



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **4.8.0**

Meeting Date: 11 September 2019

Subject: IAASB's Strategy for 2020–2023 and Work Plan for 2020–2021

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Date Prepared: 4 September 2019

Action Required

For Information Purposes Only

A. Background

- 1 The IAASB issued a consultation paper (CP) on its Draft Strategy for 2020–2023 and Work Plan for 2020–2021 in February 2019, with a comment period ending in June 2019.
- 2 The AUASB submitted its [response to the IAASB on the CP on 4 June 2019](#).
- 3 The IAASB received 45 responses to the CP. The IAASB Steering Committee (which acts as the Task Force for the development of the IAASB's Strategy and Work Plans) has since focused on enhancing the Strategy and Work Plan based on the feedback received from respondents.
- 4 As a result of the feedback from respondents, and we suspect the influence of the new IAASB Chair, there have been some significant revisions to the Strategy and Work Plan format and areas of focus when compared to the original CP released in February. The major areas of difference are summarised for AUASB members below.
- 5 The original IAASB Work Plan for 2019-20 had the IAASB's Strategy for 2020–2023 and Work Plan for 2020–2021 being approved at its September 2019 meeting. Due to the changes proposed and additional work required to further develop the IAASB's proposed 'Framework for Activities' (which is intended to describe the IAASB's processes, procedures and criteria to assist the IAASB select, prioritize and scope its work by setting out processes, procedures, and criteria for making decisions about how best to deploy its resources), the approval of the Strategy and Work Plan has been deferred until the December 2019 IAASB meeting.

B. Significant proposed changes to the IAASB Strategy and Work Plan

- 6 The previous 5 strategic objectives in the CP have been streamlined into 3:

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- (a) *Develop and Maintain the IAASB's International Standards and Supporting Materials that provide a foundation for high-quality audit, assurance and related services engagements;*
- (b) *Innovate Our Ways of Working to Strengthen and Broaden Our Capabilities and Capacity to Do the Right Work at the Right Time; and*
- (c) *Maintain and Deepen our Relationships with our Stakeholders to Achieve Globally Relevant, Progressive and Operable Standards.*

Where appropriate, some of the themes previously set out in the CP have been combined to form a broader strategic objective. Underneath each of these strategic objectives are a series of strategic actions which are similar to the original Strategy in the CP, they are just described and mapped to the Strategy slightly differently. Refer to page 4 of **Agenda Item 4.8.1** for full details.

- 7 There was somewhat surprisingly a mixed response about the IAASB's continuing efforts regarding audits of less complex entities (LCEs). Member bodies and those supporting small- and medium-practices (SMPs) / small- and medium-sized entities (SMEs) were supportive of this continuing to receive a large focus by the IAASB. But some other respondents, in particular regulators and audit oversight bodies (including members of the Monitoring Group), had the view that the IAASB should focus on public interest entities and therefore that there should be less focus on work in this area. The IAASB have continued to prioritise its work in the LCE area as a key area of focus still in the information-gathering and research phase and will await the feedback on the LCE Discussion paper before proceeding further.
- 8 The proposed 'Framework for Activities' which the AUASB supported has been carved out of the Strategy and Work Plan. Whilst it forms an integral part of how the IAASB undertakes its work it was felt the development of the Framework of Activities should be a focus area for the IAASB with a dedicated workstream (i.e., time and resources planned to properly develop the various components of the Framework), rather than being integrated with the Strategy and Work Plan at this point. Accordingly, this has been reshaped into a strategic objective in the Strategy, and time on the detailed Work Plan has been allocated. An initial draft of the updated Framework based on the various responses to the CP, will be presented for discussion at the December 2019 IAASB meeting.
- 9 The linkages between the environmental drivers and proposed strategic themes and strategic actions have been made clearer, primarily using a new diagram (see Page 5 of **Agenda Item 4.8.1**).
- 10 There were strong messages encouraging more on technology, particularly in relation to its impact for audits. In response the IAASB has requested the Technology working group do more work and this is reflected in the revised IAASB Work Plan for 2020-21. In the last quarter of 2019, IAASB Staff will also be commencing activities to explore digitising the IAASB's Handbook.
- 11 The IAASB Steering Committee has recognised that time and effort will be needed to further enhance collaboration efforts, for example with NSS but also with others where efforts are

needed to encourage others to act. Accordingly, a line item has been added to the IAASB's detailed work plan reflecting these efforts.

- 12 The IAASB 2020-21 Work plan contains a list of possible projects for further IAASB consideration in an Appendix. Some, but not all of the project areas put forward by the AUASB as suggested future IAASB projects are on this list. Refer to Appendix 2 of the IAASB Work Plan in **Agenda Item 4.8.1** for full details.
- 13 The IAASB Steering Committee has clawed back the amount of emphasis it puts on the development of implementation activities in this strategy period. The IAASB intends to focus more on implementation activities in its next strategy period, as it believes further thinking is needed to determine what the IAASB's role is in relation to implementation activities and what the role of others is, particularly considering its limited resources. The AUASB expressed strong support for the IAASB expanding its implementation support activities over the 2020-23 period, so this is a disappointing outcome.
- 14 Most of these changes above are consistent with the points raised in the AUASB submission on the CP. There were also a number of items raised in the AUASB submission which have not been explicitly addressed in the changes made by the IAASB Steering Committee, in particular:
 - Greater focus on thought leadership and the value of audit; and
 - The review and update of IAASB standards governing the conduct of review engagements.

C. What the Audit Technical Group (ATG) is seeking from the AUASB at the September 2019 AUASB meeting

- 15 For the AUASB to provide comment on any of the questions below to AUASB Chair in his capacity as an IAASB member, in line with the AUASB international influencing strategy.

Questions

The AUASB is asked for its views on the revised proposed Strategy and Work Plan as presented to the Board in **Agenda Item 4.8.1**, specifically:

1. Whether the Board agrees with the three strategic objectives, including the way they are articulated, and the related strategic actions on page 4 of **Agenda Item 4.8.1**.
2. Whether there are any other matters the Steering Committee should consider as it finalizes the Strategy and Work Plan for approval by the IAASB in December 2019.

Material Presented

Agenda Item 4.8.0	AUASB Board Meeting Summary Paper
Agenda Item 4.8.1	IAASB Draft Strategy and Work Plan for 2020–2023 – Updated for September IAASB meeting