Auditor Reporting standards⁶ feeds into the Work Plan. In response, the Planning Committee added auditor reporting to the list of other initiatives and ongoing activities and more appropriately described the actions going forward in Appendix 1. In addition, the Planning Committee clarified, in a footnote, that the main function of the Consultation Groups (e.g., in relation to Technology, Professional Skepticism

² International Standard on Auditing (ISA) 520, *Analytical Procedures*

³ ISA 530, *Audit Sampling*

⁴ ISA 500, *Audit Evidence*

⁵ Based on the criteria in the Framework for Activities, Staff would consider whether there are any remaining issues in ISA 520 and ISA 530 and if so, include these standards in Category A of the Framework for Activities.

⁶ The new and revised Auditor Reporting Standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and conforming amendments to other ISAs

and Auditor Reporting) is to provide input and support to other Task Forces or Working Groups, or to Staff, in line with how these groups will be operating in the foreseeable future.

5. The Planning Committee also considered whether ‘joint audits’ should remain as one of the future possible topics and on balance believes that there are emerging developments globally that need to be monitored in this area. Therefore, the Planning Committee left joint audits as one of the possible topics for a future project.

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

6. In the Planning Committee’s view, the significant matters that the Planning Committee has identified as a result of its deliberations since it started work on developing the Work Plan, and the Planning Committee’s considerations thereon, are reflected in the:
 - Issues papers;
 - [Survey Consultation](#) (the Survey); and
 - Drafts of the Work Plan as presented at the IAASB meetings in September 2021 and this meeting.
7. In the Planning Committee’s view, there are no significant matters discussed within the Planning Committee in developing the Work Plan that have not been brought to the IAASB’s attention.

Consideration by the IAASB of the Need for Further Consultation

8. In formulating this Work Plan, the IAASB undertook the Survey in May 2021, with a 90-days consultation period which closed on August 5, 2021. At its February 2021 meeting, the IAASB (and IAASB Consultative Advisory Group (CAG) at its March 2021 meeting) agreed with the Planning Committee’s proposed approach to developing the Work Plan, including the proposed Survey.
9. Notwithstanding that some stakeholder groups, such as investors, those charged with governance and public sector, did not have a high level of representation within the responses to the Survey, the Planning Committee believes that the Board benefited from input from these stakeholders via the IAASB CAG (IAASB CAG meetings in March and September 2021) and outreach activities. The Work Plan was discussed in the IAASB’s outreach covering a broad range of jurisdictions and stakeholder groups (see **Agenda Item 1**). The Planning Committee has also made changes within the Work Plan for significant matters highlighted in outreach events and through the Survey (for example, related to assurance on non-financial information).
10. Roundtables were not contemplated because the Work Plan mainly includes the completion of substantial projects that are currently underway. Also, the Work Plan builds upon the Strategy for 2020–2023 for which the IAASB undertook extensive public consultation to improve the IAASB’s understanding of stakeholders’ needs. The Planning 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 Survey or others (including the IAASB CAG) to hold such events.
11. The IAASB continues to inform itself of new developments through its liaisons with the IAASB CAG, national auditing standard setters, and ongoing outreach with, among others, regulators and audit inspection bodies, and audit firms.

Matters for IAASB Consideration

1. The IAASB is asked for its views on the revised draft Work Plan set out in **Agenda Item 4-A**.
2. The IAASB is asked to approve the Work Plan for 2022–2023.

Planning Committee Members and Activities, Including Outreach

- (i) The Planning Committee serves as the task force for this project. Members are:
- Tom Seidenstein, IAASB Chair
 - Len Jui, IAASB Deputy Chair
 - Julie Corden
 - Lyn Provost
 - Isabelle Tracq-Sengeissen
 - Imran Vanker
 - Jim Dalkin (IAASB CAG Chair – Observer)

Planning Committee Activities

- (ii) The Planning Committee met once by videoconference in the preparation of the agenda items for discussion.

Draft Minutes of the September 2021 Board Meeting

Work Plan 2022–2023

Messrs. Seidenstein, Botha and van den Hout and Ms. Bahlmann updated the Board on the analysis of respondents' comments related to the IAASB's Survey Consultation on the IAASB's Work Plan for 2022–2023 and the development of the draft Work Plan for 2022–2023 (the Work Plan) as presented in **Agenda Items 4 and 4-A**.

ANALYSIS OF STAKEHOLDER INPUT

The Board agreed with the analysis of the stakeholder input as set out in Sections I, II, III and IV of **Agenda Item 4** and the related recommendations.

DRAFT WORK PLAN 2022–2023

The Board broadly supported the completion of projects underway at the start of 2022, as reflected in the draft Work Plan (see Table A in **Agenda Item 4-A**). With respect to new projects to commence during the Work Plan Period, the Board strongly encouraged the Planning Committee to further consider:

- Clarifying how possible new projects, as included in Table B of **Agenda Item 4-B**, would be prioritized once capacity opens up. It was noted that it was not clear that new projects may start before projects underway are finalized.
- Amplifying the work effort on assurance on non-financial information. In that regard the Board:
 - Noted that the developments are quickly evolving, and there is an increasing global focus in this area. The Board highlighted, for example, the developments in the European Union and the activities of the newly formed International Financial Reporting Standards Foundation and the Financial Stability Board.
 - Suggested that the developments needed to be more actively monitored, and that, if necessary, action be taken in a timely manner. In that regard, it was strongly encouraged that the IAASB should signal in its Work Plan that resources are available to act quickly at the appropriate time.
 - Noted that the IAASB's existing standards and guidance may be overlooked in this area, notably, ISAE 3000⁷ and the guidance on Extended External Reporting, as the title of the standard and guidance don't refer to climate change, sustainability or environment, social and governance (ESG) reporting. Therefore, it was suggested that stakeholders be reminded of the IAASB's existing standards and guidance.
 - Noted that the scope of any project on non-financial information should be clear and that more information gathering is needed to identify the challenges and possible future actions.
 - Noted that the breakdown between 'audit' and 'assurance' standards may be challenging in the future given the development in the financial reporting frameworks.

⁷ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

- Clarifying how the technology aspects of audit evidence would be undertaken to the extent that there are areas not addressed by the current audit evidence project itself. In that regard the Board:
 - Questioned whether the comments made in relation to ISA 520⁸ and ISA 530⁹ indicate a need for a holistic revision of the ISAs in light of the technological advancements.
 - Suggested to combine the projects related to ISA 520, ISA 530 and the omnibus project to update the ISAs for impact of technology (as included in Table B of **Agenda Item 4-B**) into one overarching project on technology. It was also questioned whether the scope of the IAASB's current project on Audit Evidence should be amended.
 - Cautioned that revising standards only for advancements in technology more broadly as including references to specific technologies may make the IAASB's International Standards outdated when technologies further develop.
- Whether a project on joint audits is needed. It was noted that national auditing standard setters (NSS) in jurisdictions in which joint audits are mandated have already developed guidance for such audits. It was also noted that there is no global need for the IAASB to develop a standard or guidance on joint audits.
- Clarifying how the post-implementation review of the new and revised Auditor Reporting standards feed into the Work Plan.
- Including a project on cyber security. It was noted that the auditor's responsibilities related to cyber security are unclear, including what the impact of a breach of cyber security has on the audit.

The Board also asked the Planning Committee to be transparent about any changes to the quarterly forward agenda and asked that any changes made to timelines be clearly explained. Mr. Botha noted that this was done when changes are made.

CAG OBSERVER COMMENTS

Mr. Dalkin noted that the IAASB CAG highlighted that the IAASB should closely monitor the developments related to ESG reporting.

PIOB OBSERVER COMMENTS

Ms. Stothers noted that the IAASB should monitor the developments related to non-financial information, including ESG and sustainability reporting given the developments in this area. She also questioned whether the IAASB has the capacity to start a project on non-financial information, if needed, or whether the IAASB should wait until capacity opens up.

WAY FORWARD

The Planning Committee will update the draft Work Plan for 2022–2023 based on the comments received from the Board and the IAASB CAG and will present a revised work Plan for approval at the December 2021 IAASB meeting.

⁸ International Standard on Auditing (ISA) 520, *Analytical Procedures*

⁹ ISA 530, *Audit Sampling*