

**Emerging Issues and Outreach Committee
Terms of Reference
December 2013**

Objectives

1. The objectives of the Emerging Issues and Outreach Committee (EIOC) are to:
 - (a) Oversee the activities in the IESBA's emerging issues and outreach initiative carried out in accordance with the IESBA's Statement of Working Processes—Emerging Issues and Outreach (see Appendix); and
 - (b) Report to or advise, as appropriate, the IESBA in relation to the topics of emerging issues and outreach.

Responsibilities

2. With respect to emerging issues, the EIOC's responsibilities are to:
 - Oversee the identification of emerging issues;
 - Review emerging issues screened by IESBA staff and agree those items that would merit consideration or noting by the IESBA and the IESBA CAG;
 - Report the selected matters to the IESBA and, as appropriate, seek the views and advice of the IESBA CAG thereon.
3. With respect to outreach, the EIOC's responsibilities are to:
 - Reflect on the IESBA's outreach activities and advise the IESBA on ways to enhance the IESBA's outreach efforts, including with respect to the scope and focus of, and general approach to, outreach; and
 - Monitor the development and maintenance of the IESBA's media strategy by the IFAC communications Department, and advise the IESBA and the IFAC communications Department as appropriate in relation to that strategy.
4. Given resource constraints, a light touch approach to the initiative will be important.

Working Procedures

5. The EIOC will ordinarily convene via teleconference at least once each quarter.

Deliverables

6. The EIOC will:
 - (a) Present its report on emerging issues to the IESBA and, as appropriate, the IESBA CAG at least every six months; and

- (b) Report any recommendations it may have regarding outreach to the IESBA and the IFAC Communications Department as appropriate on a periodic basis.

Composition

- 7. The EIOC will be chaired by an IESBA member and comprise four other members.

Appendix

Statement of Working Processes—Emerging Issues and Outreach

A. Introduction

1. This statement sets out the working processes through which the IESBA plans to carry out its activities under its Emerging Issues and Outreach initiative.
2. To assist in the execution of this initiative, the IESBA has established a standing committee (hereafter referred to as the Emerging Issues and Outreach Committee, or EIOC) to oversee the activities in this area in accordance with the EIOC’s Terms of Reference in the Appendix.

B. Emerging Issues

DESCRIPTION OF AN EMERGING ISSUE

3. For purposes of this initiative, an emerging issue is any national or international development identified outside of the Board’s strategic planning process that is related to, or has a connection with, the IESBA’s remit and may:
 - (a) Have a potential impact on the IESBA’s strategy and work plan;
 - (b) Require IESBA action, or otherwise lead the IESBA to take specific action, such as leading or participating in a debate at the international level; or
 - (c) Otherwise merit IESBA attention.

IDENTIFICATION OF EMERGING ISSUES

4. To assist in the identification of emerging issues, the sources of information that may be screened or otherwise considered include those listed in the table below. The table also indicates the type of effort involved and who primarily would be involved in the identification process.
5. It is anticipated that to the extent possible, IESBA members and technical advisors will contribute to the identification effort.

#	Sources of Information	Type of Effort	Involvement
<i>Relevant Reports and Other Publications</i>			
1.	Monthly IFAC Global Regulatory Report	Review	Staff
2.	Summary audit inspection reports (e.g., annual “state of the nation” reports issued by the International Forum of Independent Audit Regulators (IFIAR), the European Audit Inspection Group (EAIG) and audit oversight bodies from major jurisdictions)	Review	Staff
3.	Ad-hoc reports issued by key stakeholders (e.g., benchmarking reports or updates, etc.)	Review	Staff

#	Sources of Information	Type of Effort	Involvement
4.	World Accounting Intelligence (weekly)	Scan	Staff
5.	Monthly International Accounting Bulletin	Scan	Staff
6.	Accounting and business press or other media	Becoming aware	Board representatives ¹ and IFAC Communications Department
Outreach and Other Meetings			
7.	Regulators and audit oversight bodies	Meeting	Board representatives
8.	National standard setters liaison group	Meeting and annual requests for information on national developments	Board representatives
9.	Consultative Advisory Group (CAG)	Meeting	Board representatives
10.	Forum of Firms	Meeting	Board representatives
11.	Guest speakers at board meetings	Meeting	Board
12.	Other outreach meetings	Meeting	Board representatives
Other			
13.	Academic research	Becoming aware (including through staff participation in academic conferences)	Board representatives
14.	Liaison with IAASB	Regular interactions	IESBA leadership and staff

¹ Board representatives include Board members, technical advisors and staff

#	Sources of Information	Type of Effort	Involvement
15.	Liaison with IFAC Small and Medium Practices (SMP) Committee, Professional Accountants in Business (PAIB) Committee and Compliance Advisory Panel (CAP)	Regular interactions	Staff
16.	National or jurisdictional developments	Becoming aware	Board representatives

6. With respect to academic research, an IESBA member (who may be a member of the EIOC) will be appointed as liaison with the academic community. In addition, staff will maintain ongoing contact with the academic community through, for example, participation in the annual meeting of the American Accounting Association (AAA).
7. Relevant information about identified emerging issues (for example, hyperlinks to relevant articles or publications) is to be forwarded to the IESBA Technical Director, in the first instance, for collection by the IESBA staff.

THE FILTERING PROCESS

8. IESBA staff is responsible for categorizing identified issues for review by the EIOC based on the significance of the issues in terms of potential impact on the IESBA's work.
9. Identified emerging issues will be filtered into the following four categories based on the broad guidelines set out in the table below:
 - (a) For IESBA consideration;
 - (b) For IESBA noting;
 - (c) For Staff noting; and
 - (d) Other matters.

Category	Nature of Category	Guidelines
A. For IESBA consideration	Matters that merit IESBA discussion and consideration of possible actions	<ul style="list-style-type: none"> • Matter has standard-setting significance, e.g.: <ul style="list-style-type: none"> ○ Matter appears to suggest a potential weakness, deficiency or gap in the Code ○ Matters appears to suggest lack of clarity in one or more existing provisions in the Code ○ Matter appears to directly impact current project(s) or could influence direction of current project(s)

Category	Nature of Category	Guidelines
		<ul style="list-style-type: none"> ○ Matter appears to suggest need for potential future standard-setting projects • Matter appears to be of strategic or otherwise of sufficient importance relative to the development, adoption and implementation of the Code to merit IESBA consideration • Matter appears to suggest a debate in which, or a topic on which, the IESBA should have a voice or take a leadership position given its role and remit
B. For IESBA noting	Matters for the IESBA to note but which do not merit substantive IESBA discussion	<ul style="list-style-type: none"> • Matter is a new or ongoing development that may have a possible impact on the IESBA’s strategy and work plan although not in the immediate future • Matter relates to a specific implementation or application of the Code that may merit IESBA attention but no specific discussion or action at this time
C. For Staff noting	Matters that do not merit being brought to the IESBA’s attention at this time	<ul style="list-style-type: none"> • Matters not falling into the above two categories but nevertheless of sufficient significance to merit noting by staff for possible future reference
D. Other matters	Matters that are not of sufficient significance to be further considered.	<ul style="list-style-type: none"> • Matters not falling into the above three categories.

10. In gauging the potential impact and urgency of a particular issue, consideration will be given to the frequency of occurrence, or potential recurrence, of the issue and its implications for the public interest. Notwithstanding this consideration, the guidelines for categories A and B are not intended to result in more than a small number of items in each category.
11. The Planning Committee will not be involved in considering and filtering the identified matters prior to IESBA consideration. However, the Planning Committee may be asked to reflect on those matters discussed by the IESBA with a view to advising the IESBA of possible courses of action that may be needed.

IESBA CONSIDERATION OF EMERGING ISSUES

12. The EIOC will present identified emerging issues for IESBA consideration at alternate IESBA meetings (i.e., once every six months), unless the EIOC judges an emerging issue to be of such importance as to merit IESBA consideration at the earliest opportunity.
13. IESBA consideration of emerging issues will ordinarily take place in the open session. The EIOC will determine if discussion of a particular issue in the executive session is warranted based on the sensitivity of the issue. The EIOC chair will ordinarily lead the presentation and discussion of the emerging issues at the IESBA meetings.
14. Materials used may include, but would not be limited to, slides and hand-outs.

INVOLVEMENT OF THE IESBA CAG

15. The EIOC may seek the views and advice of the CAG on identified matters. As part of this discussion, the CAG may also bring to the IESBA's attention any new emerging issues not previously identified. To the extent possible, the EIOC will synchronize the timing of the CAG discussion with the timing of the IESBA discussion.

EXPECTED OUTCOMES

16. The nature and timing of IESBA actions arising from this initiative will vary with the nature and importance of the matters considered. Such actions may include, for example:
 - Possible adjustments to the IESBA strategy and work plan, including re-prioritization of existing commitments and addition of new items to the current strategy and work plan.
 - Commissioning of staff publications.
 - Specific actions on current projects or initiatives.
 - IESBA decision to lead or engage in a specific debate at the international level.
 - Outreach to specific stakeholders to convey IESBA views on a particular matter.
 - Communications regarding the initiative in the IESBA's annual report and other communication vehicles.

CONSIDERATION OF EFFECTIVENESS OF EMERGING ISSUES INITIATIVE

17. On a biennial basis, the IESBA will reflect on the effectiveness of the initiative and consider whether improvements can be made to the working processes. The frequency of such consideration may be reduced as further refinements are made to the processes.
18. Positive outcomes that may assist the IESBA in assessing the effectiveness of the initiative include:
 - Specific IESBA actions initiated in response to the emerging issues, and the timeliness of such actions.
 - Improved stakeholder perceptions of IESBA responsiveness, dynamism and relevance, including through positive feedback from stakeholders and increased interest of stakeholder groups such as the IESBA CAG in emerging issues identified by the IESBA.
 - Success in generating debate or actions among stakeholders on specific topics.

- Increased stakeholder awareness of the IESBA's work, such as through external requests for IESBA views on specific emerging issues.

C. Outreach

FOCUS OF OUTREACH

19. The IESBA will generally focus its outreach activities on key stakeholder groups with the ultimate aim of increasing the adoption of, or convergence to, the Code. Key stakeholder groups include the following (in alphabetical order):
 - Academia (e.g., through representative bodies such as the AAA)
 - Firms, including SMPs (e.g., the Forum of Firms and the IFAC SMP Committee)
 - IFAC member bodies
 - Investors
 - National standard setters
 - PAIBs (e.g., through IFAC PAIB Committee, financial executives' institutes)
 - Regional and international organizations that have a nexus to the IESBA's work (e.g., the World Bank and the Organization for Economic Co-operation and Development (OECD))
 - Regulators and audit oversight bodies, including IOSCO, IFIAR and EAIG
 - Those charged with governance (e.g., International Corporate Governance Network, institutes of directors, company directors)
20. The IESBA will consider opportunities to reach out to other groups based on merits of each opportunity.
21. The EIOC will periodically reflect on the IESBA's past outreach activities to identify specific regions or countries where there would be benefit in undertaking outreach, and advise the IESBA Chair and Technical Director accordingly.
22. Final determinations regarding specific outreach actions will be made by the IESBA Chair and Technical Director having regard to budgetary implications, timing and availability of IESBA representatives to undertake the relevant outreach.

IDENTIFYING OUTREACH OPPORTUNITIES AND INVOLVEMENT OF IESBA MEMBERS AND TECHNICAL ADVISORS

23. IESBA members and technical advisors are encouraged to participate in outreach and to assist in identifying relevant opportunities for outreach in their jurisdictions.
24. Where IESBA members or technical advisors will have the opportunity to raise awareness of, or promote, the IESBA's work to particular audiences in a capacity other than as IESBA members or technical advisors, they are encouraged to share information about such activities with the IESBA Chair and Technical Director for noting and for consideration of whether there would be benefit in conveying specific messages to these audiences.
25. Where IESBA members and technical advisors are invited to speak about the IESBA and its work in their Board-related capacity, they are asked to advise the IESBA Chair and Technical Director of the

relevant invitations for consideration and concurrence, taking into account budgetary constraints where participation costs are to be borne by the IESBA.

CONSISTENCY OF MESSAGING

26. Consistency of messaging is important to the IESBA's outreach efforts to ensure that IESBA representatives are seen by stakeholders as speaking with one voice and to minimize the risk of confusion and any stakeholder perceptions that the IESBA is uncoordinated. In support of this objective staff will endeavor to prepare and make available to IESBA representatives appropriate presentation slides and speaking notes.
27. Staff may further assist by providing background information and other briefing materials relevant to the particular event.

MEDIA STRATEGY

28. Responsibility for developing a media strategy for the IESBA rests with the IFAC Communications Department.
29. The EIOC will monitor and provide high-level advice regarding the development and maintenance of the media strategy, including reviewing drafts of the media strategy and, in consultation with the IESBA Chair and Technical Director, providing directional input to the IFAC Communications Department in the development of the strategy.
30. As needed, the EIOC will provide updates to the IESBA regarding the status of the media strategy and its execution.

REPORTING BACK ON OUTREACH

31. IESBA representatives who have been involved in outreach activities may be asked to provide brief notes regarding these activities to IESBA staff for collation in advance of each IESBA meeting.
32. The summary and outcomes of the outreach activities will ordinarily be discussed in the executive session.

CONSIDERATION OF EFFECTIVENESS OF OUTREACH

33. The IESBA will reflect on its outreach activities on an annual basis as a basis for identifying potential enhancements to its outreach efforts.
34. Some of the outcomes that may assist the IESBA in judging whether it is being effective in its outreach efforts include:
 - Increased linkages between stakeholder feedback obtained through outreach to Board projects or initiatives.
 - Increased media exposure.
 - The accounting, business or general press reaching out to the IESBA to a greater extent for views and comment on emerging issues and other relevant topics.
 - Increased adoption of the Code internationally.

D. Resource Needs and EIOC Meetings

35. This initiative will be supported by up to two staff members, with each expected to allocate 5 - 10% of his or her time to the initiative on an ongoing basis.
36. The EIOC will ordinarily convene via teleconference at least once each quarter to consider identified emerging issues and, when appropriate, outreach. Prior to an upcoming IESBA meeting at which the initiative would be discussed, the EIOC may hold a further teleconference to discuss and finalize the matters for presentation to the Board.

This level of resource needs to support the initiative is subject to reassessment by the EIOC once sufficient experience is gained with the initiative.