

The IAASB[®]'s Strategy for 2015–2019
December 2014

*International Auditing and Assurance Standards
Board[®]*

**Strategy for 2015–2019:
Fulfilling Our Public Interest
Mandate in an Evolving World**

IAASB

International Auditing
and Assurance
Standards Board[®]

This document was developed by the International Auditing and Assurance Standards Board® (IAASB®) and approved at its September 2014 meeting.

This IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants® (IFAC®).

Copyright © December 2014 by IFAC.

The IAASB logo, name, and acronym, and the names of the pronouncements it issues and related acronyms, are trademarks. For copyright, trademark, and permissions information, please see [page 16](#).

Our Mandate	The International Auditing and Assurance Standards Board (IAASB) sets, independently and under its own authority, high-quality international standards to serve the public interest.
Our Commitment	The IAASB is committed to the goal of developing a set of robust international standards that are generally accepted worldwide in both the private and public sectors, and facilitating the convergence of international and national standards. The IAASB's objectives contribute to enhanced quality and consistency of practice throughout the world, and strengthened public confidence in the global auditing and assurance profession.
Our Principal Areas of Focus	<p>The IAASB's principal areas of focus are:</p> <ul style="list-style-type: none"> ➤ Developing standards; ➤ Monitoring and facilitating the adoption of those standards; and ➤ Responding to concerns about the implementation of the standards. <p>These areas align closely with the IAASB's mandate and are expected to continue to remain valid over the longer term.</p>
Our Standards	<p>The IAASB's standards cover a broad range of engagements, including:</p> <ul style="list-style-type: none"> ➤ Audits of historical financial information for all entities, irrespective of size or sector (known as International Standards on Auditing or ISAs); ➤ Engagements to review historical financial information (known as International Standards on Review Engagements or ISREs); ➤ Assurance engagements other than audits or reviews of historical financial information (known as International Standards on Assurance Engagements or ISAEs); and ➤ Compilation engagements, engagements to apply agreed-upon procedures to information and other related services engagements (known as International Standards on Related Services or ISRSs). <p>International Standard on Quality Control (ISQC) 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements</i>, applies to firms performing these engagements.</p>
Strategic Input	The IAASB Consultative Advisory Group (CAG) in its independent capacity provides valuable public interest input into the IAASB's strategy, agenda, priorities, and technical issues. The CAG is comprised of over 30 Member Organizations representing global regulators, business and international organizations, and users and preparers of financial statements. Interaction with the CAG is a key element of the IAASB's due process.
Oversight	The IAASB sets its standards following due process , under the oversight of the Public Interest Oversight Board (PIOB) .
Structures and Processes	The structures and processes that support the IAASB are facilitated by the International Federation of Accountants (IFAC) .

Our Vision for the Next Five Years

1. In the past five years, the IAASB has worked towards enhancing the utility and robustness of the audit to support financial stability, recognizing that the work of the auditor plays a key role in the credibility of the financial statements on which they are reporting. In support of this, the IAASB has been active in outreach and has also focused on enhancing relationships with international and national regulatory bodies, auditor oversight and inspection authorities, and national standard setters (NSS). The IAASB has also recognized that it is important in the public interest to develop international standards to address services other than audits of financial statements. Accordingly, since the completion of the Clarity project¹ in 2008, the IAASB has devoted significant efforts to enhancing its suite of standards other than ISAs to respond not only to calls to enhance standards that support services for small- and medium-sized entities (SMEs) but also demands from users, practitioners, and regulators for new assurance services that were seen to be most relevant in the current environment.²
2. Reflecting on this progress in embarking on its plans for the next five years, the IAASB has identified its strategic objectives for this period as a means for our stakeholders to understand how their needs are being addressed in a changing environment and, importantly, as a means for the PIOB to confirm that the IAASB is fulfilling its public interest mandate appropriately.
3. The most significant strategic issue facing the IAASB is ensuring the 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 to respond appropriately to them in a timely manner. An essential element is broad public consultation on our agenda and ongoing collaboration with stakeholders, while adhering to a rigorous due process to ensure their varied perspectives are factored into our work.³ The strategic objectives provide further context to this overarching issue in the context of the IAASB's mandate and outputs, and were developed based on input from our stakeholders.⁴

¹ The IAASB's Clarity project was designed to improve the clarity and understandability of the ISAs and thereby facilitate their consistent application. During the Clarity project, over half of the IAASB's ISAs were substantively revised, and many stakeholders acknowledged the rigor that has been added to those revised standards as a response to issues arising from the global financial crisis.

² For example, ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements* and ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*

³ Appendix 2 provides further information about the objectives of our outreach activities and how we liaise and communicate with our key stakeholders.

⁴ In developing its final Strategy for 2015–2019, the IAASB has considered input from the recently completed ISA Implementation Monitoring project, the IAASB's Stakeholder Survey on its future Strategy and Work Plan, responses to its consultation paper addressing the proposed Strategy for 2015–2019, and other outreach with various key stakeholders.

The IAASB's work is highly influenced by the international environment in which it operates. Over the past five years, important global developments have emerged aimed at increasing the credibility and reliability of corporate reporting, and therefore the importance and relevance of the financial statement audit and other assurance services. Of particular note:

- In 2008, the G-20 committed to a fundamental reform of the financial system, to correct the fault lines that led to the global financial crisis and to rebuild the financial system as a safer, more resilient source of finance that better serves the real economy. As a result, the Financial Stability Board (FSB) is coordinating a framework of financial reforms at the request of the G-20. Importantly, the FSB has signaled that ISAs, among other standards, are key for sound financial systems and deserving of priority implementation. Following the financial crisis, the International Organization of Securities Commissions (IOSCO) also adopted a new strategic direction that emphasized the need for securities regulators to identify, monitor and manage systemic risks.
- In 2013, the International Integrated Reporting Council released its *International Integrated Reporting (<IR> Framework*, which establishes guiding principles and content elements of an integrated report. The Framework is aimed at advancing the adoption of integrated reporting as a better language for businesses to communicate with their investors, in order to deliver more sustainable value creation and more efficient capital markets.
- In 2014, the European Commission (EC) finalized its amended Statutory Audit Directive⁵ and new Regulation on Statutory Audit⁶ to clarify the role of auditors and restore confidence in financial statements. The US Public Company Accounting Oversight Board (PCAOB), in its dual role as a standard setter and regulator, is also actively addressing, among others, the topics of auditor reporting and audit quality. While these efforts are in the context of a regional regulatory environment, they have stimulated debate at the international level.

Our Strategic Objectives

4. Stakeholders internationally expect the IAASB to not only produce high-quality standards that enhance audit and assurance practice, but also to carry out its efforts in coordination with key stakeholders so that the standards the IAASB develops can achieve global acceptance and can be seen to work internationally.
5. The IAASB's strategic objectives illustrate how the IAASB intends to focus its activities over its 2015–2019 strategy period, taking into account the strong platform of standards the IAASB has developed over the last ten years, the current environment, and feedback from stakeholders. The IAASB believes these objectives are relevant to engagements for entities of all sizes, whether in the private or public sectors.

⁵ The revised Directive includes measures to strengthen the independence of statutory auditors, make the auditor's report more informative, and strengthen audit supervision throughout the European Union. The revised Directive now makes specific reference to the ISAs and other relevant IAASB standards.

⁶ The Regulation introduces stricter requirements on the statutory audits of public interest entities, such as listed companies, credit institutions, and insurance undertakings, to reduce risks of excessive familiarity between statutory auditors and their clients, encourage professional skepticism, and limit conflicts of interest.

The strategic objectives for 2015–2019 identified by the IAASB are to:

- (i) Ensure that ISAs Continue to Form the Basis for High-Quality, Valuable and Relevant Audits Conducted Worldwide by Responding on a Timely Basis to Issues Noted in Practice and Emerging Developments
- (ii) Ensure the IAASB’s Standards Evolve as Necessary to Adequately Address the Emerging Needs of Stakeholders for Services Other than Audits of Financial Statements
- (iii) Strengthen Outreach and Collaboration with Key Stakeholders in the Reporting Supply Chain on Public Interest Issues Relevant to Audit, Assurance and Related Services

6. Articulating strategic objectives provides the basis for decisions about actions and projects to be undertaken, and for setting priorities, both in the near term and throughout the strategy period. Appendix 1 provides further guidance on factors that the IAASB has considered in determining the appropriateness of including specific initiatives on the IAASB’s Work Plan for 2015–2016 and their relative priority.
7. The IAASB believes these strategic objectives will remain relevant over the strategy period and will result in the IAASB serving the public interest into 2020. However, we recognize that the environment in which its standards operate can rapidly change, and new developments and other influences can affect the IAASB’s objectives and priorities. Accordingly, the IAASB will continue to actively monitor global developments, and a mid-period review of the Strategy will be undertaken to determine whether the identified objectives remain relevant or if they need to be adjusted, in particular as the IAASB determines the specific initiatives to be prioritized in 2017 and beyond. Resources will also be needed in the 2017–2018 Work Plan to commence consultation on the IAASB’s Strategy for 2020–2024.

ENSURE THAT ISAs CONTINUE TO FORM THE BASIS FOR HIGH-QUALITY, VALUABLE AND RELEVANT AUDITS CONDUCTED WORLDWIDE BY RESPONDING ON A TIMELY BASIS TO ISSUES NOTED IN PRACTICE AND EMERGING DEVELOPMENTS

8. The clarified ISAs and ISQC 1 serve a fundamental role in underpinning audit quality and users’ confidence in the audit and financial reporting. 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. There are now 103 jurisdictions⁷ worldwide that use the clarified ISAs, or are committed to using them in the near future, demonstrating the increasing importance the global community attaches to the international standards. In addition, in 2010 the International Organization of Supreme Audit Institutions (INTOSAI) endorsed a set of International Standards of Supreme Audit Institutions (ISSAIs) for public sector financial audits, which include the clarified ISAs and additional guidance developed by INTOSAI specifically for financial audits in the public sector. This widespread and growing international use of the ISAs underscores the importance of the IAASB continuing to focus its efforts on maintaining the quality and proportionality of these standards, and to meeting the expectations that stakeholders have regarding their application. Accordingly, the IAASB will give

⁷ For a list of jurisdictions using, or committed to using the clarified ISAs, see <http://www.ifac.org/auditing-assurance/clarity-center/support-and-guidance>

priority attention to this strategic objective, in particular when considering the overall balance and timing of all of the planned initiatives for 2015–2019.⁸

9. The findings from the IAASB's ISA Implementation Monitoring project,⁹ along with input from regulators and audit oversight bodies, indicate that improvement to aspects of some of the ISAs is necessary to achieve greater consistency and effectiveness in their application. Key stakeholders, in particular audit regulators and audit inspection groups, have called on the IAASB to address the findings from this post-implementation review of the clarified ISAs on a more timely basis. Therefore, during 2015–2019, the IAASB will prioritize efforts to do so, recognizing that not all of these efforts may result in changes to the ISAs.
10. The IAASB will also continue to promote the adoption of new and revised standards and their effective implementation to ensure that the benefits of the IAASB's work are realized. Investment is needed both in developing and maintaining standards, as well as in facilitating adoption and implementation, so that the standards work, and are seen to work, globally in all contexts.
11. Understanding whether the standards are operating as intended, and whether they are being consistently understood and applied, is essential for continuous improvement. As a result, the IAASB believes post-implementation reviews should be a continuing focus in its forward strategy. Findings from these reviews may assist the IAASB in facilitating further global adoption and obtaining a fuller understanding of how the standards are meeting the needs of users, including small and medium practices (SMPs). The IAASB recognizes that, in order to achieve effective implementation globally, its standards need to be, and be seen to be, capable of being proportionately applied in an audit based on the size and complexity of the entity.
12. Because the auditor's report is the key deliverable addressing the output of the audit process for users of the financial statements, the IAASB's top priority in the last two years has been its work on auditor reporting, with the new and revised standards approved in September 2014. In light of their importance and the expected significant effect on practice, the IAASB intends to focus initially on implementation support and subsequently on post-implementation review efforts in 2015–2019 on the new and revised auditor reporting standards.
13. In addition, as the clarified ISAs continue to be adopted globally and further experience with them is gained, monitoring of their adoption and effective implementation will be an ongoing activity during the strategy period. The IAASB will continue to engage with jurisdictions seeking to adopt the clarified ISAs, with plans in particular to continue to devote efforts in facilitating the EC's adoption of the clarified ISAs for statutory audits in Europe. While not a formal project, soliciting feedback on

IOSCO, the Basel Committee on Banking Supervision (Basel Committee), the World Federation of Exchanges, the World Bank (WB) and the United Nations Conference on Trade and Development have expressed their support for the clarified ISAs.

⁸ Over the last two strategy periods since 2009, the IAASB's efforts in developing new standards, or revising existing standards, have been balanced on a roughly equal basis between standards for audits of historical financial information, reviews of historical financial information, other assurance, and related services engagements. It has also balanced its efforts between standards development, and monitoring and facilitating adoption and implementation of the standards.

⁹ See the July 2013 IAASB Report, [Clarified International Standards on Auditing—Findings from the Post-Implementation Review](#).

the clarified ISAs is an integral part of the IAASB's outreach activities, in particular as the IAASB engages with audit regulators and audit inspection groups, audit firms and NSS.

14. The IAASB's Innovation Working Group¹⁰ intends to monitor evolving developments affecting the audit and that may create a need for revision of the ISAs or other guidance for auditors.¹¹ For example, the Innovation Working Group plans to monitor emerging technologies used by entities and auditors, particularly the use of data analytics, and determine whether further analysis is needed regarding whether the ISAs remain "fit for purpose" in light of these developments. These efforts are part of the IAASB's focus as an independent standard setter on enabling auditors to effectively respond to strategic challenges facing the profession.
15. Groups established to promote collaboration in regulatory activity and to focus on audit quality and related matters, such as the International Forum of Independent Audit Regulators (IFIAR), have emphasized the need for actions to continuously improve audit quality. The IAASB has a role to play in this regard, in particular when changes to the ISAs or new standards may be necessary to respond to concerns about audit quality. Continued outreach and liaison with IFIAR and others is essential to understanding their expectations regarding the IAASB's standards and activities. Accordingly, the IAASB will seek to strengthen its working relationship with IFIAR during the strategic period, and will explore how best to do so. In particular, coordination among IFIAR, the IAASB, and the Global Public Policy Committee (GPPC)¹² to understand the root causes of inspection findings may enable the IAASB to further understand issues affecting audit quality and determine appropriate responses to these issues, particularly in connection with information gathering and other activities in scoping ISA-related projects. As a result of these interactions throughout the strategic period, the IAASB may identify future actions with regard to specific ISAs or may identify, for example, opportunities where further exploration of aspects of the IAASB's [*Framework for Audit Quality*](#) may be beneficial.

¹⁰ Previously the Innovation, Needs, and Future Opportunities (INFO) Working Group

¹¹ As necessary, separate working groups will be established to focus on specific topics.

¹² The GPPC is comprised of representatives from the six largest international accounting networks and focuses on public policy issues for the accounting profession. The GPPC also has periodic dialogue with IFIAR about inspection findings and other issues relevant to audit quality.

ENSURE THE IAASB'S STANDARDS EVOLVE AS NECESSARY TO ADEQUATELY ADDRESS THE EMERGING NEEDS OF STAKEHOLDERS FOR SERVICES OTHER THAN AUDITS OF FINANCIAL STATEMENTS

16. This strategic objective acknowledges that, as the global reporting environment continues to evolve, stakeholders increasingly may look to assurance practitioners to provide services other than audits. Working to ensure that the IAASB's international standards addressing services other than audits are capable of being applied in these evolving circumstances, or revising or developing standards to meet these needs, continues to be highly important.
17. For example, new, innovative forms of reporting, such as Integrated Reporting, are a response to the calls for more strategic and connected information to be made available for users to assess the ability of entities to sustain and improve value creation. This potentially also affects the demand for new assurance and related services, as users, regulators, and policymakers in various jurisdictions may request or require practitioner involvement through assurance engagements addressing different types of subject matters, such as management commentary, corporate governance, risk management and internal control, and an entity's future viability. ISAE 3000 (Revised)¹³ is intended to be applied as the overarching assurance standard addressing reasonable assurance and limited assurance engagements other than audits or reviews of historical financial information. The consideration, however, of whether a topic-specific standard for a new assurance engagement is needed on an international basis poses distinct challenges for the IAASB from a strategic perspective. It can often be difficult to gauge whether the global market demand for assurance in a particular area is sufficient to warrant the IAASB devoting significant Board and staff resources to it. Similarly, an international standard may not be feasible, in particular if suitable criteria have not yet been developed.
18. The Innovation Working Group will play an important role in exploring Integrated Reporting and other emerging developments beyond those affecting the financial statement audit to assist the IAASB in identifying opportunities for standard setting or other potential actions to fulfill this strategic objective. This will enable the IAASB to consider whether to develop new, or revise existing, assurance standards for engagements other than audits or reviews of historical financial information that support high-quality engagements relevant to both large and smaller entities. At present, the emerging demand for other types of assurance, including assurance on integrated reports, is likely to be a significant issue of public interest that will need to be explored by the Innovation Working Group as a matter of priority.¹¹

Continued development of new international assurance standards for engagements other than audits or reviews of historical financial information remains essential in meeting users' needs and thereby the public interest. It is important for the IAASB to consider the best time to do so taking into account emerging practice, market demand and the possibility of developing a standard capable of international application.

¹³ ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

19. SMPs and others have also suggested more consideration is needed by the IAASB in relation to standards for services for entities that do not require an audit of financial statements.¹⁴ For example, the IAASB is aware that some jurisdictions are exploring how “hybrid” engagements, using a combination of procedures derived from review, compilation and agreed-upon procedures engagements, may provide value to entities and their stakeholders.
20. Efforts will also be devoted to developing a process to monitor the IAASB’s recently released new or revised assurance, review and related services standards, in particular to understand implementation issues facing SMPs in relation to the revised review and compilation standards and assist the IAASB in considering what further actions may be appropriate to respond to the needs of SMEs.

STRENGTHEN OUTREACH AND COLLABORATION WITH KEY STAKEHOLDERS IN THE REPORTING SUPPLY CHAIN ON PUBLIC INTEREST ISSUES RELEVANT TO AUDIT, ASSURANCE AND RELATED SERVICES

21. Many stakeholders have an essential role to play to enhance the quality of financial and corporate reporting and related audit, assurance or other services that are provided in support of enhancing users’ confidence. The IAASB believes that strengthening its outreach and collaboration with stakeholders to address public interest issues relevant to audit, assurance and related services, and facilitating cooperation and interaction among its stakeholders on relevant topics, is an important part of its remit as a global standard setter.
22. The IAASB’s interaction with the PIOB is critical to ensure continued credibility and confidence in the IAASB’s work as a global standard setter. The PIOB plays an important oversight role, as it is charged with confirming that due process has been followed in the development of the IAASB’s international standards. The PIOB also oversees the development of the IAASB’s strategy and work plans, and provides advice on public interest matters it believes should be addressed by the IAASB.
23. The CAG is a fundamental part of the IAASB’s engagement with its stakeholders about public interest topics and interaction with the CAG is a key element of the IAASB’s due process. Comprised of over 30 Member Organizations representing global regulators, business and international organizations, and users and preparers of financial statements, the CAG, in its independent capacity, provides valuable public interest input into the IAASB’s strategy, agenda and priorities, and technical issues. Matters discussed by the CAG are taken into account by the IAASB as it progresses the development of not only its standard-setting projects but also the development of its strategy, work plans and other initiatives.
24. The IAASB’s efforts to contribute to the global debate on improving financial reporting have been recognized by various stakeholders, and the IAASB has been encouraged to continue to actively work with relevant stakeholders as it progresses its projects and initiatives. The IAASB believes this is fundamental to its ability to fulfill its other strategic objectives, and accordingly will continue to devote significant attention to outreach over the strategy period. Appendix 2 highlights the objectives of our outreach activities and how we liaise and communicate with our key stakeholders.

¹⁴ In some jurisdictions, not all entities are subject to mandatory regulatory audit requirements.

For the first nine months of 2014, IAASB members and staff have undertaken over 75 outreach activities in jurisdictions around the world on various matters, most notably auditor reporting, audit quality and other topics relevant to the IAASB's current and future work plans.

25. An important part of the IAASB's activities will therefore be continued liaison and further development of relationships with key stakeholders, including the CAG, the International Accounting Standards Board (IASB), IFIAR (see paragraph 15), IOSCO, the FSB, the Basel Committee, the International Association of Insurance Supervisors (IAIS), practitioners (through the Forum of Firms,¹⁵ GPPC and IFAC SMP Committee¹⁶), INTOSAI, NSS and users of financial statements. Liaison with these groups is critical to the IAASB as it further advocates for the global adoption and implementation of the clarified ISAs and its other standards in jurisdictions worldwide. Such groups have insight into the different regulatory and legal environments of those jurisdictions and may be able to assist in facilitating adoption and effective implementation of the IAASB's standards in both the private and public sectors.
26. Such collective input assists in finding meaningful and workable solutions to some of the very challenging issues facing the profession today. For example, *The IAASB's Work Plan for 2015–2016* is premised on exploring opportunities for collaboration with NSS to enable the IAASB to progress certain projects more rapidly by leveraging work undertaken at the national level. Further, accounting standard setters or regulators may be able to undertake activities under their remits as a complement to the IAASB's activities on topics in the public interest.¹⁷ Discussion with audit firms, including SMPs, and NSS may also help the IAASB understand the practical implications of its proposals at an earlier stage in their development, as well as implementation challenges that the IAASB may need to address, including in relation to emerging markets.
27. The IAASB also recognizes the critical role of NSS, IFAC member bodies, and regional and other professional organizations, and follows their developments with interest to identify matters of global relevance in relation to audit, assurance and related services.
28. Research is also an important input to the study of whether and how standards may need to be enhanced. Accordingly, the IAASB will continue to engage with, and explore opportunities to enhance the involvement of, the academic community and others to help inform the IAASB's decisions.
29. During the strategy period, the IAASB will use input from its outreach activities to evaluate which aspects of collaboration work best to achieve its goals and how best to conduct future outreach. For

¹⁵ The Forum of Firms (Forum) is an association of international networks of accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, and use the ISAs as the basis for their audit methodologies.

¹⁶ The IFAC SMP Committee represents the interests of professional accountants who work in SMPs. The committee develops guidance and tools, and works to ensure the needs of the SMP and SME sectors are considered by standard setters, regulators, and policymakers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall.

¹⁷ For example, the IAASB-IASB Liaison Working Group provides timely inputs on aspects of the IASB's proposed standards that may have potential verifiability or auditability issues and other matters that may affect the pronouncements of the IAASB or create a need for new pronouncements. Certain projects on the IAASB's agenda, for example in relation to auditor reporting on going concern, and the auditor's work on financial statement disclosures, have also benefitted from discussions with IASB Members and Staff.

example, while users and preparers are represented on the CAG, additional outreach to these groups, perhaps by individual IAASB members in their respective jurisdictions, can help inform the IAASB as to the relevance of its work to these groups.

Monitoring Our Success in Implementing This Proposed Strategy

30. An important focus of the IAASB is on whether it is completing the projects included in its respective work plans as scheduled. While this will continue to be important, the IAASB intends to further consider how it can monitor and communicate transparently about its efforts in a manner that highlights its accountability to its stakeholders, including the PIOB, and its ongoing focus on audit quality. On an initial basis, the IAASB believes its focus should be on:
- Highlighting the public interest issues the IAASB has addressed and resolved in executing its Work Plans;
 - Monitoring the success of its efforts towards global adoption of the clarified ISAs, as well its other assurance and related services standards; and
 - In addition to the ongoing processes in place with both the CAG and the PIOB, obtaining feedback during outreach activities from stakeholders about the progress and impact the IAASB is making in its standard-setting and other activities, in particular in relation to audit quality, and summarizing this in the IAASB's periodic public updates.

Factors Guiding the Identification of Potential Priorities and Actions in Future Work Plans

While there are calls from many stakeholders for IAASB efforts on a variety of important topics, the IAASB must prioritize its actions in light of its strategic objectives, available resources and the model established by the its terms of reference. In consultation with its stakeholders, the IAASB has identified certain criteria to enable it to make decisions regarding which actions should be included in future work plans and how such actions can be prioritized. Such criteria include the following:

- The IAASB's views about the urgency in the public interest of the need for change, and the potential implications if action is delayed, taking into account both the demands of the capital markets and the impact on businesses of all sizes.
- The need for change to enhance audit quality globally, or to enhance the quality of engagements that are currently conducted on a widespread basis internationally or are expected to be in the near future, and the degree to which such change would further facilitate high-quality financial and corporate reporting and enhance public confidence therein.
- The degree to which an identified issue would be addressed effectively through change to the standards or through other appropriate action by the IAASB. In this regard, consideration may need to be given as to the appropriate time to undertake a standard-setting response in light of emerging practice, market demand and the possibility of developing a standard capable of international application.
- The global applicability of the potential actions, for example in relation to entities of different sizes and complexity, different industries, and across jurisdictions, with acknowledgement of the potential impact associated with these actions.

Feedback received from public consultation on the IAASB's strategy and work plans, outreach activities and discussions with the CAG as well as the PIOB are taken into account in the IAASB's consideration of how best to fulfill its public mandate in adding initiatives to its Work Plan, recognizing the diverse needs of the wide range of its stakeholders.

Objectives of Our Outreach Activities and How We Liaise and Communicate with Our Key Stakeholders

An important part of the IAASB's activities is continued liaison and strengthening of relationships with key stakeholders, including the CAG, IASB, IFIAR, IOSCO, the FSB, the European Audit Inspection Group (EAIG), Basel Committee, IAIS, practitioners (through the Forum of Firms, GPPC and IFAC SMP Committee), NSS and users of the financial statements.

The primary objectives of these outreach activities are:

- Promoting adoption and effective implementation of the ISAs and the IAASB's other standards, in particular in the SME and emerging markets, by understanding different regulatory and legal environments in the private and public sectors, as well as issues of translation.
- Engaging with regulators and audit oversight bodies to understand their concerns, in particular inspection findings, in relation to the application of the IAASB's standards to determine whether an IAASB response is necessary to improve practice.
- Understanding of issues facing the audit profession, including financial reporting issues, implementation challenges, and opportunities for collaboration to enhance audit quality.
- Understanding of the content and breadth of any proposed new standards to meet the common needs of all parties, including investors and other users, and leading to global acceptance and endorsement of the standards.
- Providing input on auditability and verifiability of new and revised international financial reporting standards, thereby contributing to the quality of financial reporting.

Outreach with these groups is conducted in a number of ways:

- Semi-annual meetings with the CAG as part of the IAASB's due process. Over 30 Member Organizations representing global regulators, business and international organizations, and users and preparers of financial statements participate in the CAG. The CAG advises the IAASB on its strategy and priorities, and has provided input into this consultation. The CAG also discusses each standard-setting project at least three times: at the time a project proposal is considered by the IAASB, prior to the issuance of an exposure draft and prior to finalization of a standard, and these comments are reported orally at the IAASB meeting immediately following the CAG meeting. A formal "report-back" mechanism has been established with the CAG to explain how the IAASB considered the comments raised by CAG representatives on the individual projects discussed during these meetings.
- Annual meetings with NSS to not only gain NSS input into the IAASB's projects, but also to share knowledge on matters affecting international convergence and on international and national developments affecting the priority of topics on future standard-setting agendas. This liaison activity may also identify opportunities for collaboration on projects and leveraging of resources.
- By invitation to participate in meetings of formal groups and committees, such as IFIAR and its Standards Coordination Working Group, IOSCO's Policy Committee 1, the EAIG, Working Groups

of Basel Committee and IAIS, the INTOSAI Financial Auditing Subcommittee, the GPPC, the Forum of Firms and the IFAC SMP Committee.¹⁸

- Through speaking engagements organized by CAG Member Organizations such as the International Corporate Governance Network, the WB, and the International Monetary Fund, IFAC member bodies, and academic and other professional organizations.
- Country visits, which typically involve meetings with regulators, public sector organizations, NSS, IFAC member bodies, as well as auditors, users and preparers.
- Participation or observership in groups undertaking initiatives relevant to the IAASB's work, such as the Basel Committee, the IASB, the US PCAOB Standing Advisory Group, and the International Integrated Reporting Council.
- One-on-one meetings, for example with policymakers (such as the EC and US PCAOB), investor groups (such as the Global Auditor Investor Dialogue and the CFA Institute), international organizations (such as the WB and FSB) and assurance leadership of the accounting firms.

Many of these groups also routinely comment on the IAASB's exposure drafts and consultation papers.

In addition, broad external communications are undertaken in the context of:

- The IAASB's overall activities, including through the IAASB's website, annual report, eNews, and press releases;
- IAASB meetings, including meeting highlights, minutes, podcasts; and
- Individual projects, including At a Glance publications, press releases, and project histories.

¹⁸ The IFAC SMP Committee also provides written feedback on relevant agenda material in advance of each of the IAASB's meetings.

International Standards on Auditing™, International Standards on Assurance Engagements™, International Standards on Review Engagements™, International Standards on Related Services™, International Standards on Quality Control™, International Auditing Practice Notes™, Exposure Drafts, Consultation Papers, and other IAASB® publications are published by, and copyright of, the International Federation of Accountants® (IFAC®).

The IAASB and IFAC do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The IAASB logo, 'International Auditing and Assurance Standards Board®', 'IAASB', 'International Standard on Auditing™', 'ISA™', 'International Standard on Assurance Engagements', 'ISAE™', 'International Standards on Review Engagements', 'ISRE™', 'International Standards on Related Services', 'ISRS™', 'International Standards on Quality Control', 'ISQC™', 'International Auditing Practice Note', 'IAPN™', the IFAC logo, 'International Federation of Accountants®', and 'IFAC' are trademarks or registered trademarks and service marks of IFAC.

Copyright © December 2014 by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store or transmit, or to make other similar uses of, this document, except as permitted by law. Contact permissions@ifac.org.

ISBN: 978-1-60815-197-4

Published by:



IAASB

**International Auditing
and Assurance
Standards Board®**

529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaasb.org