

IAASB Proposed Strategy and Work Plan for 2024–2027— Issues and Due Process Considerations

Objective

The objective of this agenda item is to approve the IAASB’s Strategy and Work Plan for 2024–2027 (the Strategy and Work Plan).¹

Approach to the Board Meeting

The IAASB Chair and Staff will briefly introduce the topic and proceed to walk through the Strategy first and then the Work Plan as set out in **Agenda Item 4-A** and refer to the matters highlighted in this **Agenda Item 4**, as appropriate. The Program and Technical Director will advise the IAASB of the status of due process for the Strategy and Work Plan.

Board members are requested to communicate any significant matters to the IAASB Chair and Staff by **December 8, 2023**, which will assist with preparing for the plenary discussion and the turnaround of the draft of the Strategy and Work Plan during the Board meeting. All significant matters should still be raised and discussed in the Board plenary session to ensure that such matters are on the public record.

By **4.30pm on Wednesday, December 13, 2023**, the Planning Committee will distribute an updated draft of the Strategy and Work Plan to Board members for the approval session on **Thursday, December 14, 2023** (reading time will also be provided for the Board’s consideration of the updated draft).

Introduction

1. The Planning Committee (PC) of the Board acts as the Task Force for the development and finalization of the Strategy and Work Plan.
2. Following the IAASB’s due process as it applies to the Board’s strategy and work plan, the IAASB approved a complete draft of its proposed Strategy and Work Plan in December 2022. The IAASB issued the draft as a Consultation Paper (CP) in January 2023 to obtain stakeholders’ feedback on the proposals. The consultation period was 90 days² and closed on April 11, 2023.
3. During the September 2023 IAASB meeting, the Board discussed stakeholders’ feedback on the proposed Strategy and Work Plan and the Planning Committee’s initial views and recommendations (September 2023, [Agenda Item 5](#)). The Board also provided direction for enhancing the Strategy and Work Plan, including in relation to programming decisions about topics to be included in the Work Plan. The draft September 2023 IAASB meeting minutes are available in **Agenda Item 1** on the [IAASB Meetings webpage](#) (posted for approval at the December 2023 IAASB meeting).

¹ The Strategy and Work Plan document comprises two main parts, Strategy for 2024–2027 and Work Plan for 2024–2027. The phrases “the Strategy/ proposed Strategy” or “the Work Plan/ proposed Work Plan”, respectively, are used in this Agenda Item when these parts are separately referred to or discussed. Also, “strategy period” and/or “work plan period” refers to the period 2024–2027.

² The IAASB’s Due Process and Working Procedures requires, as part of the development of its strategy and work plan, the issue of a consultation paper for public comment for ordinarily no less than 60 days.

4. In addition, the development of the revised draft of the Strategy and Work Plan was further informed by a joint session of the IAASB and IESBA at their September 2023 Board meetings, as well as feedback from the IAASB Consultative Advisory Group (CAG) in September 2023.
5. The remainder of this paper is set out in the following sections:
 - A. Strategy for 2024–2027
 - B. Work Plan for 2024–2027
 - C. Due Process Considerations

Materials Presented—Appendices and Other Agenda Items Accompanying This Paper

6. This Agenda Item includes the following appendices:

Appendix 1	Planning Committee Members and Activities, Including Outreach Since the September 2023 IAASB Meeting
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7. The following agenda Items are also presented:

Agenda Item 4-A	Revised Draft of the IAASB’s Strategy and Work Plan for 2024–2027 – Marked from the September 2023 meeting
Agenda Item 4-B	Revised Draft of the IAASB’s Strategy and Work Plan for 2024–2027 – Clean

A. Strategy for 2024–2027

8. Refer to Section I of **Agenda Item 4-A** for the revised draft Strategy, with changes marked from the September 2023 IAASB meeting, and further explained below.
9. The following are the more significant changes proposed to the Strategy:³
 - a) *Our Goal:*
 - i. The PC removed the list of the suite of standards in the first paragraph beneath the Goal, acknowledging comments from Board members that the list is both unnecessary and confusing. Accordingly, the last sentence of this paragraph was updated to highlight the Board’s commitment to the full suite of IAASB standards and the Board’s focus for the 2024-2027 strategy and work plan period.
 - ii. At the request of some Board members, the following explanation is provided for a change to the Goal that was presented in September 2023: The Consultation Paper referred to “high-quality engagements” as part of the Goal, which was changed to “quality engagements” in September 2023. This was because some comments from respondents suggested that the qualifier “high” was unnecessary. Also, “quality engagements” is better aligned with the notion of ‘consistent performance of quality

³ In addition to these matters, the PC made several changes to the draft Strategy based on offline comments from the Board. The PC also made several editorial changes to enhance the readability of the Strategy.

engagements' that is used in other IAASB literature, including in the quality management standards⁴ and ISA 220 (Revised).⁵

- b) *Our Stakeholder Value Proposition:*
- i. Under “Our coordination with other standard setters”, the last sentence was updated to indicate that we could also enhance our coordination beyond current, often substantial activities.
 - ii. Under “Our Work Plan,” the PC updated the last sentence by adding “stability” and “robustness” at the request of Board members.
- c) *Strategic Drivers – Increased and More Diverse Demands for Our Standards:* Under “Diverse demands across the spectrum of stakeholders reflecting the breadth of the global economy”, the reference to rules-based standards have been updated to indicate that rules-based standards do not necessarily lead to better outcomes and could also undermine confidence in audits and assurance. The engagement quality perspective and capacity building perspective are highlighted as examples.
- d) *Strategic Drivers – Changing Demands to our Ways of Working:* Under “Implement the Monitoring Group reforms”, the PC has responded to comments from Board members to highlight the nature of the changes at the Board and Staff levels. In addition, the PC added wording to emphasize that the Board will remain focused on maintaining appropriate resources, skills, and mix of experience.
- e) *Strategic Actions in relation to Strategic Objective 1:* To address Board members’ comments in plenary session regarding the need to explain the purpose and nature of narrow scope amendments, the PC has added a footnote and proposed some further edits to the second bullet point.
- f) *Strategic Actions in relation to Strategic Objective 3:* The PC has proposed relocating to the strategic actions, the text about coordination with other standard-setting bodies such as the IASB and the ISSB that was originally included in the Work Plan section. This will eliminate duplication and give more prominence, at a strategic level, to such coordination.

Matters for IAASB Consideration

1. The IAASB is asked for its views on the Strategy for 2024–2027 as presented in **Section I of Agenda Item 4-A**, including with respect to the matters discussed in **Section A** above.

⁴ The quality management standards comprise International Standard on Quality Management (ISQM) 1, *Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and ISQM 2, *Engagement Quality Reviews*

⁵ International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*

B. Work Plan for 2024–2027

10. Refer to Section II of **Agenda Item 4-A** for the revised draft Work Plan, with changes marked from the September 2023 IAASB meeting, and further explained below.
11. Overall, the PC has proposed the following structural changes to the Work Plan to improve the flow and readability of the document and to better highlight the main themes of the Board’s work plan considerations:
 - Restructure the Work Plan under three main headings: “Our Planned Actions for 2024–2027”, “Our Coordination with IESBA” and “Allocation of Our Resources”.
 - Restructure the section, “Our Planned Actions for 2024-2027”, to include information about our projects underway at the start of 2024, the planned commencement of new projects during 2024–2027, and other initiatives and ongoing activities.

Where sections or paragraphs have been relocated from the version of the Strategy and Work Plan that was presented to the Board in September 2023 (see [Agenda Item 5-B](#) of the September 2023 IAASB meeting), this has been highlighted with an explanation and any additional changes to relocated text are marked from September 2023.

12. In addition to the more significant changes proposed to the Work Plan as highlighted in the sections below, various edits have been made to the text throughout to fit with the revised flow and the updated and new Tables A and B, including relevant material from the [September 2023 Issues Paper](#), and incorporating the feedback that the PC received.
13. The proposals include an updated **Table A** pertaining to projects underway at the start of the work plan period and a new **Table B** for the planned commencement of projects during the work plan period. In addition, the PC proposes to add **Appendix 3** that summarizes the Work Plan as at the date of approval of the Strategy and Work Plan and includes the projects underway at the start of 2024 and the planned new projects to be commenced, with targeted milestones for projects in each of the calendar years in the work plan period.

Progression and Completion of Projects Underway at the Start of 2024

14. **Table A** in Section II of **Agenda Item 4-A** addresses projects underway at the start of 2024 and focuses on the targeted timeframe for approval of these projects.
15. The PC reflected on the discussions at the September 2023 Board meeting relating to the Audit Evidence project and the Strategy and Work Plan consultation, including the overlap of responses to the two public consultations⁶ in referring to audit evidence- and technology-related matters, and the resulting options that were presented to the Board in September 2023 (i.e., Option (I) – More traditional and linear approach, and Option (II) – More integrated approach). The PC noted that the substantial majority Board members supported Option (II), while recognizing that a few Board members expressed reservations about the nature and extent of interdependencies between, for

⁶ The two public consultations, which both closed in April 2023, are the Exposure Draft, *Proposed International Standard on Auditing 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs and Consultation Paper, The IAASB’s Proposed Strategy and Work Plan for 2024–2027*

example, ED-500⁷ and ISA 330,⁸ and whether revisions to proposed ISA 500 (Revised) require the completion of other elements of the integrated project. The PC also considered feedback from the CAG Representatives in September 2023 and interactions and outreach undertaken in Q4 2023, including members of the Monitoring Group and other regulators, who had expressed reservations over elements of ED-500 and indicated the value of a more integrated approach. The PC meeting in October 2023 also included the Task Force Chair of the Audit Evidence Task Force (AETF).

16. The PC also reflected that the Public Interest Oversight Board (PIOB) Observer encouraged the Board in September 2023 to consider “an overarching project on internal controls”. Staff noted to the PC that two Monitoring Group members who responded to the CP, as well as five of six regulators and audit oversight authorities encouraged the IAASB to undertake a project to revise ISA 330 and viewed that such project should include a focus on internal control testing. Reasons provided include the high level of inspection findings in this area and the lack of clarity in ISA 330 on the level of internal control testing. Another Monitoring Group member noted that a potential standard setting project around internal controls is needed to support high-quality audits. The IAASB Chair discussed this matter further with the PIOB during the October 2023 PIOB meeting and with members of the Monitoring Group in the course of regular outreach. The focus on internal control as part of revising ISA 330, which would have been part of that project regardless, has been highlighted in order to provide clarity.
17. The PC concluded that it is appropriate for the Board to pursue an integrated and more strategic approach for addressing issues relating to audit evidence and risk response, including focus on technology and internal control. While work on proposed ISA 500 (Revised) will continue, it would be important to do the preparatory work in relation to the risk response workstream (ISA 330 and potentially ISA 520)⁹ before being able to finalize ISA 500 (Revised). Furthermore, this period would provide an opportunity to engage with stakeholders on AETF proposals in response to the feedback received on ED-500.
18. The PC acknowledged the importance of being transparent with stakeholders about this work plan decision and, therefore, has included Note 1 to **Table A**, which flows through to the inclusion of the project “Integrated Approach to Audit Evidence and Risk Response, Including Focus on Technology and Internal Control” in **Table B** (planned new projects for 2024–2027).

Planned Commencement of New Projects During 2024–2027

19. **Table B** in Section II of **Agenda Item 4-A** addresses planned new projects, provides a brief description of each new project, and focuses on the targeted timeframe for the commencement of these projects.
20. The criteria for selecting and prioritizing topics to be taken up in the Work Plan is included on page 21 of **Agenda Item 4-A**. As presented in the materials for and discussed in the September 2023 IAASB meeting, the feedback from respondents to the public consultation were interpreted and related to these criteria to inform the Board’s programming decisions. This also included the additional matter raised by respondents about maintaining an appropriate balance in taking on new

⁷ Exposure Draft, Proposed ISA 500 (Revised), *Audit Evidence* (ED-500)

⁸ ISA 330, *The Auditor’s Responses to Assessed Risks*

⁹ ISA 520, *Analytical Procedures*

projects to revise or develop standards with an awareness of the possible cumulative effect of successive fundamental changes to standards. The PC performed a final review of the outcomes from the September 2023 Board discussion and further considered the nature and mix of planned new projects in the context of available resources and anticipated capacity to determine the targeted commencement dates and key milestones for new projects.

21. The PC proposes to incorporate in the Work Plan the following planned new projects as were discussed in plenary session during the September 2023 Board meeting, presented in two categories:

- Audits and Reviews (ISAs and ISREs)¹⁰
 - Integrated Approach to Audit Evidence and Risk Response, Including Focus on Technology and Internal Control
 - ISRE 2410¹¹ – Review of Interim Financial Information
 - Materiality
 - Modernization of Other Targeted Standards in the ISA 500 Series, Including Focus on Technology
 - PIR¹² of ISA 540 (Revised)¹³
 - PIR of ISA 315 (Revised 2019)¹⁴
- Sustainability and Other Assurance Engagements
 - Implementation Support and Other Actions Related to ISSA 5000¹⁵
 - Additional Standard Setting Related to Sustainability

22. Regarding the project “Implementation Support and Other Actions Related to ISSA 5000”, the PC wishes to draw attention to the link between **Table A** (projects underway) and **Table B** (new projects) in relation to the Board’s work on ISSA 5000 (see Note 2 to **Table A** and the project included in **Table B**). This link recognizes the need to progress the development on non-authoritative guidance and related materials in parallel with the standard-setting activities to update ED-5000¹⁶ post public exposure in 2024. Certain key materials will be ready when the standard is finalized. As indicated in **Appendix 3**, this work is expected to be a regular and continuing element of IAASB activities and will not end with the finalization of the standard in H2 2024.

23. In addition to the eight projects in paragraph 21, above, the following two projects have also been proposed:

¹⁰ International Standards on Review Engagements (ISREs)

¹¹ ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

¹² Post-Implementation Review

¹³ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

¹⁴ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁵ Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

¹⁶ Exposure Draft, Proposed ISSA 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000)

- Conforming and Consequential Amendments Arising from IESBA’s Use of Experts Project. The IESBA project was noted in **Agenda Item 5** of the September 2023 IAASB meeting, as well as during the September 2023 joint plenary session of the IAASB and IESBA. Subsequent ongoing coordination between IAASB and IESBA Staff has resulted in the identification of the likely need for conforming and consequential amendments to IAASB standards arising from the IESBA’s Experts project.
 - Maintenance of The ISA for LCE¹⁷. The standard’s maintenance, including an initial period of stability after first implementation, was discussed in September 2023, under [Agenda Item 2](#). This project was added based on the Board’s decision for an initial period of stability of at least three years once the ISA for LCE becomes effective.
24. Considering the anticipated capacity to accommodate around five to seven parallel standard-setting projects at any given time during the Work Plan period, the relative priority of the topics included in **Table B**, and the completion of projects underway at the start of 2024 (**Table A**), specific topics had to be put into reserve. These topics are ISA 620,¹⁸ ISA 720 (Revised),¹⁹ and Assurance Engagements on Digital Reporting Tagging (e.g., XBRL tagging of financial and non-financial information). These are discussed and listed immediately after **Table B** in the Work Plan.

Other Initiatives and Ongoing Activities

25. In addition to the projects listed in Tables A and B in **Agenda Item 4-A**, some additional initiatives and activities will also continue during the work plan period with dedicated Staff resources and Board plenary time as needed. This section in the Work Plan (see page 28), reflects the ongoing workstreams for Technology, Professional Skepticism and Auditor Reporting, as well as Implementation Support Activities. Apart from its relocation, no further changes are proposed to this section.

Matters for IAASB Consideration

2. The IAASB is asked for its views on the Work Plan for 2024–2027 as presented in **Section II of Agenda Item 4-A**, including with respect to the matters discussed in **Section B** above.
3. The IAASB is asked whether there are any other matters that the Planning Committee should consider in finalizing the Strategy and Work Plan for 2024–2027.

C. Due Process Considerations

Consideration by the IAASB of Significant Matters Identified by the PC

26. In the PC’s view, the significant matters that the PC has identified because of its deliberations since it started work on developing the Strategy and Work Plan, have been reflected in the agenda materials presented to the IAASB at its meetings. In the PC’s view, there are no significant matters

¹⁷ ISA for Audits of Financial Statements of Less Complex Entities

¹⁸ ISA 620, *Using the Work of an Auditor’s Expert*

¹⁹ ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*

discussed within the PC in developing the Strategy and Work that have not been brought to the IAASB's attention.

Consideration by the IAASB of the Need for Further Consultation

27. In formulating the Strategy and Work Plan, the IAASB issued a Consultation Paper in January 2023, with a 90-days consultation period which closed on April 11, 2023. The overview of respondents by stakeholder type and by region that was presented to the Board in September 2023 indicated a significant increase in the total number of comment letters received and a good diversity of respondents, which included three Monitoring Group members and a majority of responses from respondents other than accounting firms or member bodies and other professional organizations. In addition, the development of the Strategy and Work Plan benefited from the activities that informed the Consultation Paper during 2022, ongoing outreach as part of the IAASB's outreach program in 2023, and meetings with the CAG and the IESBA in September 2023 (Appendix 1 of **Agenda Item 4-A** provides a more fulsome summary in this regard).
28. The PC does not believe that further consultation in the form of roundtables or focus groups is necessary at this stage, given the results of the public consultation process and the significant outreach program of the Board. Furthermore, there were no suggestions from respondents to the Consultation Paper or others (including the CAG) to hold such events.

Status of Due Process Up to the Date of the December 2023 IAASB Meeting

29. The IAASB Program and Technical Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed Standard, or changes to a Standard, are approved for issue. The same provisions apply for the approval of the IAASB's strategy and work plans.
30. The Program and Technical Director confirms to the IAASB that, up to the December 2023 IAASB meeting, the Strategy and Work Plan has been developed in accordance with the IAASB's due process.
31. The IAASB's [Due Process and Working Procedures](#), as approved by the PIOB, outlines what is required of the IAASB when setting its strategy and work program. Given that this project does not involve the revision or development of a standard, a formal project proposal was not developed.
32. In summary, for the Strategy and Work Plan, the IAASB:
 - Approved and issued a Consultation Paper for public comment, which presented stakeholders with a complete draft of the proposed Strategy and Work Plan and requested stakeholders' feedback on this draft.
 - Considered an analysis of the significant comments raised by respondents on the Consultation Paper, including the prioritization of projects and other activities identified in the Consultation Paper, and respondents' suggestions for new projects or activities.
 - Having familiarized itself with the matters raised in comment letters:
 - Deliberated the significant matters raised by respondents, and considered whether there were any issues raised by respondents, in addition to those summarized by the PC, that should be discussed; and

- Amended the Strategy and Work Plan accordingly.
- Consulted with the CAG during the development of the proposals. In particular, the CAG was consulted on:
 - Significant proposals included in the Consultation Paper; and
 - Significant matters raised in comment letters on the Consultation Paper and the PC's related responses and recommendations, including the proposed projects or other actions to be included in the Strategy and Work Plan.

Significant comments received through the consultation with the CAG have been brought to the Board's attention.

Note for IAASB

Before the vote on approval of the Strategy and Work Plan, the Program and Technical Director will advise on whether due process has been followed during the course of the December 2023 meeting.

Appendix 1

Planning Committee Members and Activities, Including Outreach Since the September 2023 IAASB Meeting

1. The Planning Committee serves as the task force for this project. Members are:

- Tom Seidenstein, IAASB Chair;
- Josephine Jackson, IAASB Vice-Chair;
- Julie Corden;
- Kai Morten Hagen;
- Sachiko Kai; and
- Isabelle Tracq-Sengeissen.

Task Force Activities

2. The Planning Committee met once in Q4 2023 by videoconferences to discuss the feedback received and develop proposals for updating the Strategy and Work Plan.

Outreach Activities

3. The IAASB Chair updated the PIOB on the Board's deliberations in September 2023 and the planned December 2023 approval of the Strategy and Work Plan at the PIOB's October 2023 meeting.

4. The proposed Strategy and Work Plan was addressed in meetings and events with various stakeholders after the September 2023 IAASB meeting as part of the general outreach program, including:

- Meeting with senior technical staff of the Centre for Audit Quality (CAQ) – By Videoconference (Botha, van den Hout)
- Presentation and meeting with the Committee of European Auditing Oversight Bodies (CEAOB), Standards and Inspections Sub-Groups – Brussels, Belgium (Seidenstein, Botha)
- Presentation and meeting with the International Organization of Securities Commissions (IOSCO) Committee 1 – Paris, France (Seidenstein, Botha)
- Presentation and meeting with the Basel Committee on Banking Supervision (BCBS) Accounting and Auditing Expert Group – Paris, France (Botha)
- Presentation of IAASB Update to the Small and Medium Practices Advisory Group (SMPAG) of IFAC – New York, United States (Botha)
- Presentation of IAASB Update to the Forum of Firms – London, United Kingdom (Almond)
- Presentation and meeting with the IFRS Foundation Trustees – Panama City, Panama (Seidenstein)
- Presentation to the IFAC Council – Vienna, Austria (Seidenstein)
- Presentation and meeting with the Monitoring Group (joint meeting involving the IAASB and the IESBA) – Basel, Switzerland (Seidenstein)