

**Meeting:** Joint IAASB-IESBA Plenary Session

**Meeting Location:** New York

**Meeting Date:** September 21, 2023

## Agenda Item

# J

### IAASB-IESBA Strategic Coordination

#### Objectives of Agenda Item

1. To receive a high-level update on the development of the two Standards-Setting Boards' (SSBs) Strategies and Work Plans 2024-2027 (SWPs), including feedback received on coordination between the two SSBs from respondents to the two SWP consultation papers (CPs).
2. To share views on opportunities to optimize efforts of coordination for the next strategy period (2024-2027) from a strategic perspective.

#### Background

3. Whilst the two SSBs are independent of one another with separate remits, coordination at a strategic level, done robustly, could have the potential for both Boards to achieve outcomes on common objectives or in areas of mutual interest more effectively than if approached separately. Strategic coordination may also offer the opportunity to uncover potential new projects or initiatives that were not previously identified. Further, it could allow framing of final project determinations in a way that achieves greater coherence between the Boards when there is common underlying goal.
4. Since 2018, coordination between the two Boards has been operating under an established framework that sets out the general principles, criteria for coordination and other key considerations. Since then, the two Boards have continued to identify new means to ensure matters of mutual interests are addressed more efficiently, particularly at a technical project level, such as the use of correspondent members in working groups and task forces, the inclusion of relevant questions in the other Board's exposure drafts, and participation in outreach events.
5. For the first time, the two SSBs' SWPs will have coterminous periods (2024-2027). This creates an opportunity for both Boards to consider coordination more effectively at an enterprise level during the strategy-setting stage, focusing on strategic coordination and early coordinated prioritization as needed, as distinct from their regular ongoing technical coordination.
6. Against this background, the IAASB Planning Committee (PC) and the IESBA PC held a joint session in October 2022 to share views on strategic coordination between the two Boards relating to the development of the SSBs' CPs (See **Appendix** for highlights of the discussion).
7. In early 2023, the IAASB and IESBA released their respective SWP CPs for public consultation. Amongst other matters, both CPs reinforced the importance of close coordination between the two

SSBs and sought respondents' feedback on how to enhance SSB coordination to better serve the public interest.

8. In September 2023, the IAASB and IESBA will consider a full analysis of the significant comments received on their respective SWP CP and their PC's responses and proposals, taking into account feedback from their respective Consultative Advisory Groups (CAGs).
9. The two Boards are due to finalize their SWPs in December 2023.

## Open Discussion

10. Taking as context the high-level update on the key feedback from stakeholders on the SSBs' SWP CPs (**Agenda Item J-1**), the IAASB and IESBA members are asked to share views, reflections or ideas on the following:

### Needs or Opportunities

1. Setting aside the SSBs' current focus on Sustainability, are there pervasive or significant issues or drivers that are relevant to both Boards achieving their proposed goal/vision for the next strategy period?
2. What are the opportunities for coordination and linkages in the selected potential projects / work streams listed in Slide 12 (except for Sustainability)?

### Sustainability

The two Boards have been coordinating closely on their current Sustainability projects, including through regular IAASB-IESBA staff meetings as well as liaison member meetings to consider matters of mutual interest.

3. What are other opportunities or challenges for coordination on the current IAASB and IESBA Sustainability projects that are due to be finalized in 2024? Are there other lessons learned from coordination experience on those projects to date?

## Material Presented

*For Discussion*

Agenda Item J-1                      Presentation

### Highlights of October 2022 IESBA-IAASB PC Joint Session

11. The two Boards' PC members reflected on, and shared views about, common issues, complementary goals, and opportunities for further coordination and strategic alignment.
12. Key comments raised include the following:

#### *Sustainability Work Stream*

- This is an important project for both Boards with high expectations from IOSCO and others from the regulatory community.
- Both Boards need to approach this work stream creatively given that the users of the standards are not just from the accountancy profession, so there is a need to develop profession-agnostic standards.
- This work stream provides an excellent opportunity for coordination between the two Boards from the outset with stakeholders expecting a high level of coordination.

#### *Focus on the Issue of Trust*

- Both Boards have in the past addressed issues relating trust in the accountancy profession. As public trust seems to be a persistent issue, there is a continual need to focus on the traditional areas of audit and independence.
- The Boards should place a greater focus in their messaging on the objective of restoring trust in the profession and how their standard-setting activities serve to achieve this objective.

#### *Coordination*

- Whilst acknowledging that technical coordination between the two Boards has been well executed, the PCs agreed that more consideration of interdependencies could be done upfront at the information-gathering stage of a work stream. The two Boards' messaging and communications should also be properly coordinated.
- There needs to be flexibility within the work plans in order to facilitate changes in priorities or in the scope of projects based on learnings from project coordination.
- There may be opportunity in the future for a joint IESBA-IAASB project as demands for new types of assurance work continues to grow.
- The two Boards' SWPs should demonstrate that there has already been a high degree of coordination during the current strategy period.

#### *Stakeholder Management*

- The Boards should dedicate efforts to enhancing stakeholders' understanding of their standards so these standards can be properly implemented across jurisdictions.
- The Boards need to strike a balance between the accountancy profession feeling overwhelmed by the pace of change in standards and meeting the expectations of other stakeholders.