IAASB Work Plan for 2022–2023

[date]

International Auditing and Assurance Standards Board

The IAASB's [Draft] Work Plan for 2022–2023:
A Public Interest Focus in Uncertain Times

IAASB International Auditing and Assurance Standards Board

About the IAASB

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

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Introduction

This Work Plan for the period 2022–2023 ('Work Plan') sets out our specific projects and activities to support our strategic objectives and actions described in our Strategy for 2020–2023 ('Strategy').

The Work Plan that follows is largely a continuation of our Work Plan for 2020–2021 and embodies our goal, strategic drivers and strategic objectives included in our Strategy. The IAASB will select any new projects and initiatives that are started in the Work Plan period using the criteria and processes as set out in our Framework for Activities ('Framework'),[1] which is focused on orderly and thoughtful selection, prioritization and scoping of our forward work.

Our stakeholders consistently supported the position that the IAASB should complete the projects underway at the start of 2022 before new work is started. A number of substantial projects will be underway at the start of 2022, with most completing by the end of 2023. As capacity opens at both the Board and Staff level, new project(s) will commence.

The Work Plan assumes full utilization of our current resources and capacity (e.g., people, plenary time and operating budget), and balances the current needs of different stakeholders. As the Work Plan period progresses, timing and resources may be changed to accommodate:

- Capacity to address urgent issues that arise and are not known at the time of approval of the Work Plan, enabling the IAASB to remain agile should an urgent need arise.

- The ongoing pandemic and the need to continue to operate in a virtual environment.[2]

- Changes that may come from the transition to the Monitoring Group proposals, the implementation period of which starts in 2022.

Any changes arising from a change in circumstances may impact the targeted milestones of our projects set out in this Work Plan, as well as the detailed quarterly forward agenda presented on our website.

Our Strategy for 2020–2021

In developing our Strategy and Work Plan for 2020–2021, we undertook extensive public consultation to improve our understanding of our stakeholder's needs. Based on that public consultation, we identified three strategic objectives to guide our work. These strategic objectives remain relevant in the current environment and our Work Plan continues to operate within these boundaries:

(i)	**Increase the Emphasis on Emerging Issues to Ensure that Our International Standards Provide a Foundation for High-Quality Audit, Assurance and Related Services Engagements**
(ii)	**Innovate Our Ways of Working to Strengthen and Broaden Our Agility, Capabilities, and Capacity to Do the Right Work at the Right Time**
(iii)	**Maintain and Deepen Our Relationships with Our Stakeholders to Achieve Globally Relevant, Progressive and Operable Standards**

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[1]   The Framework is aimed at articulating how we organize our efforts to identify and deliver on our committed actions.

[2]   The Work Plan has been developed on the assumption that the Board will go back to its former model of quarterly, in person meetings. If there is the need to operate in a virtual environment during 2022 or 2023, this will impact the amount of Board plenary time available and may result in further prioritization of some projects, which may result in the slow-down of other projects or initiatives ongoing at the time. Any decisions related to such determination will be made based on the ongoing circumstances in 2022 and 2023, and in coordination with the PIOB.

Planned Actions for 2022–2023

Consistent with the majority of feedback received in our work plan consultation and with the approved strategy, we plan to complete the projects already underway at the end of 2021. Any new projects or initiatives commenced during the Work Plan period will be determined in accordance with the processes set out in our Framework, taking into account:

- Our goal, strategic drivers and strategic objectives.

- The criteria for the selection of new projects or actions as set out in the Framework (i.e., the topic is in the public interest; alignment with the Board's remit; prevalence of the issue globally; Board action necessary to maintain or enhance quality of engagements; and urgency).

- The available resources, including Board capacity as well as Staff resources.

Progression and Completion of Projects Underway at the Start of 2022

Support to complete active projects already underway at the start of 2022 was shared across all stakeholder categories. We therefore do not plan to reprioritize these projects. Table A below sets out these substantial standard-setting projects that we will focus on progressing and completing in 2022–2023, as applicable (Appendix 1 sets out a high-level description of the activities within each of these projects):

Table A Completion of Current Standard-Setting Projects	Targeted Milestones
AUDIT	
Audit Evidence (Revision of ISA 500)[3]	Exposure Draft: 2022 Completion: 2024
Fraud (Revision of ISA 240)[4]	Project Proposal: 2021[5] Estimated Exposure Draft: 2023 Estimated Completion: 2024
Going Concern (Revisions of ISA 570 (Revised))[6]	Project Proposal: 2022[5] Estimated Exposure Draft: 2022 Estimated Completion: 2023

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[3]   International Standard on Auditing (ISA) 500, *Audit Evidence*

[4]   ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

[5]   These projects are still in the information gathering and research stage. The nature and extent of possible changes to be made, and other activities (as necessary), still have to be agreed by the Board. Depending on the agreed project scope for each of these projects, the targeted milestones may significantly change. The estimated targeted milestone in this Work Plan have been determined based on the expected scope for each project, with the scope of the project impacting the time that will be needed to develop revised pronouncements (i.e., the longer the time needed to the next milestone the more substantial the expected changes will be). The IAASB's detailed quarterly forward agenda will be updated as necessary once the project scoping for each of these projects has been agreed.

[6]   ISA 570 (Revised), *Going Concern*

Table A Completion of Current Standard-Setting Projects	Targeted Milestones
Implications for IAASB Standards of International Ethics Standards Board for Accountants' (IESBA) Project, *Definitions of Listed Entity and Public Interest Entity*	Project Proposal: 2022[5] Estimated Exposure Draft: 2022 Estimated Completion: 2023
REDUCING COMPLEXITY AND IMPROVING UNDERSTANDABILITY	
Audits of Less Complex Entities – Developing a Separate Standard for Audits of Less Complex Entities	Completion: 2023
Addressing Complexity, Understandability, Scalability and Proportionality – Developing Drafting Principles & Guidelines	Completion: 2022

Other Initiatives and Ongoing Activities

In addition to our standard-setting projects, the following are continuing and will also require dedicated staff resources and Board plenary time during 2022 and 2023:

- Technology, including our focused efforts on disruptive technologies;[7]

- Professional skepticism;[7]

- Implementation support activities for recently completed standard-setting projects, including group audits.[7]

- Coordination with IESBA, including monitoring the work that they undertake in 2022 and 2023 and how any changes may impact our standards (see below);[7] and

- Development of the Strategy for 2024–2027 and the Work Plan for 2024–2027.[8]

Possible New Projects in Work Plan Period

As capacity and resource becomes available, any new work commenced will be determined using the criteria in our Framework, informed by our stakeholders' views from our Work Plan consultation. It is expected that one or two new projects will commence in 2023 based on current projections of the progression and completion of work underway at the start of 2022.

Table B sets out the list of possible projects (at this time) (i.e., sets out the list of possible topics that will be subject to further consideration by the IAASB for the next project(s)).In our Work Plan consultation, we identified eight leading candidate topics to undertake more focused information gathering and research activities to determine if a project or other action is needed, and what that would be (the eight topics identified by the IAASB have been highlighted with a *). Based on the views of our stakeholders, these eight topics were broadly agreed with (however noting some variations in the relative ranking of the topics across stakeholder groups). Additional topics were also highlighted by our stakeholders for consideration and have been included in Table B below to the extent that they were highlighted by a few stakeholders.

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[7]   Appendix 1 describes the IAASB's ongoing work in these areas.

[8]   Moving into the next strategy period it is intended that the work plan will be changed to align with the strategy period (i.e., a four-year work plan).

For our next Work Plan period, we have organized the possible projects into distinct categories. We have done so because we anticipate allocating resources and expertise (as needed) in most or all of these categories simultaneously. We view active efforts in each of the categories as consistent with our mission, strategy, and commitment to the public interest. The list of possible topics within each category have been listed in an order informed by the stakeholder consultation, but at the time of determination of the IAASB's next project this may change as the criteria for selection of a new project are applied or there have been changes in the environment that may change from the current views on a particular topic.

Table B
Possible New Standard-Setting Project(s) that May Commence in 2022-2023
AUDIT
*Responding to Assessed Risks of Material Misstatement (Revision of ISA 330[9])
*Analytical Procedures (Revision of ISA 520[10])
*Audit Sampling (Revision of ISA 530[11])
*Using the Work of an Auditor's Expert (Revision of ISA 620[12])
Materiality (Revision of ISA 320)
Narrow Scope Maintenance Projects: • Omnibus project to update ISAs for impact of technology (possibly limited to ISA 500-series). • Updating ISA 505, *External Confirmations*, for technology (i.e., modernization for increased use of technology-based processes). • Updating ISA 501, *Audit Evidence – Specific Considerations for Selected Items*, (Inventory) for virtual inventory counts. • ISA 720 (Revised),[13] Other Information – arising from challenges implementing the standard[14] • ISA 260 (Revised),[15]– to clarify requirements in the context of when management and those charged with governance are the same.
*Joint Audits

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[9]   ISA 330, *The Auditor's Responses to Assessed Risks*

[10]   ISA 520, *Analytical Procedures*

[11]   ISA 530, *Audit Sampling*

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

[13]   ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

[14]   This topic has also been identified from the post-implementation review of the IAASB's new and revised auditor reporting standards.

[15]   ISA 260 (Revised), *Communication with Those Charged with Governance*

Table B Possible New Standard-Setting Project(s) that May Commence in 2022-2023
REVIEWS
*Review of Interim Financial Information (Revision of ISRE 2410[16])
Narrow Scope Maintenance Project: • Review of Interim Financial Information – Going Concern (only)
ASSURANCE
*Assurance Standard or Guidance on Climate Change Disclosures (as a separate project or to be expanded to include Environmental, Social and Governance (ESG) / Sustainability Reporting more broadly – see below))
Standard-setting or Non-Authoritative Guidance on ESG / Sustainability Reporting
*Assurance on eXtensible Business Reporting Language (XBRL)

Coordination with IESBA

As our projects progress in 2022–2023, there may be matters that impact the International Code of Ethics for Professional Accountants (Including International Independence Standards) (the IESBA Code). Similarly, matters under consideration by the IESBA may have implications for our International Standards. We recognize the importance of ongoing coordination with the IESBA on matters that may impact either the IESBA Code arising from the projects we undertake or our International Standards from the IESBA's activities. We will therefore continue to coordinate with the IESBA in the context of specific topics, through aligning efforts by Staff and the relevant Boards where necessary and appropriate, and through regular leadership interactions and communications.

Our Detailed Forward Work Plan for 2022–2023

Our detailed forward Work Plan is presented on the IAASB's website and is our best estimate, at that time, for how we will progress the various projects and workstreams. This detailed forward Work Plan may change given the nature of the issues, project complexities, stakeholder feedback, and necessary responses to environmental changes, and will be updated when changes are needed. The detailed forward Work Plan will also set out when new projects or initiatives will be discussed in Board plenary sessions.[17]

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[16] International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

[17] It should be noted that information gathering and research activities on a new project or initiative will commence at a Staff level approximately 6-9 months before the first Board plenary discussion on the topic.

Allocation of Resources

Our Work Plan will draw on our full capacity to deliver high-quality standards, and undertake our activities in a timely manner. The IAASB reserves a limited capacity to respond to unexpected events, as it did in response to the Covid-19 pandemic. However, planning assumes that nearly all staff and Board resources are fully allocated. The number of resources available is subject to change, particularly as the Monitoring Group reforms are implemented. This work plan does not assume the availability of new resources.

The Work Plan as set out above is expected to be supported by a direct operating budget of approximately $xx million over the period (excluding operational support received from IFAC). The work that can be undertaken is also limited to the volunteer hours, consultant hours and staff capacity available to undertake activities that we have committed to. We will allocate these resources on the basis of information about new initiatives or projects that will need to be started and past experience of the capacity needed to deliver our projects and initiatives.

Appendix 1

Descriptions of Projects and Initiatives in the Work Plan

More information about our projects can be found on the project page: http://www.iaasb.org/consultations-projects. A direct link to the project page is included in the project title. The last column illustrates the component within the Framework that the planned action is related to. For new and ongoing activities, these have been grouped to reflect the strategic drivers being addressed by the relevant planned action.

Projects Underway at the Start of 2022 to be Progressed and Completed During the Work Plan Period (see Table A in main document)

Increase the Emphasis on Emerging Issues to Ensure that Our International Standards Provide a Foundation for High-Quality Audit, Assurance and Related Services Engagements		
Complete Our Major Audit Quality Enhancements		**Framework for Activities Component**
Audit Evidence (Revision of ISA 500)	We are revising ISA 500, with related conforming and consequential amendments as necessary, to clarify its purpose and relationship to other ISAs, to modernize the standard in relation to technology, to clarify the concept of sufficient appropriate audit evidence and to emphasize the auditor's responsibility to exercise professional skepticism.	Revising and Developing Standards
Fraud (Revision of ISA 240)	We will be revising ISA 240, with related conforming and consequential amendments as necessary, to address issues and challenges that have been identified relating to fraud in an audit of financial statements.	Revising and Developing Standards
Going Concern (Revision of ISA 570 (Revised))	Once the project is scoped, we will be revising ISA 570 (Revised), as necessary, to address targeted issues and challenges that have been identified related to going concern.	Revising and Developing Standards
Implications for IAASB Standards of International Ethics Standards Board for Accountants' (IESBA) Project, *Definitions of*	We will be developing and finalizing narrow-scope amendments, as needed, for changes made by IESBA in its project to consider the definitions of listed entity and public interest entity to achieve convergence to the greatest extent possible between key concepts in the standards of both Boards.	Revising and Developing Standards

Listed Entity and Public Interest Entity		
Audits of Less Complex Entities – Developing a Separate Standard for Audits of Less Complex Entities	We are consulting on and finalizing a separate standard for audits of financial statements of Less Complex Entities (LCEs) to address issues and challenges related to complexity, understandability, scalability and proportionality for LCEs.	Revising and Developing Standards
Activities to Support Implementation of Our Standards		
Addressing Complexity, Understandability, Scalability and Proportionality – Developing Drafting Principles & Guidelines	We will finalize the drafting principles and guidelines to address complexity, understandability, scalability and proportionality in the ISAs, with the intention to apply the drafting principles and guidelines in the future revision and development of the ISAs.	Other Activities Related to Standard-Setting
Technology	Disruptive technology – Ongoing active efforts to explore emerging developments in technology, including consideration of whether action is needed to respond to these emerging developments. The Technology Working Group will work with other task forces and working groups to input, as needed, on relevant matters relating to technology on current projects.	Other Activities Related to Standard-Setting
Professional Skepticism	The Professional Skepticism Working Group makes recommendations on how to more effectively respond to issues related to professional skepticism across audit and assurance areas or topics. They will work with other task forces and working groups to input, as needed, on relevant matters relating to professional skepticism on current projects.	Other Activities Related to Standard-Setting
Activities to Support the First-Time Implementation of New and Revised Standards		
ISA 600 (Revised)	Our activities to support the initial implementation of ISA 600 (Revised).	Activities to Support Implementation of the IAASB's Standards
Activities to Support Some or All Strategic Drivers		
Ongoing Information Gathering and Research (Category A)	Ongoing monitoring and research activities to support future workstreams with activities as relevant to the topics within Category A (Component I of our	Information Gathering and Research Activities

	Framework for Activities). Category A topics will continue to be updated and may be sourced from, among other, our consultations (including prior consultations), outreach and the work undertaken in developing our strategy and work plans.	
ISA 540 (Revised) Post-Implementation Review	Initial discussions and action, as appropriate, to monitor the implementation of ISA 540 (Revised), with a focus on identifying whether there are practical implementation and other related issues that are causing the revised standard to not achieve its intended purpose. The appropriate time for such review still needs to be determined.	Information Gathering and Research Activities
Innovate Our Ways of Working to Strengthen and Broaden Our Agility, Capabilities and Capacity to Do the Right Work at the Right Time		
Strengthening Collaboration with NSS and IFAC	Continue to explore new ways to expand our collaboration with NSS and IFAC to optimize our activities, for example in relation to implementation support activities.	Strengthening and Broadening Capabilities and Capacity
Maintain and Deepen Our Relationships with Our Stakeholders		
Coordination with IESBA	Coordination activities with IESBA involve proactive collaboration and transparent and timely communications between staff and members of the two Boards to determine and address matters of mutual impact.	Outreach
Liaison Activities with IASB	Continue our two-way coordination with the IASB providing input on the audibility and verifiability of new and revised International Financial Reporting Standards, thereby contributing to the quality of financial reporting.	Outreach

Possible New Projects in the Work Plan Period (see Table B in main document)

Audit	
Responding to Assessed Risks of Material Misstatement (Possible Revision of ISA 330)	Possible revision of ISA 330 to better align the requirements with changes made to the risk identification and assessment standard (ISA 315 (Revised 2019)) and changes being made to ISA 500, which will foster an integrated risk-based approach. Also, possible revisions to modernize ISA 330 as necessary (in particular in relation to technology).

Analytical procedures (Possible Revision of ISA 520)	Possible revision of ISA 520 to better align the requirements with changes made to audit evidence (i.e., ISA 500), which will foster an integrated risk-based approach. Also, possible revisions to modernize ISA 520 as necessary (in particular in relation to technology).
Audit Sampling (Possible Revision of ISA 530)	Possible revision of ISA 530 to better align the requirements with changes made to audit evidence (i.e., ISA 500), which will foster an integrated risk-based approach. Also, possible revisions to modernize ISA 530 as necessary (in particular in relation to technology).
Using the Work of an Auditor's Expert (Possible Revision of ISA 620)	Possible revision of ISA 620 based on issues and challenges identified by our stakeholders, including consideration of the impact of technology.
Materiality (Possible Revision of ISA 320)	Possible revision of ISA 320 to address potential changes to materiality considerations as technology and other environmental influences rapidly evolve the way that audits are undertaken, and to promote consistency in materiality determinations.
Joint Audits	Possible standard-setting or guidance to enhance and clarify practice in jurisdictions where joint audits are undertaken.
Reviews	
Review of Interim Financial Information (Possible Revision of ISRE 2410)	Possible revision of ISRE 2410 to update to the clarity format and other possible changes to address issues and challenges identified and to modernize the standard.
Assurance	
Assurance Standard or Guidance on Climate Change Disclosures	Exploring the need for standard-setting or non-authoritative guidance related to climate change disclosures, and development of pronouncements as necessary.
Assurance or Guidance on ESG / Sustainability Reporting	Exploring the need for standard-setting or non-authoritative guidance related to ESG or sustainability reporting, and development of pronouncements as necessary.
Assurance on XBRL	As the focus on digital reporting increases, exploring the need for assurance standards related to XBRL, and developing a pronouncement or non-authoritative guidance as necessary.
Narrow Scope Maintenance Projects	

Our Framework allows for narrow scope maintenance of our standards. This is achieved through projects addressing a limited number of targeted changes, to either a single standard or across multiple standards. We will monitor whether there are topics that could be addressed through such a project. For example, when there is an urgent need to address an issue or when a standard-setting response is indicated (rather than non-authoritative material) but does not require a full scope revision on one or more standards.

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