Agenda Item 5-A

Consultation Paper – DRAFT FOR DISCUSION
Proposed IAASB Strategy for 2015–2019 and Related Work Program

Introduction

1. The International Auditing and Assurance Standards Board (IAASB) serves the public interest by setting, independently and under its own authority, high-quality international standards. These standards cover a broad range of engagements, including: audits of financial statements of both public and private entities, irrespective of size; engagements to review financial statements; assurance engagements other than audits or reviews of historical financial information; and engagements to compile historical financial information and other related services engagements. The IAASB also develops international standards on quality control for such engagements.

2. The IAASB is committed to the goal of developing a set of international standards that are generally accepted worldwide, 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. The IAASB sets its standards under the oversight of the Public Interest Oversight Board (PIOB), and with the advice of the IAASB Consultative Advisory Group (CAG).

3. The IAASB is undertaking this consultation to obtain views on its overall forward strategic direction, including possible actions and priorities identified to implement the proposed strategy, in order to build on the existing strong base of standards and address new topics where there is a demonstrated public interest need. The IAASB invites comments on any aspect of its proposed strategy.

4. This Consultation Paper has been developed taking into account input received from the IAASB's March 2013 stakeholder survey ("Stakeholder Survey"), the results of the IAASB's recently completed post-implementation review of the clarified International Standards on Auditing (ISAs),[1] and other input from stakeholders, along with consideration of relevant current developments. It comprises the following sections:

    I.   **Context for the IAASB's Future Strategy** – An overview of the IAASB's key activities to develop a strong platform of international standards, key influences and challenges for the upcoming period, and the IAASB's planning horizon.

    II. **Strategic Themes for 2015–2019** – The IAASB's proposed areas of strategic attention.

    III. **Potential Actions and Priorities** – How the IAASB intends to focus its efforts to best serve its strategic themes.

    IV. **Guide for Respondents** – Specific questions to respondents to help guide input to the IAASB in determining its future strategy and work program.

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[1] See the July 2013 IAASB Report, *Clarified International Standards on Auditing–Findings from the Post-Implementation Review*.

I.   Context for the IAASB's Future Strategy

Strong Platform of International Standards

5.   The IAASB's broad, long-term areas of strategic focus are: i) development of standards; ii) monitoring and facilitating adoption of those standards; and iii) responding to concerns about the implementation of the standards. These areas align closely with the IAASB's mandate and are expected to continue to remain valid over the longer term.

6.   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. Broadly, this balance recognized the need for a reasonable period of time for national adoption and implementation of the clarified ISAs that were finalized in 2009. This balance also recognized the importance of the IAASB's further development of standards addressing other assurance and related services engagements.

7.   Since completion of the IAASB's Clarity project, 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 international and national regulatory bodies, and auditor oversight and inspection authorities. In addition, the IAASB has issued several staff publications in support of implementation of its standards, and completed its work on a comprehensive post-implementation review of the clarified ISAs.

8.   In responding to the need to support global financial stability, the IAASB's top priority has been work on Auditor Reporting, with the revised standards[2] expected to be finalized in 2014. The IAASB has also continued to devote attention to a number of areas to enhance audit quality. It has released revised standards addressing the use of the work of internal auditors,[3] has progressed work in relation to auditing financial statement disclosures[4] and the auditor's responsibilities relating to other information,[5] and is in the process of finalizing its Audit Quality Framework.

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[2]   See the IAASB's July 2013 Exposure Draft, *Reporting on Audited Financial Statements; Proposed New and Revised International Standards on Auditing (ISAs)*.

[3]   ISA 610 (Revised), *Using the Work of Internal Auditors,* was issued in March 2012, and ISA 610 (Revised 2013), *Using the Work of Internal Auditors*, which address the use of direct assistance, was released in March 2013. Related changes have also been made to ISA 315, *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, to explain how the internal audit function and its findings can usefully inform the external auditor's risk assessments.

[4]   See the Disclosures project history on the IAASB's website.

[5]   Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements, and the Auditor's Report Thereon*, was issued for exposure in November 2012 and is expected to be completed in 2014.

9. In relation to enhancing the role, relevance and quality of assurance and related services, the IAASB has strengthened its suite of standards addressing compilation[6] and review[7] engagements, which are especially relevant to small- and medium-sized entities (SMEs). Since the beginning of 2012, the IAASB has also released new and revised assurance standards on Greenhouse Gas statements[8] and pro forma financial information.[9] Most recently, the IAASB [has completed] revision of its umbrella assurance standard, ISAE 3000.[10]

Audit and Assurance Environment – Key Trends, Influences and Challenges

10. There are now 90 jurisdictions[11] worldwide that use the clarified ISAs, or are committed to using them in the near future, with more jurisdictions expected shortly. This widespread international use of the ISAs underscores the importance of the IAASB continuing to focus its efforts in support of their effective implementation on audits of entities of all sizes, and therefore maintaining a "stable platform". Equally important is the continued improvement of the ISAs to help maintain public confidence in the financial statement audit. This was emphasized by the vast majority of respondents to the Stakeholder Survey, including regulators.

11. Further, the efforts and activities of regulatory bodies globally are increasing, along with their expectations regarding consistent and effective application of the ISAs. 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), are becoming more coordinated and seeking to continuously "raise the bar" to improve audit quality. Outreach and liaison with audit inspection groups is essential to understanding their expectations regarding the IAASB's standards and activities.

12. Finally, standards are also influenced by developments such as evolving technologies, changing financial reporting standards, and the introduction of new, innovative forms of reporting, such as Integrated Reporting, which affect the way entities conduct and manage their businesses. These developments potentially also affect the way that audits are carried out or the demand for new assurance and related services.

IAASB Strategic Planning Horizon

13. In the past, the IAASB's Strategy and Work Programs (SWPs) have been developed using a three-year time period, with the current SWP covering 2012–2014. The IAASB has decided to change its strategy period to five years commencing in 2015 (i.e., 2015–2019).

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6 International Standard on Related Services Engagements (ISRS) 4410 (Revised), *Compilation Engagements,* was issued in March 2012.

7 International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements,* was issued in September 2012.

8 International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*

9 ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*

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

11 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.

14. The IAASB believes that extending the strategy period will enable a better understanding by stakeholders of the IAASB's medium- to longer-term priorities, and provide a suitable context for purposes of the IAASB's decisions on specific initiatives. This change in the strategy period also takes into account the time necessary to develop standards with due process, as well as consideration of the appropriate frequency with which the IAASB undertakes strategy consultations. Responses to the Stakeholder Survey indicated broad support for this change.

II.   Strategic Themes for 2015–2019

15. The IAASB's strategic themes are intended to illustrate how the IAASB intends to focus its activities over its 2015–2019 strategy period, taking into account the context in which the strategy is set. They provide the basis for decisions about actions and projects to be undertaken, and their priorities, both in the immediate term and in the later part of the strategy period.

16. While the IAASB anticipates that the strategic themes will remain relevant over the strategy period, it recognizes that new developments, the environment in which its standards operate, and other influences, can rapidly change. 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 themes and priorities identified remain relevant or if they need to be adjusted.

17. The strategic themes for 2015–2019 identified by the IAASB are:

    (i)   *Evolving the IAASB's Auditing and Quality Control Standards for Continued Relevance in a Changing Global Environment, and to Achieve Enhanced Consistency and Effectiveness in Practice*

    (ii)   *Developing High-Quality International Standards in Support of Relevant Services*

    (iii) *Promoting the Global Use of International Standards, and Learning from Post-Implementation Monitoring*

    (iv)   *Enhancing Quality through Collaboration and Cooperation*

18. These themes are briefly described below.

Evolving the IAASB's Auditing and Quality Control Standards for Continued Relevance in a Changing Global Environment, and to Achieve Enhanced Consistency and Effectiveness in Practice

19. This strategic theme acknowledges that the financial statement audit environment continues to change, and therefore working to ensure that the IAASB's auditing standards remain relevant and effective continues to be important.

20. The clarified ISAs and ISQC 1[12] serve a pivotal role in underpinning audit quality and users' confidence in the audit and financial reporting, thereby supporting financial stability. The IAASB is strongly committed to maintaining the quality of these standards and meeting the expectations that stakeholders have regarding the outcomes from their proper use. Accordingly, the IAASB will give

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[12]   International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

priority attention to this theme, in particular when considering the overall balance and timing of all of the planned initiatives for 2015–2019.

21.   During the strategy period, the IAASB intends to evaluate whether there have been significant changes that have occurred over time, or that are happening now that will affect the future, for which change to the IAASB's auditing and quality control standards is warranted in order for them to continue to be relevant and effective. Responses to the Stakeholder Survey suggested that consideration be given to whether enhancement of the standards is needed in light of change in technologies, the increasing impact of globalization and regulation, including their effect on how audits are performed, and evolving users' needs.

22.   The IAASB also intends to place significant effort in responding to key implementation issues identified from the IAASB's ISA Implementation Monitoring project. Responses to the Stakeholder Survey identified this as a key area for strategic focus for the IAASB. The findings from the ISA Implementation Monitoring project, along with input from other stakeholders, indicate that improvement to aspects of some of the ISAs is necessary to achieve greater consistency and effectiveness with which they are applied.

23.   While the IAASB recognizes the call for urgency in respect of some of the changes, there is a need to provide sufficient time for national standard setters (NSS) and audit firms to implement any further changes to the IAASB's standards. This is consistent with the feedback from auditors and NSS obtained during the ISA Implementation Monitoring project and from the Stakeholder Survey, which cited the need to continue to allow for ongoing national adoption and implementation of the clarified ISAs before introducing any additional changes to them.

Developing High-Quality International Standards in Support of Relevant Services

24.   In contrast to the general view that the IAASB's focus should be on maintenance of the ISAs, rather than developing new ISAs, responses to the Stakeholder Survey noted that 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.

25.   As part of this activity, the IAASB will evaluate the assurance implications arising from the emergence of Integrated Reporting. In addition, the IAASB will consider the development of new or revision of 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. The IAASB's Information, Needs, and Future Opportunities (INFO) Working Group will play an important role in exploring emerging developments to assist the IAASB in identifying opportunities for standard setting or other potential actions.

Promoting the Global Use of International Standards, and Learning from Post-Implementation Monitoring

26.   This strategic theme reflects the IAASB's intended focus on activities to promote the adoption of its new and revised standards and their effective implementation. Investment needs to be made 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. Broadly speaking, as a respondent to the Stakeholder Survey noted: "the days of simply issuing standards are over."

27. As part of this strategic theme, the IAASB will also focus on post-implementation reviews. Understanding whether the standards are operating as intended, and whether they are being consistently understood and applied, is essential for continuous improvement. The findings may assist the IAASB in identifying barriers to further global adoption and obtaining a fuller understanding of how the standards are meeting the needs of users, including small and medium practices (SMPs).

28. The IAASB intends to focus post-implementation review efforts on its new Auditor Reporting standards, in light of their importance and the expected significant effect on practice. Efforts will also be placed to monitor recently released new or revised assurance and related services standards.

Enhancing Quality through Collaboration and Cooperation

29. Many stakeholders have an essential role to play to enhance the quality of financial reporting and related audit or other assurance and related services that are provided in support of enhancing users' confidence. Respondents to the Stakeholder Survey lauded efforts by the IAASB to contribute to the global debate on improving financial reporting, and encouraged the IAASB to continue to actively work with other relevant stakeholders.

30. An important part of the IAASB's activities will therefore be continued liaison and further development of relationships with key stakeholders, including the International Accounting Standards Board (IASB), IFIAR, the International Organization of Securities Commissions (IOSCO), the Financial Stability Board (FSB), and NSS.

31. Research is 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.

III. Potential Actions and Priorities

32. This section explains the implications of the IAASB's current and upcoming 2014 projects for 2015, and discusses some of the factors to consider in determining potential actions and priorities. It then provides an overview of actions and priorities for 2015–2019 that the IAASB believes would best serve its strategic themes.

Implications of Current and Upcoming 2014 Projects on the Work Program in 2015[13]

33. The prioritization of Auditor Reporting, the continuing efforts on auditing standards to enhance audit quality, and completion of enhancements to other assurance and related services standards has meant that constraints on both Board and staff time has, by necessity, delayed the commencement of some planned initiatives in the 2012–2014 SWP. In 2014, IAASB efforts will need to be focused on completing projects that are currently active. This includes the IAASB's current work to revise

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[13] For reference in relation to the 2015–2016 Work Program, Appendix 3 sets out the 2014 projects that are expected to be ongoing into 2015.

aspects of the ISAs and develop related guidance for auditing financial statement disclosures, which will carry over into 2015.

34. At the same time, the IAASB has identified a number of new unplanned projects on which the IAASB believes priority attention is needed in 2014 and 2015. These projects include the potential revision of ISA 570[14] in light of anticipated changes in financial reporting requirements on going concern, and amendments to the ISA 800 series[15] in light of changes arising from the IAASB's Auditor Reporting project. In addition, the IAASB is also liaising with the International Ethics Standards Board for Accountants (IESBA) in regard to its project on Illegal Acts[16] and whether there may be a need for consequential amendments to ISA 250[17] as a result.

35. In light of these evolving priorities, the initiatives identified in the 2012–2014 SWP that have not yet commenced[18] will need to form part of the considerations of projects for 2015–2019. This does not mean those projects are not important; rather, the timing of their commencement may need to be re-examined in light of other emerging developments and resources.

Factors Guiding the Determination of Potential Actions and Priorities

36. In determining potential actions and their relative priority for the 2015–2019 period, a number of factors were considered, including the following:

- Global relevance, including relevance to enhancing audit quality globally, or to enhancing the quality of engagements that are currently conducted on a widespread basis internationally or are expected to be in the near future.

- The perceived urgency in the public interest of the need for change, and the potential implications if action is delayed.

- The degree to which change arising from IAASB action would further facilitate high-quality financial reporting and enhance public confidence therein.

- The degree to which an identified issue would be addressed effectively through change to the standards.

37. In addition, 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 available resources.

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[14] ISA 570, *Going Concern*

[15] In the IAASB's July 2013 Exposure Draft, *Reporting on Audited Financial Statements; Proposed New and Revised International Standards on Auditing (ISAs),* the IAASB acknowledged the need for due consideration to the potential effect on ISAs 800, 805 and 810 (the "ISA 800" series) of changes arising from the Proposed ISAs. As the revisions to the ISA 700 series are finalized in 2014, a separate project to revise the ISA 800 series is expected to commence.

[16] For more information, see the IESBA's project summary on the IESBA website.

[17] ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*

[18] These include: guidance on the relationship between banking supervisors and banks' external auditors; revised standards or new guidance in relation to auditing accounting estimates and fair value accounting estimates; developing standards or guidance for the auditor's involvement with preliminary announcements; and the revision of ISRS 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.*

38. In the context of available resources, there is a decision about whether to address a range of important topics and progress all of them as quickly as possible, or identify fewer topics and devote a significant majority of the IAASB's resources to progress them on an accelerated basis.

39. In determining the IAASB 2015–2019 actions and priorities below, the IAASB proposes the first option, i.e. addressing a range of topics and progressing all of them as quickly as possible.[19]

40. The IAASB also recognizes that a strategic decision to reallocate significant resources in order to progress a project on an accelerated basis may be necessary and appropriate in light of circumstances arising during the strategy period. The IAASB is prepared to make such a decision, if needed – as it did for Auditor Reporting – even though doing so may mean deferral of work on other projects.

41. The IAASB also notes that consideration of additional projects or the acceleration of work on identified projects may be possible through additional support by others or other steps to enhance resources available to the Board. Nevertheless, it is important that the IAASB takes the time to fully explore the issues, and respect due process, thereby ensuring the quality of future proposals.

Overview of 2015–2019 Actions and Priorities

Evolving the IAASB's Auditing and Quality Control Standards for Continued Relevance in a Changing Global Environment, and to Achieve Enhanced Consistency and Effectiveness in Practice

Quality Control

42. ISQC 1 serves a pivotal role in supporting high-quality engagements covered by the IAASB's engagement standards, and underpins ISA 220[20] for audits of financial statements and the engagement-level quality control requirements in the IAASB's other standards.

43. The IAASB's work on its Audit Quality Framework has highlighted the importance of many of the aspects of ISQC 1 in relation to audit quality. However, it has also highlighted areas where further attention may be appropriate, for example in regard to: further emphasizing the importance of promoting and maintaining an internal culture of quality; further criteria or guidance in relation to auditor and engagement team competencies and capabilities and how they are obtained; and the importance of partners and staff having access to high-quality technical support and sufficient resources and time to address difficult issues.

44. In addition, respondents to the both the ISA Implementation Monitoring project and the Stakeholder Survey identified ISQC 1 as requiring further revision and guidance to demonstrate how it can be applied proportionately, as well as more effectively and efficiently in relation to other assurance and related services engagements. Some NSS have begun exploring how this may be done effectively.

45. The IAASB has also heard concern, in particular by regulators, in the ISA Implementation Monitoring project for more robust requirements for:

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[19] Notwithstanding this, the IAASB proposes steps to achieve timely change to aspects of certain of the ISAs, within the IAASB's broader review of those ISAs, in responding to certain of the findings from the ISA Implementation Monitoring project. These steps include "limited scope" amendments, as discussed further below.

[20] ISA 220, *Quality Control for an Audit of Financial Statements*

- Engagement Quality Control Reviews (EQCRs),[21] for example in relation to the appointment of engagement quality control reviewers; the timing and depth of EQCRs, and the documentation thereof; and

- Further clarification to distinguish between when an individual is a specialist and therefore the requirements in ISA 220 apply, and when that person is an auditor's expert and the requirements of ISA 620[22] apply.

46. In approaching the review, and revision as appropriate, of the quality control standards, the IAASB believes the two matters noted in paragraph 45 should be addressed on a basis more rapid than that needed to complete a fuller review of ISQC 1 and ISA 220. Accordingly, within the overall project, the first area of focus by the IAASB will be to address these specific aspects of the standards on a "limited scope" basis. (Any changes on this basis would remain subject to due process as applied to any changes or revision of a standard.)

47. The IAASB would then pursue consideration of a fuller review of the quality control standards. In regard to this fuller review, it is anticipated that the IAASB will have the benefit of observations related to those remaining aspects of the standards noted during the Board's deliberations on its "limited scope" efforts. [23]

Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment

48. Respondents to the ISA Implementation Monitoring project noted that the clarified ISAs, and in particular ISA 315, had improved the auditor's focus on risk, which in turn had a positive impact on audit quality. As the cornerstone standard to the IAASB's risk-based approach to audits, ISA 315 must continue to be effective and responsive to changes in the environment in which it is to be applied.

49. As part of the review of this standard, the IAASB believes it is important to consider whether and how the standard may need to be enhanced in light of an increasingly complex and information technology (IT)-reliant business environment, including the use by entities both large and small of cloud computing and sophisticated integrated IT systems, and the importance of other relevant developments such as changes in applicable internal control frameworks.[24]

50. Further, despite several years of application in practice in many jurisdictions, there has been a continued call for the IAASB to consider further clarification of the guidance addressing controls relevant to the audit, particularly around identifying and testing controls, thereby assisting auditors to apply the requirements more consistently, effectively and efficiently.

51. The IAASB has also heard concern by regulators about the degree of inconsistency in practice in the nature and number of risks of material misstatement being assessed as requiring special audit

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[21] Both ISQC 1 and ISA 220 would be affected by changes made relating to the requirements addressing EQCRs.

[22] ISA 620, *Using the Work of an Auditor's Expert*

[23] The IAASB's experience with the use of "limited scope" amendments may also inform the IAASB's consideration of other "rapid response" mechanisms as appropriate.

[24] For example, the revised COSO Framework "Internal Control—Integrated Framework (2013)"

attention ("significant risks"). Further, the IAASB recognized that the identification of significant risks will be an important matter for communication with those charged with governance, and thereby an important input to the auditor's consideration of the key audit matters to be reported, under the IAASB's Auditor Reporting proposals.

52. Accordingly, the IAASB intends to consider whether clearer explanation of, and more robust requirements in relation to, the auditor's identification of such risks is needed in ISA 315. For this aspect of the standard, the IAASB will explore whether a "limited scope" approach to making changes to the standard would be appropriate, in order to effect change on a more rapid basis while the IAASB deliberates aspects of a fuller revision of the standard.

Group Audits

53. An important goal of the IAASB in revising ISA 600[25] as part of the Clarity project was to achieve greater consistency in practice by auditors undertaking group audits, including using the work of component auditors.

54. Significant input from regulators and audit inspection groups, as well as others, has been received by the IAASB on various aspects relating to the practical implementation of ISA 600, in particular the inconsistency in the degree to which the group auditor becomes involved in the work of the component auditor, and the inconsistent application of component materiality. In addition, questions have arisen about the application of ISA 600 in certain circumstances, for example where the audit opinion is signed by an audit partner in a different jurisdiction from where the group's operations, accounting records and financial management are located, and hence where the vast majority of the audit work is performed. Other issues raised include practical considerations in relation to access by the group auditor to the work of components auditors.

55. However, it is not clear from the broad spectrum of concerns raised whether the concerns are such that change to the standard or development of additional practical guidance by the IAASB is essential, or whether they relate more to implementation. If the latter, then alternative actions, such as additional auditor training by those best placed to do so may be the appropriate response.

56. In the first instance therefore, as a priority, the IAASB intends to explore how best to work more closely with stakeholders, including for example audit inspection groups and firms, to more clearly define the issues and their implications and determine what the most appropriate actions would be, and by whom. These efforts will inform the IAASB's consideration of a fuller revision of the standard.

Professional Skepticism

57. Professional skepticism is an essential attitude that enhances the auditor's ability to identify and respond to conditions that may indicate possible misstatement. It is closely interrelated to the fundamental concept of auditor independence, and contributes to audit quality. There has been a very strong call from regulators and other key stakeholders about the need to reinforce the concept within the ISAs to enhance the robustness and consistency with which it is applied. Respondents to

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[25]   ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

the ISA Implementation Monitoring project and the Stakeholder Survey highlighted the importance of responding to this call.

58.   Accordingly, the IAASB intends to consider whether changes should be made to further reinforce the concept of professional skepticism in an audit. Areas of consideration may include further clarifying the meaning of professional skepticism, providing additional guidance when auditing areas of significant management judgment in relation to risks of material misstatement due to fraud (for example, in connection with revenue recognition[26] or in responding to fraud risk factors), or providing additional guidance in relation to audit documentation.

Auditing Issues Relating to Financial Institutions, Including Fair Value Estimates

59.   The IAASB is currently monitoring the work of the Basel Committee on Banking Supervision (Basel Committee) in its project to revise its guidance on external audits of banks. The Basel Committee's work involves a revision of its guidance on external audit quality and banking supervision, and the relationship between banking supervisors and banks' external auditors. In addition, recent input from the Basel Committee has called for further enhancements to the ISAs, including ISA 540,[27] or development of further implementation guidance by the IAASB, relative to the audit of banks. Other stakeholders have also echoed the need to further explore certain issues related to fair value accounting, estimates and related considerations that have specific relevance to financial institutions, including impairment and loan loss provisioning, and using the work of experts such as actuaries.

60.   During the 2015–2019 strategy period, the IAASB will explore how best to clarify and enhance the relationship between the bank's external auditors and banking supervisors, as necessary and appropriate in light of the related efforts of the Basel Committee in this area. In addition, the IAASB will consider enhancements to the ISAs or the development of guidance to address auditing issues of particular significance in the audit of banks and other financial institutions, including but not limited to impairment and loan loss provisioning, and issues arising from such entities' use of fair value accounting and related estimates. The IAASB will also give consideration to further enhancements, as necessary, to ISA 540 in light of implementation experiences and changes in financial reporting requirements.

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[26]   The findings from the ISA Implementation Monitoring project noted that the inconsistent interpretation of the presumed significant risk of material misstatement arising from fraud in revenue recognition may therefore not focus the work effort on the appropriate risks.

[27]   ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures,* was substantially strengthened in the IAASB's Clarity project to increase the rigor to be applied when auditing fair value information. In addition, in December 2011, the IAASB released International Auditing Practice Note (IAPN) 1000, *Special Considerations in Auditing Financial Instruments,* to provide practical assistance to auditors when auditing financial instruments. In finalizing IAPN 1000, the IAASB agreed on the need to explore authoritative guidance relating specifically to third-party pricing sources. However, financial reporting and practices in this area have continued to develop, and the IAASB will reconsider the need for specific action

61.   Many of the issues for consideration are related, and will involve input from experts in the industry. Accordingly, the IAASB will approach these topics contemporaneously, rather than under separate projects as envisioned previously.[28]

Preliminary Announcements

62.   Respondents to the Stakeholder Survey reaffirmed their continuing support for the IAASB to explore how the auditor's role in supporting market stability might be further strengthened by the auditor's involvement with preliminary announcements. While there have been calls for a wider project on practitioner association with information published by entities and for standards addressing auditor involvement with comfort letters, preliminary announcements form a specific part of an entity's broader financial information and deserve to be treated as a separate topic given their significance to the global capital markets.

63.   It is important, however, to recognize that, due to differing legislative and regulatory regimes, approaches taken by different jurisdictions towards how preliminary announcements are prepared and disseminated could vary, and development of a standard or guidance may not be feasible on a global basis.

64.   Other competing priorities have delayed the IAASB's efforts on this topic to date. Nevertheless, the IAASB intends to fulfill its commitment to begin research in order to determine actions, if any, to be taken regarding the auditor's association with preliminary announcements or other appropriate actions with respect to auditor involvement with other market-moving information. To the extent practicable, the IAASB will seek to determine the feasibility of moving forward on the topic of preliminary announcements in 2015.

Other Possible Revisions of the ISAs

65.   The IAASB is committed to placing effort in responding to key implementation issues identified from the ISA Implementation Monitoring project and input from other stakeholders that indicate that improvement in aspects of some the ISAs may assist in improving the consistency and effectiveness with which they are applied. Accordingly, it will consider the commencement of one or more ISA revision projects, with priority consideration to be given to the following ISAs:

- *ISA 520*[29]—Whether further guidance or other changes to the standard are needed in relation to the required audit evidence to corroborate identified variances and regarding source data used in performing analytical *procedures*, and when considering whether relationships are appropriate for purposes of applying analytical procedures.

- *ISA 620*—Whether further guidance or other changes to the standard are needed in relation to the expected work effort by the auditor on the expert's work, and the nature and extent of related audit documentation.

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[28]   Consideration of the revision of ISA 540 and the development of guidance on the relationship between the banking supervisors and the banks external auditors were identified in the current 2012–2014 SWP. Substantive actions on these initiatives have not yet commenced.

[29]   ISA 520, *Analytical Procedures*

- *ISA 402*[30]—The need to further consider: i) clarification of the standard to improve the consistency of the auditor's work effort when relying on internal control reports of a service organization; and ii) enhancements of the standard to address the use of shared service centers, which are becoming more common, especially in large groups.

66. In addition, the IAASB will continue to monitor developments arising from the work of the IASB to explore further guidance on materiality and whether there is a need for enhancement of ISA 320.[31] The IAASB will also consider the outcome of the IESBA's project on Illegal Acts, and whether there is a need for further enhancement to ISA 250.

Developing High-Quality International Standards in Support of Relevant Services

67. The environment regarding assurance and related services, for example in areas such as corporate governance statements and eXtensible Business Reporting Language (XBRL), remains dynamic and fluid. However, there is clear growing momentum on the reporting of financial, environmental, social and governance information of broader relevance to users than information currently presented in the financial statements. These developments in the broader reporting context have highlighted the importance of efforts to ensure that users' growing needs for high-quality financial and non-financial information about entities and their operations, backed by independent assurance, are met.

68. In 2013, therefore, the IAASB established the INFO Working Group to explore emerging developments. An important remit of this Working Group is to make recommendations to the IAASB on specific topics for the IAASB to pursue, based on monitoring developments in emerging areas such as those noted above and considering whether there is a visible market demand for assurance in the public interest that should be addressed through standard-setting activities of the IAASB.

Integrated Reporting

69. Through the efforts of the INFO Working Group, the IAASB is already monitoring developments in Integrated Reporting (<IR>), particularly in relation to the recently proposed Integrated Reporting Framework.[32] Once the Integrated Reporting Framework is sufficiently developed, the IAASB intends to commence a project to develop an assurance standard in this emerging area.

Responding to Other Developments in Relation to Assurance and Related Services

70. In the latter part of the strategy period, the IAASB will undertake, as necessary, one or more projects in relation to standards that enhance practice or further meet public interest needs in relation to assurance and other related services.

71. The new project(s) may arise from recommendations of the INFO Working Group, though input to the consideration of any such new project(s) is not limited thereto. In this regard, the IAASB

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[30] ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

[31] ISA 320, *Materiality in Planning and Performing an Audit*

[32] The International Integrated Reporting Council (IIRC's) Consultation Draft of the *International <IR> Framework* was released in early 2013 for consultation until July 15, 2013.

recognizes that it may be necessary to reconsider whether the IAASB's *International Framework for Assurance Engagements* (Assurance Framework) adequately addresses the underlying concepts necessary for the IAASB to effectively and efficiently pursue further development of topic-specific assurance standards. Some stakeholders see a need for revision of the Assurance Framework on a priority basis; others view that progress in standard development should remain the priority, enabling the IAASB to learn through experience with specific subject-matter standards while also enhancing quality of practice.

72.   The topic(s) on which the IAASB may commence standard setting may also be further informed by the IAASB's efforts on further post-implementation reviews, as discussed below.

Agreed-upon procedures

73.   Banks and other providers of capital in certain jurisdictions often request smaller entities to have agreed-upon procedures performed on key account balances in lieu of an audit. Accordingly, there have been broad calls from SMPs but also from other stakeholders for IAASB to revise ISRS 4400. Further, it has been noted that such engagements may service as a possible basis for so-called "hybrid" engagements[33] that serve to meet specific users' needs.

74.   Respondents to the Stakeholder Survey reaffirmed their continuing support for the IAASB to explore revision of this standard. The IAASB therefore intends to start project work in 2015.

Promoting Global Use of International Standards, and Learning from Post-Implementation Monitoring

75.   A key focus during the strategy period will be assisting auditors and NSS in supporting the use and effective implementation of the new and revised Auditor Reporting standards, the success of which is critical to the continuing perceived value and relevance of the profession. The IAASB will continue to pursue commissioning staff publications, where necessary and appropriate, in support of the adoption and effective implementation of these standards, as well as other recently issued assurance and related services standards.

Post-Implementation Monitoring

76.   The IAASB has benefited from learning about the experiences of firms, NSS, regulators and others regarding the adoption and implementation of the clarified ISAs through its ISA Implementation Monitoring project. The IAASB believes it is appropriate to continue the practice of carrying out post-implementation monitoring on several of its recently released new or revised standards to learn about the effectiveness of their implementation and determine whether there is a need for further refinement, or other actions, to achieve the IAASB's intended objectives in the development, or revision, of those standards.

77.   In accordance with its current SWP, in 2014 the IAASB intends already to commence its post-implementation review of ISAE 3402[34] to seek initial feedback on the experiences of service

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[33]   In a "hybrid" engagement, various types of assurance, such as reasonable assurance and limited assurance, may be combined in one report.

[34]   ISAE 3402, *Assurance Reports on Controls at a Service Organization*

organizations, service auditors, user entities, user auditors and others regarding the implementation of the standard on assurance reports on controls at a service organization.

78. For its 2015–2019 strategy period, the IAASB intends to carry out post-implementation reviews for:

- *The new and revised Auditor Reporting ISAs*—These standards are expected to result in significant change in practice, and the commitment to a post-implementation review, after auditors, regulators, NSS, and users of the auditors' report have had a period of experience with these ISAs and the new auditor's report (i.e., after two full years of implementation), to identify whether the changes and enhancement are working as intended, is essential.

- The following important, recently completed standards which have recently or will soon come into effect:

    o ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*; and

    o ISRS 4410 (Revised), *Compilation Engagements*.

- One or more other recently issued new or revised International Standard on Assurance Engagements.[35]

79. Monitoring of the ISAs will be an ongoing activity over the next few years as the ISAs continue to be adopted globally and further experience with them is gained. There may be additional implementation challenges identified. Accordingly, the IAASB will continue periodic meetings with key stakeholders to obtain such input, while also providing an opportunity for dialogue about the best approach to future changes to the ISAs or the need for additional Staff publications. For example, recent discussions have indicated a possible need for the IAASB to consider what actions may be appropriate to respond to concerns from auditors about the amount of time incurred relating to audit documentation, in particular for SMEs.

Enhancing Quality through Collaboration and Cooperation

80. The IAASB's proposed *Framework for Audit Quality* highlights the importance of appropriate dialogue and closer working relationships between the IAASB and its key stakeholders in improving audit quality. Discussions and dialogue about how to improve audit quality, as well as identifying new areas to explore, are essential in the public interest. More broadly, this message is also applicable to other assurance and related services engagements.

81. With regard to audit, an important contextual factor is the applicable financial reporting regime. Over the last several years, the IAASB has had active liaison with the IASB, particularly in relation to providing input on aspects of the IASB's proposed standards and other relevant pronouncements where potential auditability or verifiability issues had been identified, and also to monitor developments in financial reporting to determine whether changes are needed to the auditing pronouncements, or new ones need to be developed. The IAASB is committed to a continued focus on this important liaison effort, and to exploring opportunities for joint outreach to support global adoption and effective implementation of international standards.

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[35] See footnotes 6–10.

82. The IAASB will continue to engage in dialogue with those active on topics of mutual relevance and interest, for example, among others, the European Commission and the US Public Company Accounting Oversight Board (PCAOB). The IAASB also plans to continue focusing substantial effort on outreach, and strengthening relationships with key stakeholders through liaison and consultation activities, including with international regulators, audit oversight bodies and other stakeholders. In particular, the IAASB will liaise with IFIAR, IOSCO, FSB, and national or regional audit inspection groups.

83. In addition, the IAASB will continue its active liaison with the Small and Medium Practices Committee and other relevant International Federation of Accountants (IFAC) committees to identify opportunities where collective efforts may assist with the development of guidance or training to address issues of common relevance. The IAASB will also continue to cooperate with the International Organization of Supreme Audit Institutions (INTOSAI) to support their use of the IAASB's standards as a basis for services in the public sector.

84. The IAASB recognizes that opportunities for collaboration and cooperation exist perhaps most apparently in connection with NSS. The IAASB will therefore continue its active liaison with NSSs with the view to identifying opportunities to share collective experiences on national developments of international relevance, and where possible bring to bear collective resources to new initiatives.

Table of Potential 2015–2019 Actions and Priorities

85. The following Table summarizes the IAASB's tentative views on the projects it could undertake in the five-year period. It believes the projects included in the Table are the most appropriate use of its resources in support of the four strategic themes and in response to calls from stakeholders through its ongoing outreach and consultation.

86. The Table demonstrates a concerted and substantial effort on audit and quality control at the start of the strategy period. This focus on auditing standards reflects a shift in the balance of efforts of the IAASB from the 2012–2014 SWP, which over the period were roughly equal between audits of historical financial information, reviews of historical financial information, other assurance engagements, and related services, and is consistent with the findings from the Stakeholder Survey.

87. A preliminary Work Program to cover a two-year period (i.e., 2015–2016) is included as Appendix 3. Subject to comments on this Consultation, the IAASB will finalize its initial two-year Work Program. The Work Program will be updated annually based on input from, among others, the IAASB CAG, the IAASB INFO Working Group, the PIOB, and monitoring of relevant developments. This two-year cycle will enable the IAASB to better forecast its shorter-term deliverables and to be more responsive to emerging needs, within the context of its longer-term strategy. Further information on the assumptions used to develop the Table can be found in Appendix 1.

Overview of Potential Actions and Priorities   **Table**

Project	Expected Timing
Evolving the IAASB's Auditing and Quality Control Standards for Continued Relevance in a Changing Global Environment, and to Achieve Enhanced Consistency and Effectiveness in Practice	
Current or Upcoming 2014 Projects Impacting 2015	
Completion of: • Auditor Reporting – Amendments to ISA 800 series • Auditing Disclosures – Revisions of standards and development of related guidance • Going Concern – Revision of ISA 570 in light of changes to the financial reporting requirements	Completion variously throughout 2015
New Projects	
Revision of ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and related provisions of ISA 220, *Quality Control for an Audit of Financial Statements* Initial work: • Review of requirements and guidance addressing Engagement Quality Control Reviews (EQCRs) • Review of clarity of provisions relating to using the work of the auditor's expert and a specialist Subsequent work: Further review of the standard in light of the IAASB's *Framework for Audit Quality*, proportionate application, and other relevant developments	Commencing 2015 Commencing 2017
Revision of ISA 315, *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* Initial work: Review of requirements and guidance addressing the auditor's identification of "significant risks" Subsequent work: Further review of the standard, including the requirements and guidance addressing controls relevant to the audit, and consideration of enhancements as a results of relevant developments	 Commencing 2015 Commencing 2017

Project	Expected Timing
Revision of ISA 600*, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* Initial work: Activities to more clearly define issues identified relating to the consistent and effective application of ISA 600, including the involvement of the group auditor in the work of the component auditor, determining component materiality, and identified issues around applying ISA 600 in certain situations Subsequent work: Revision of standard	Commencing 2015 Commencing 2017
Auditing Issues Relating to Financial Institutions, Including Fair Value Estimates Consider enhancements to the ISAs or the development of guidance to: • Clarify and enhance the relationship between the banking supervisors and the bank's external auditors, as necessary and appropriate in light of the related efforts of the Basel Committee in this area • Address auditing issues of particular significance in audits of banks or other financial institutions, including but not limited to impairment and loan loss provisioning, and issues arising from such entities' use of fair value accounting and related estimates; and • As necessary, further enhance ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*	Commencing 2015
Professional Skepticism Review of whether changes should be made to further reinforce the concept of professional skepticism in an audit, which may include consideration of further clarification of the meaning of profession skepticism, additional guidance in relation to auditor consideration of risks of material misstatement due to fraud and considerations in areas of significant management judgment, or additional guidance in relation to audit documentation.	Commencing 2016
Preliminary Announcements Determine actions to be taken regarding the auditor's association with preliminary announcements, or other financial information practitioners may be associated with, based on research and consultation with regulators and other stakeholders	Commencing 2014

Project	Expected Timing
Commencement of one or more ISA revision projects, with priority consideration to be given to ISA 520, *Analytical Procedures*, ISA 620, *Using the Work of an Auditor's Expert,* and ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*	Commencing 2018
Developing High-Quality International Standards in Support of Relevant Services	
Current or Upcoming 2014 Projects Impacting 2015	
Monitoring by the INFO Working Group of emerging developments related to assurance and related services, including developments in Integrated Reporting	Ongoing
New Projects	
Integrated Reporting Identification and assessment of assurance implications of Integrated Reporting As appropriate, development of a new assurance (and/or related services) standard	Commencing 2015 Commencing 2016
Revision of ISRS 4400, *Engagements to Perform Agreed-Upon Procedures*	Commencing 2016
Commencement of one or more projects arising from: • Recommendations as a result of activities of the INFO Working Group (see above) • Consideration of actions to be taken regarding the *International Framework for Assurance Engagements* • IAASB's Post-Implementation Reviews (see below)	Commencing 2018
Promoting the Global Use of International Standards, and Learning from Post-Implementation Monitoring	
Current or Upcoming 2014 Projects Impacting 2015	
Post-implementation review of ISAE 3402, *Assurance Reports on Controls at a Service Organization*	Completion 2015
New Projects	

Project	Expected Timing
Auditor Reporting	
• Actions to facilitation adoption and implementation of the new Auditor Reporting standards	Commencing 2015
• Post-implementation review	Commencing 2018
Post-implementation review of:	Commencing 2017
• ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*	
• ISRS 4410 (Revised), *Compilation Engagements*	
Post-implementation review of one or more other recently issued new or revised assurance standards	Commencing 2018
Development of Staff publications in support of adoption and effective implementation of the IAASB's standards	Ongoing
Enhancing Quality through Collaboration and Cooperation	
International Accounting Standards Board	Ongoing
• Provide input on aspects of the IASB's proposed standards and other relevant pronouncements where potential auditability or verifiability issues are identified	
• Monitor developments in financial reporting to determine whether there is a need for changes to, or development of new, auditing pronouncements	
• Explore opportunities for joint outreach to support global adoption and effective implementation of international standards	
Continued strengthening of relationships with key stakeholders, with international regulators, audit oversight bodies, NSS and other stakeholders	Ongoing

The expected Work Program for 2015–2016 can be found in Appendix 3, and includes the Work Program for 2014 for reference.

IV. Guide for Respondents

88.   The IAASB welcomes comments on all matters addressed in this Consultation.

89.   The IAASB is particular interested in respondents' views on the following:

   (a)   Whether the IAASB's strategic themes identified are considered appropriate for the period 2015–2019? If not, please explain.

   (b)   Whether the identified actions and projects for each strategic theme (summarized in the Table on pages 17–20) are considered appropriate, and have been given appropriate prioritizations? If not, please explain.

   (c)   Whether, in your view, there is an action(s) or project(s) that have not been identified which you believe the IAASB should consider during 2015–2019? If so, which initiative identified in the Table on pages 17–20 do you believe should be replaced by this action(s) or project(s)? Please provide an explanation of your views.

   (d)   Whether, in your view, there is an action or project identified that you believe is of such urgency and importance that it warrants the IAASB considering the need to devote a significant majority of its attention in the 2015–2016 period in order to achieve progress on an accelerated basis?

90.   The IAASB invites any other comments that you believe are important to input to the IAASB for the purpose of developing its future strategy.

Appendix 1

Supplementary Information Used in Assessing Capacity for Projects for 2015–2019

Balance of Resources between the IAASB, Its Chairman and Its Staff

As the IAASB members participate on a volunteer basis, there are limitations on the available Board time that can be devoted to particular projects. Project task forces, which are chaired by IAASB members, and comprise IAASB members, IAASB technical advisors, and others with relevant expertise, typically meet at least once between each IAASB meeting. Each IAASB member ordinarily participates in two or more project task forces.

Board members may be asked to participate in the IAASB CAG meetings and liaison meetings with NSS, and outreach activities in their particular jurisdictions.

The full-time IAASB Chairman and volunteer IAASB Deputy Chair undertake a significant level of outreach activity, speaking at conferences and meetings of organizations interested in the work of the IAASB, engaging in dialogue with key stakeholders moving ahead with adoption of the ISAs, participating in discussions about the regulatory environment in which auditors operate, and furthering the work of the IAASB in a number of forums.

In addition to managing projects, IAASB Staff develop publications such as Staff Audit Practice Alerts, Staff Questions and Answers, press releases and project updates for individual projects, explanatory memorandums that accompany exposure drafts, and bases for conclusions that accompany final pronouncements. They are also involved in liaison activities and prepare relevant materials to support IAASB communication activities and the Chairman's outreach efforts. Staff also support the agendas for the semi-annual IAASB CAG and annual IAASB-NSS liaison meetings, and have responsibility for reporting to IFAC and the PIOB.

Key Assumptions

The IAASB's future capacity for its work program will be based on the following key assumptions:

- The IAASB meets for five days, four times per year. Approximately three to five projects can be discussed at each IAASB meeting, depending on the stage of the project.

- Detailed work on projects is undertaken by task forces drawn from the membership of the IAASB and which may include representatives nominated by INTOSAI or from other relevant organizations.

- The development of all standards and pronouncements is done following due process. This includes consultation with the IAASB CAG and public exposure. Each project takes a minimum of 36 months to complete. However, the overall time needed is also dependent on the complexity of the subject matter, including the assessment of the need to issue consultation papers to conduct significant research or other outreach in advance of the issuance of an exposure draft.

- The commencement of any new standard-setting project is subject to IAASB approval of a project proposal.

The future work program will include time to allow for research activities, education sessions to further inform the IAASB's debates, outreach and direct interaction with interested stakeholders, and development of communications relating to individual projects.

The IAASB recognizes the importance of organizing and conducting its activities in the most effective and efficient way, and the need for ongoing consideration of opportunities to enhance the way it operates. Further, there is need for ongoing consideration of the overall capacity of the IAASB and its staff complement, and to explore opportunities to expand that capacity.

The IAASB will be giving specific attention to these matters in 2014, and will continue to do so throughout the strategy period.

Appendix 2

Current (Ongoing) Outreach, Liaison and Communication Initiatives the IAASB Plans to Continue

1. **Dialogue, Collaboration and Cooperation with Key Stakeholders**

- Continue active discussions with the IAASB CAG and NSS, public authorities, audit oversight bodies and international regulators aimed at achieving common agreement on the content and breadth of any proposed new standards to meet the common needs of all parties and lead to global acceptance and endorsement of the standards.

- Continue to cooperate with INTOSAI, promoting the use of ISAs as the basis for audits in the public sector.

- Continue to seek regular consultation with the IFAC SMP Committee on issues of relevance to SMEs and practices regarding audit and quality control standards.

- Seek regular consultation with the IFAC Professional Accountancy Organization Development Committee (PAODC) on issues of relevance to developing nations regarding audit and quality control standards.

- Continue the IAASB-IASB liaison, aimed at providing the IASB with timely inputs on aspects of its 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.

- Continue to take steps to address the issues of translation; the frequency, volume and complexity of changes; and the setting of effective dates.

2. **Communication and Transparency**

- Continue to issue a press release, communicating the approval of each proposed or final IAASB pronouncement and any other major activity of the IAASB.

- Continue to publish an overview for each new final pronouncement to explain the project objectives and the background and scope of the pronouncement, provide a summary of the pronouncement's key provisions, and explain the implications for practice.

- Continue to issue IAASB eNews communications, using these vehicles to encourage responses to the IAASB's consultations and publicize adoption and implementation support vehicles available.

- Continue to publish an annual report addressed to a broad interested audience on the performance of the IAASB, including a report on progress against this action plan and on how IAASB has complied with its stated due process.

- Continue to promote the activities and publications of the IAASB through the IAASB website (including agenda material, audio records of meetings, meeting highlights, proposed pronouncements and related comment letters, final pronouncements and bases for conclusions) and evaluate how technology may be better used to reach a broader audience.

- Continue to enhance communications with NSS, regulators, IFAC member bodies, the Forum of Firms, academics and conference organizers.

Appendix 3

Suggested Illustrative IAASB Work Program: 2015–2016 (at August 2013)

The following depicts the IAASB's views as to the IAASB's proposed Work Program for 2015–2016, and includes 2014 for reference. This schedule is premised on the key operating assumptions used to develop the current SWP. It is intended to serve two purposes: 1) to highlight the effects of projects on the IAASB's 2012–2014 SWP that will carry over into 2015; and 2) to highlight the new projects to be included in the first two-year work program (2015–2016) of the five-year strategy period (2015–2019).

Green[36] indicates the anticipated timing of IAASB discussion on proposals to commence projects and, as appropriate, the period over which Board debates will occur. "•" indicates anticipated milestones from Board deliberations, including outputs. Outputs depend on the nature and stage of the initiative, and may include a consultation paper, exposure draft (ED), final standard or other publication. The timing shown below is indicative only and is subject to periodic revision and change by the IAASB. In particular, the IAASB's consideration of when to start new initiatives will need to take into account the progress made on other current initiatives and the need to complete those initiatives on a timely basis before committing Board and Staff resources to new initiatives. In relation to projects, Orange indicates the period in which research and analysis, and other preparatory activities, will be undertaken in order to facilitate project commencement. Orange also indicates efforts of an ongoing nature (which may variously result in periodic reports to the Board).

Initiatives and Commencement Date		2014	2015	2016
Auditor Reporting[37]	**In progress**	• [38]		
ISA 720[39]	**In progress**	•		
Disclosures	**In progress**	•	•	
Strategy 2015–2019; Work Programs	**In progress**	•	•	

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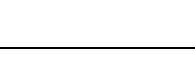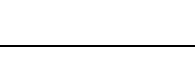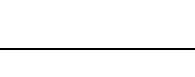
[36] For purposes of a black and white copy of this printed document, "green" refers to the darker of the two shadings.

[37] New activities highlighted in the July 2013 Auditor Reporting ED are considered separate initiatives for purpose of this schedule (i.e., projects to revise the ISA 800 series and further substantive changes to ISA 570 as a result of changes in the financial reporting framework).

[38] The Proposed ISAs included in the July 2013 ED are expected to be finalized in 2014. New actions to facilitate adoption and implementation of the new Auditor Reporting standards are intended to commence in late 2014 and 2015. The post-implementation review will not commence until after two full years of implementation of the final standards.

[39] Assumes re-exposure and finalization in 2014. If re-exposure is not necessary, approval may be possible in June 2014, but likely not in 2013.

Initiatives and Commencement Date		2014	2015	2016
ISA 800 Series Issues				
ISA 570 Revision				
ISQC 1 / ISA 220 (EQCR)				
ISA 315 (Significant risks)				
Integrated Reporting				
Auditing Financial Institutions, Including Fair Value Estimates				
ISA 600				
Professional Skepticism				
Preliminary Announcements				
Agreed-Upon Procedures				
Post-implementation Review of ISAE 3402				
IASB Liaison Activities	**Ongoing**			
Innovation, Needs and Future Opportunities (INFO) Working Group	**Ongoing**			

Initiatives and Commencement Date		2014	2015	2016
Development of Staff publications in support and adoption and effective implementation of the IAASB's standards	**Ongoing**			
Communication and Outreach Activities	**Ongoing**			