



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA
Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

Agenda Item

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Meeting: IAASB
Meeting Location: San Francisco
Meeting Date: December 7-10, 2009

Progress Against IAASB Strategy and Work Program, 2009-2011

Objectives of Agenda Item

1. To receive an update on IAASB's progress against planned 2009 activities as set out in the IAASB's *Strategy and Work Program, 2009-2011*.
2. To consider the relative priority that should be assigned to new project activities.

I. Update

3. Appendix I of this Paper summarizes the status of IAASB's 2009 activity.
4. Table 1 of Appendix I addresses planned versus actual 2009 project initiatives and related activities. In brief:
 - The IAASB has tracked fairly closely against plan, with progress being made on nearly all major planned initiatives. Commencement of two projects has been accelerated by a quarter,¹ while timing of certain other projects² has changed from plan by one or two quarters due to normal adjustments arising from Board deliberations and ongoing prioritization.
 - Two projects scheduled to commence in 2009 which the IAASB has not yet started are: (i) revision of ISAE 3400 (Prospective Financial Information); and (ii) consideration of a new assurance standard on sustainability (Sustainability).
5. Table 2 of Appendix I identifies Board and Staff initiatives that have been undertaken *additional* to the planned 2009 activities. These were initiated in response to new developments in the environment. In brief:
 - Board initiatives included: (i) IASB monitoring and liaison; (ii) collaboration with IAAER/ACCA on research opportunities; and (iii) consideration of a rapid response mechanism.
 - Staff initiatives included: (iv) ISA Modules and the Clarity Centre; (v) staff Publications (Alerts, Questions and Answers); (vi) staff comment letters; and (vii) outreach support.

¹ These projects are revision of ISA 610 and the proposal to revise ISA 720.

² These projects are: Fair Value Audit Guidance (Revision of IAPS 1012), Assurance Reports on GHG Statements, Consideration of Audit Quality, and Implementation Guidance Review.

6. IAASB’s 2009 level of activity, degree of progress against plan, and responsiveness to new developments is notable in light of the nature of some of the new projects under development, and the fact that the 2009 Work Program was based on 2008 staff resource level, which largely for 2009 was short against plan by one staff member. Recruiting efforts are currently underway.
7. Table 3 of Appendix I identifies, for reference, IAASB Strategy’s planned 2010 new projects and other significant activities and commitments.

II. Consideration of Relative Priority of Projects and Activities for 2010

8. Most of the projects and initiatives commenced in 2009 will continue to be developed in 2010. At the same time, there are a number of potential new projects and activities to be considered.
9. Staff resource has been utilized above capacity in 2009, and it will be the main constraint on activities in 2010. Until an additional Staff resource is secured, current capacity will not allow for all the initiatives expected to be considered in the timeframes anticipated.
10. For IAASB consideration, the following reflects Staff recommendations of where Board and Staff effort should be applied on a relative priority basis (subject to developments in the environment):

	Project/Activity ³	Recommendation	Comment
1.	Revision of ISA 720	Approve project proposal Q4 2009. Commence work immediately.	See Agenda Item 9. Priority reconfirmed in 2009 during IAASB and CAG review of the current environment.
2.	Consideration of Audit Quality	Commence discussion Q4 2009 as per December IAASB agenda. Progress deliberations Q1-Q4 2010.	Strong growing interest from a number of stakeholders.
3.	2012-2014 Strategy Review	Commence planning and survey work Q1 2010.	Necessary in order to finalize 2012-2014 Strategy by Q3 2011. ⁴
4.	New ISA Modules	Develop four additional modules commencing Q2-Q4 2010.	Supports IFAC 2010 Adoption and Implementation Strategy. Initial response to Modules suggests strong interest. ⁵

³ Assuming the IAASB considers it appropriate to commence these projects.

⁴ A possible timetable is as follows: March 2010 – Initial discussion; April-July 2010 – Survey and stakeholder discussions; September 2010 – First read; December 2010 – ED approval; June 2011 – Full Review; September 2011 – IAASB and PIOB approval.

⁵ Approximately 8,700 Video/PowerPoint downloads in one month since October 2009 launch. This is in comparison to approx. 25,000 downloads of IAASB Handbook, the most downloaded IFAC publication, since its April 2009 launch.

11. This plan would utilize staff resources to capacity, leaving little room to respond to new developments without affecting how quickly projects are progressed.
12. Subject to the IAASB's views, the following projects/activities would commence only later in 2010 as resources become available, assuming the IAASB considers it appropriate to commence these projects:

Project/Activity	Anticipated timing	Comment
Prospective Financial Information (Revision of ISAE 3400)	Consider potential project Q3 2010	Delay from Q3 2009 start as per 2009 Work Program. Delay appears appropriate until IAASB further progresses deliberations on proposed ISAE 3420 on pro forma financial information.
Sustainability (New assurance standard on sustainability)	Consider potential project Q4 2010	Delay from Q3 2009 start as per 2009 Work Program. Delay appears appropriate until IAASB further progresses deliberations on proposed ISAE 3410 on GHG statements.
Communication on Audit (Communication on the meaning of an audit)	Consider potential project Q4 2010	Delay of one quarter from 2010 Work Program.

13. Appendix II provides an indicative IAASB project timetable to the end of 2010 based on the above.

Action Requested

14. The IAASB is asked for its views on the immediate and near-term IAASB project priorities.

Appendix I

Table 1: IAASB 2009 Work Program

2009 Project/Activity	Plan	Status	
Development of Standards			
<i>Performance and Reporting Standards</i>			
1. ISA 610	Commence Q2 2009	Commenced Q1 2009	√
2. Auditor's Report (ISA 700) Research Review	Commence Q1 2009	Commenced Q4 2009	√
3. ISA 720	Commence Q1 2010	Commenced Q4 2009	√
<i>New Technology and Reporting Models</i>			
4. XBRL	Commence Q1 2009	Commenced Q1 09	√
<i>Assurance Standards</i>			
5. ISAE 3402	Complete Q1 2009	Completed Q3 2009	√
6. ISAE 3000	Commence Q1 2009	Commenced Q1 2009	√
7. ISAE 3420 Pro Forma Information	Exposure Draft (ED) Q4 2009	ED scheduled Q4 2009	√
8. ISAE 3400	Commence Q3 2009	-	●
<i>Sustainability</i>			
9. ISAE 3410 Carbon Emissions/GHG	Exposure draft Q1 2010	Consultation Paper issued Q3 2009; ED scheduled Q2 2010	√
10. Sustainability	Commence Q3 2009	-	●
<i>Addressing Needs of SMEs</i>			
11. ISRE 2400/ ISRS 4410	Commence Q1 2009	Commenced Q1 2009	√
<i>Ongoing</i>			
<ul style="list-style-type: none"> Monitor developments: technology, continuous auditing, XBRL, national developments, alternative assurance 	Ongoing monitoring via: <ul style="list-style-type: none"> NSS/EASS activity reports (re: national development of new assurance standards on internal control, alternative services, etc.) 		√

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2009 Project/Activity	Plan	Status	
services, etc.	<ul style="list-style-type: none"> • Publications and developments from such groups as FEE, ICAEW and other institutes (e.g., on corporate governance engagements; auditor reporting; etc.) • Market developments (electronic confirmations, pricing services, XBRL, etc.) • Academic conferences (continuous auditing) 		
Adoption			
<i>Assessing Impact</i>			
12. Impact Assessment	Discuss and approve pilot processes Q1-Q4 2009	Discussed Q2 2009	√
<i>Ongoing</i>			
<ul style="list-style-type: none"> • Liaise with IOSCO, EC, US PCAOB, IFIAR, etc. 	Ongoing contact with, and consideration of developments from, each specified group		√
<ul style="list-style-type: none"> • Liaise with INTOSAI, SMPC, DNC 	Ongoing direct interaction with INTOSAI and SMPC on Practice Notes and ISA Guide. Review of DNC meeting minutes and staff discussion: DNC's 2009 focus has been on outreach programs and coordination with SMPC initiatives.		√
<ul style="list-style-type: none"> • Assist with translations 	Direct support in response to translation queries. Staff acceleration of 2010 Handbook to assist EU translation.		√
Implementation			
<i>ISAs</i>			
13. ISA Monitoring	Commence Q2 2009	Commenced Q2 2009	√
<i>Guidance</i>			
14. Auditing FV Guidance	Commence Q1 2009	Commenced Q2 2009	√
15. IAPS Authority	Commence Q4 2009	Commenced Q4 2009	√
16. Implementation guidance review	Commence Q2 2009	Discuss with NSS Q2 2009. IAASB discussion scheduled Q1 2010.	√

Communications			
<i>Expectations Gap and Communication Activities</i>			
17. Consider Paper on Audit Quality	Commence Q3 2009	Commenced Q4 2009	√
18. Consider communications plan	Commence Q1 2009	Considered Q1 2009	√
<i>Ongoing</i>			
• Consult with IASB re: new IFRS that may affect IAASB standards	-	Commenced Q2 2009	√
• New communications document re: highlights of new standards	-	To commence Q4 2009 with release of ISAE 3402	√
• Annual Report, press releases, website, etc.	-	Ongoing	√

Table 2: Other 2009 Outputs and Activities

Output/Activity	Status
<i>Adoption and Implementation</i>	
19. ISA Modules	7 completed Q4 2009
20. Going Concern Alert	Completed Q1 2009
21. Proportionality Q&A	Completed Q3 2009
22. External Confirmations Alert	Completed Q4 2009
23. XBRL Alert	Under consideration – See Agenda Item 10.
<i>Standards Development, Liaison and Outreach</i>	
24. IAAER/ACCA-IAASB Collaboration	Commenced Q2 2009; In progress
25. IASB Monitoring Program	Commenced Q2 2009; In progress
26. Rapid Response Mechanism	Commenced Q1 2009; In progress
27. Comment Letters: (US PCAOB EDs; IAIS Discussion Paper; IASB EDs)	Completed Q1-Q3 2009
28. Outreach	Completed > 20 speeches, seminars, etc.
<i>Communication</i>	
29. Clarity Centre	Completed Q1 2009

Output/Activity	Status
30. 'Update' on Alternative Services Project	Under consideration

Table 3: IAASB Strategy's Planned 2010 New Projects and Other Activities/Commitments

Output/Activity	Status
2012-2014 Strategy and Work Program	Commence Q1 2010
New ISA Modules	Commence Q2 2010
New Project – Implementation Guidance	Commence Q3 2010
Communication on Audit	Commence Q3 2010

IAASB Project Timetable as of November 2009
(Subject to periodic revision and change by the IAASB)

Project	Mar-10	Jun-10	Sep-10	Dec-10
ISA 610, Using the Work of Internal Auditors	Read of exposure draft		Approve exposure draft	
Research on Auditor's Report (ISA 700)	Discussion		Discussion/Project proposal	
ISA 720, The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements	Discussion	Discussion	Read of exposure draft	Approve exposure draft
ISAE 3410, Assurance on a Greenhouse Gas Statement	Update	Approve exposure draft		
ISAE 3420, Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses			Full review	Approve final ISAE
ISRE 2400, Engagements to Review Financial Statements, and ISRS 4410, Engagements to Compile Financial Statements	Read of exposure drafts	Read of exposure drafts	Approve exposure drafts	
ISAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information	Discussion	Read of exposure draft	Approve exposure draft	
ISAE 3400, The Examination of Prospective Financial Information			Project proposal	Discussion
XBRL		Discussion	Approve consultation paper	
Sustainability				Project proposal
Guidance on Auditing Complex Financial Instruments (including revision of IAPS 1012, Auditing Derivative Financial Instruments)	Read of exposure draft	Approve exposure draft		Approve final guidance
Review of International Auditing Practice Statements	Proposal on existing IAPs	Approve consultation paper		Approve final decision
ISA Implementation Monitoring	Update	Discussion	Discussion of process	

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Project	Mar-10	Jun-10	Sep-10	Dec-10
Audit Quality	6	6	6	6
IASB Monitoring	Update	Update	Update	Update
NSS Implementation Guidance (Implementation Guidance Review)	Discussion			
Rapid Response Mechanism	Approval			
New ISA or Implementation Guidance			Project proposal	Discussion
Communication on Audit (Meaning of an Audit)				Project proposal
IAASB Strategy and Work Program, 2012-2014	Discussion		Read of consultation paper	Approve consultation paper

⁶ To be determined subsequent to IAASB discussion in December 2009.