IAASB & IESBA Future Strategies and Work Plans – Joined-up Thinking

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3rd Joint IAASB and IESBA Meeting
New York
18 September 2019
Agreed Set of Principles for Coordination

• IESBA Strategy and Work Plan for 2019-2023
  – Issued April 2019
  – Strong need for coordination with the IAASB emphasized

• IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021
  – Targeted to be approved in December 2019
  – Deepening connections with stakeholders, including coordination with IESBA

• IAASB and IESBA strategy periods will be aligned after 2023

• Set of Principles agreed and issued in 2018
  – Coordination is an important enabler for each SSB to achieve its Strategy
  – Have been ‘acting on coordination’ (staff; Tasks Forces/Working groups; Chairs; Boards)
Joined-up Thinking in the Context of Coordination

**Purpose of coordination**

“To enable the SSBs to deliver standards and other outputs to their broad constituencies that are consistent with each other and interoperable, or that are not otherwise incompatible with each other.”

**Shaping joined-up thinking**

- Public interest issues common to both SSBs (pertaining to a strategic objective / theme or a project or a topic)
- Act at a strategic level to emphasize the merits of coordination and to address perceptions around its occurrence and effectiveness
- Focus on commonality of interests at a technical or activities level
  For example, identifying the core issue and how it is contextualized and finding application in the standards of each SSB, and seeking an optimum resolution
**IAASB Goal / IESBA Vision**

**IAASB’s Goal:** Sustained trust in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards that are in the public interest and capable of consistent and proper implementation.

**IESBA’s vision:** Is for the Code to be a foundation of strong ethical principles, values and standards to underpin trust in the global accountancy profession in a dynamic and uncertain world, and to enable the profession to act in the public interest.

**Commonality of interests**

Public Interest | Trust | Foundation / Enabler
Strategic Objectives / Strategic Themes

**IAASB:**
- Develop and maintain International Standards and Supporting Materials
- Innovate our ways of working; broadening capabilities and capacity
- Deepen our relationships with our stakeholders

**IESBA:**
- Advancing the Code’s relevance and impact
- Deepening and expanding the Code’s influence
- Expanding the IESBA’s perspectives and inputs

**Commonality of interests**
- Continued global relevance
- Responsive
- Collaboration (cooperation and input)
- Pre-existing commitments
- Raising the bar (incl. our processes and how we engage)
### Examples – Relating to Standard Setting

<table>
<thead>
<tr>
<th>From IESBA SWP</th>
<th>Possible commonality</th>
<th>From IAASB proposed SWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition of listed entity and <strong>public interest entity</strong> [touchpoint in current projects; planned future workstream]</td>
<td><strong>Differential requirements</strong> <em>The basis of and purpose for differentiating between certain entities</em></td>
<td>‘Listed entity’ and ‘entities that may be of <strong>significant public interest</strong>’ are used in the ISAs [touchpoint in current projects]</td>
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<tr>
<td>Emerging or newer <strong>models of service delivery</strong> [planned future workstream]</td>
<td><strong>Application of fundamental / foundational requirements</strong> <em>Modernizing standards New relationships</em></td>
<td>Audit delivery models – firm structures; service delivery centres; ‘Engagement team’ [touchpoint in current projects]</td>
</tr>
<tr>
<td>Audit firms <strong>business model</strong> [PIOB public interest issue]</td>
<td><strong>Threats to behavior/audit quality</strong> <em>Complexity (many elements) ‘Commercial considerations’</em></td>
<td>Audit firms <strong>business model</strong> [PIOB public interest issue]</td>
</tr>
</tbody>
</table>
### Examples – Other Strategic Topics

<table>
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<th>IESBA</th>
<th>Possible commonality</th>
<th>IAASB</th>
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</table>
| Outreach activities – part of expanding the IESBA’s perspectives and inputs | Overlap of stakeholders
Adoption and implementation
Issues affecting SSBs standards
Opportunities to collaborate | Outreach activities – part of deepening IAASB’s relationships with stakeholders |
| Research and other fact finding – part of evidence or analysis in expanding the IESBA’s perspectives and inputs | Evidence-based standard setting
Better informed work plans and more structured processes | Information-gathering and research activities – part of IAASB Framework for Activities as a foundation for future workstreams |
| Issuing of non-authoritative publications – part of actions to advance the Code’s relevance and impact | Adoption and implementation
Role of SSBs – clear criteria and boundaries | Developing guidance and support materials – Complements core activities in ensuring standards that are relevant, robust and operable |

Early Identification of SWP Topics
Discussion Group Sessions

Discussion Groups 1 and 2
Exploring a Pathway to Convergence on the Concepts of Public Interest Entity (PIE) and Entity of Significant Public Interest (SPI)

Discussion Groups 3 and 4
Other SWP Focus Areas Requiring Joined-up Thinking