

## *The IAASB's Proposed Strategy for 2015–2019 and the IAASB's Proposed Work Program for 2015–2016*

This summary provides an overview of the IAASB's Consultation Paper, [\*The IAASB's Proposed Strategy for 2015–2019 and the IAASB's Proposed Work Program for 2015–2016\*](#).

**Objective:**

The IAASB is undertaking the consultation to obtain views on its future direction, in order to build on its exiting strong base of standards and address new topics where needed.

The Consultation Paper includes questions to obtain stakeholders' views on:

- Whether the IAASB's strategic objectives are appropriate for 2015–2019.
- The approach taken to the development of the *Work Program for 2015–2016*, in particular the IAASB's decision to focus on fewer key projects.
- The appropriateness of the topics chosen as the focus for the *Work Program for 2015–2016*, in light of the proposed strategic objectives.

**Comment Date:**

The Consultation Paper is open for public comment through **April 4, 2014**.

**How To Respond:**

Respondents are asked to submit their comments electronically through the IAASB website, using the "[Submit a Comment](#)" link on the Consultation Paper page. Please submit comments in both a PDF and Word file. All comments will be considered a matter of public record and will ultimately be posted on the website.

## The IAASB's Vision for the Next Five Years

*The most important significant strategic issue facing the IAASB is how to ensure continued credibility and confidence in its work as a global standard setter, both in terms of its ability to identify the most pertinent public interest issues and respond appropriately to them in a timely manner.*

### Reflecting on the Past Five Years

Since completion of the Clarity project in 2008, the IAASB has been active in outreach in support of adoption and implementation of the clarified ISAs. It has also focused on maintaining and enhancing relationships with national and international regulatory bodies, auditor oversight and inspection authorities, and national standard setters.

The IAASB's top priority in the past two years has been auditor reporting, with revised standards expected to be finalized in 2014. The IAASB has also continued to devote attention to a number of areas to enhance audit quality, namely addressing the use of the work of internal auditors, auditing financial statement disclosures, and the auditor's responsibilities for other information. The IAASB has now also finalized its *Framework for Audit Quality*.

The IAASB has devoted significant efforts to revising its standards for compilation and review engagements. The IAASB also revised its umbrella assurance standard for engagements other than audits or reviews of historical financial information, and developed new assurance standards for greenhouse gases and pro forma financial information.

### Proposed Strategic Objectives for 2015–2019

The proposed strategic objectives illustrate how the IAASB intends to focus its activities over its 2015–2019 Strategy period. They provide the basis for decisions about actions and projects to be undertaken, and for setting priorities, both in the near term and later in the strategy period. The proposed strategic objectives of the IAASB are to:

- Develop and maintain high-quality ISAs that are accepted as the basis for high-quality financial statement audits.
- Ensure the IAASB's suite of standards continue to be relevant in a changing world by responding to stakeholder needs.
- Collaborate and cooperate with contributors to the financial reporting supply chain to foster audit quality and stay informed.

The IAASB will continue to monitor global developments, and a mid-period review of the strategy will be undertaken to determine whether the strategic objectives continue to remain relevant.

## Planned Priorities and Actions for 2015–2016

*The IAASB has concluded it would be most appropriate to devote a significant majority of its resources to progress certain ISA- and ISQC-related topics on an accelerated basis in the period 2015–2016.*

*The goal is to complete the development of new or revised standards and guidance that responses to significant public interest issues by mid-2017 and have them come into effect as soon as practicable thereafter.*

### **Quality Control**

The clarified ISAs and ISQC 1 serve a fundamental role in underpinning audit quality. The IAASB has heard that there is an urgent need to examine whether the requirements and guidance in relation to quality control, especially in relation to the engagement quality control review and the distinction between an individual as a specialist or when that person is an auditor's expert.

The IAASB's work on its *Framework for Audit Quality* has also highlighted the importance of many of the aspects of ISQC 1 in relation to audit quality. In addition, the IAASB has been encouraged to consider further guidance that demonstrates how ISQC 1 can be applied proportionately for firms of all sizes that carry out financial statement audits, as well as more effectively and efficiently in relation to other assurance and related services engagements.

### **Professional Skepticism**

Professional skepticism is an important aspect of auditor judgment related to planning, performing and evaluating the results of an audit, and has a direct impact on audit quality. There has been a strong call from key stakeholders about the need to reinforce this concept within the ISAs to enhance the robustness and consistency with which it is applied.

The IAASB intends to consider whether changes should be made within the ISAs to further reinforce the concept of professional skepticism in an audit.

### **Special Audit Considerations Relating to Financial Institutions**

The global financial crisis emphasized the importance of strong financial systems and the need for a robust regulatory infrastructure to support financial stability. The IAASB believes to respond to this call in the public interest, given the spotlight on banks and financial institutions more broadly in the global financial crisis and the effects of those entities on global capital markets and users' confidence in their effective operation.

The IAASB therefore intends to address auditing issues of particular significance in audits of banks or other financial institutions and these entities' use of fair value accounting and related estimates.

## Other Activities Planned for 2015–2016

*While standard setting remains a priority, the IAASB also recognizes the importance of preparing for the future, both in support of the effective implementation of its standards and undertaking outreach and other activities to lay the foundation for important initiatives to be undertaken in 2017 and beyond in support of the five-year Strategy.*

### Activities Related to ISAs

- Actions to facilitate adoption and implementation of the new and revised Auditor Reporting standards, as well as initial activities and planning for a post-implementation review that will be conducted in 2017 and beyond
- Information-gathering activities related to projects commencing in 2017, in particular initial work to understand concerns that have been expressed by regulators and audit firms about the use of ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, in practice

### Activities Related to Other Assurance and Related Services Standards

- Monitoring by the Innovation, Needs, and Future Opportunities (INFO) Working Group of emerging developments related to assurance and related services, including in particular in relation to the *International Integrated Reporting (<IR>) Framework*

- Development of a post-implementation review process for the IAASB's other assurance and related services standards

### Collaboration and Cooperation

- Ongoing dialogue with key stakeholders, including the International Accounting Standards Board, the International Forum of Independent Audit Regulators, the International Organization of Securities Commissions, the Financial Stability Board, European Commission, US Public Company Accounting Oversight Board, the International Organization of Supreme Audit Institutions, national auditing standard setters, audit firms, International Federation of Accountants Small and Medium Practices Committee and other IFAC member bodies as relevant
- Activities to support the use of the IAASB's *Framework for Audit Quality* by audit firms and other stakeholders