

Understanding. Responding. Supporting.

Strategic Plan: 2022–2025





The Auditing and Assurance Standards Board (AASB) is an independent body with the authority and responsibility to set standards and guidance for quality management, audit, other assurance, and related services engagements in Canada.



The Auditing and Assurance Standards Oversight Council (AASOC) oversees the activities of the Board, and assesses and reports to the public on its performance.

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Chair Message

The need for reliable information to make decisions is now more important than ever. The evolving pace and scope of change, and rise in the types of information used by stakeholders highlight the importance of the AASB's mission to deliver relevant, quality standards. The AASB plays a key role in the financial and performance reporting system, by setting standards and guidance for quality management, audit, other assurance, and related services. It is in this context that we have set our strategy for fiscal years 2022 to 2025.

Our strategy considers the changing environment with a focus on understanding and responding to the related emerging issues and needs of stakeholders. This includes the needs of private and public sector participants along with those of the capital markets. A key area receiving immediate action is to address the challenges of applying our standards to the audit of the less complex elements of an entity's operations. Also featured prominently in our strategy is the impact of new technologies, assurance for new types of sustainability and performance reporting, and the changing public confidence in audits.

This strategy prioritizes enhancing engagement with stakeholders to keep abreast of their needs, and collaborate with them to develop solutions. We must explore new ways to involve stakeholders who have been difficult to engage in our work, such as the users of financial information. We must also be agile to respond quickly to the changing environment, by developing new innovative processes.

Since 2009, the AASB has successfully implemented a standard-setting strategy that is based on adopting the quality management and auditing standards issued by the International Auditing and Assurance Standards Board (IAASB). This strategy reflects our active participation in the development of international standards and our commitment to continue adopting these standards. We believe global alignment of auditing standards is critical to maintaining stakeholder confidence as their needs evolve.

We finalized this strategy just as a review of audit and accounting standard-setting governance and structure was initiated by the [Independent Review Committee on Standard Setting in Canada](#) (the Committee). I believe we have developed a strategy that can adapt to address the Committee's future recommendations.

As I complete my term as AASB Chair, I am pleased to introduce Bob Bosshard as the AASB's new leader. Bob enthusiastically endorses this strategy and looks forward to guiding the AASB to achieve our goals.

I believe this strategy charts a path that will lead the AASB to continue to set high-quality standards and guidance that are responsive to the public interest.



Ken Charbonneau, FCPA, FCA, ICD.D
AASB Chair

June 2021





Our purpose

We are an independent body with the authority and responsibility to set standards and guidance for quality management, audit, other assurance, and related services engagements in Canada.

Our mission

We serve the public interest by setting high-quality standards and guidance and supporting their effective application to address the evolving needs of Canadian stakeholders.



Environmental themes driving our strategic directions

There are significant developments in the Canadian and global environment that may affect our stakeholders (referred to as “environmental themes”). These environmental themes drive the strategic directions we are taking in 2022–2025.

Advancement in, and use of, technology

- In recent years, rapidly changing and evolving technologies used by entities have impacted operations, including communication, and information systems.
- The use of technology-enhanced tools and techniques by practitioners to perform work on engagements, and the way that such technologies influence how engagement teams are structured and interact, is evolving.

Strategic direction: Reflect the increasing use of technology by entities and practitioners in our standards and guidance.

Increasing complexity and its implications

- Accounting practice is responding to increased complexity in the business environment. Transactions are becoming more complicated and financial reporting continues to change, resulting in more estimates and management judgments. Furthermore, disruptions arising from economic, political, environmental, or societal developments create economic uncertainty, which increases the complexity around such estimates and judgments.
- The pace of change in the business environment is increasing pressures on the responsiveness and relevance of standards. It is increasingly important to develop timely guidance that responds to rapidly arising issues.
- The growing adoption of more complex auditing and assurance standards increases implementation and application challenges for practitioners, and, consequently, the need for guidance and support.

Strategic direction: Address the increasing complexity in the environment in our standards and guidance.

Environment for small and medium-sized entities*

- Small and medium-sized entities are asking for assurance services that are more responsive to their activities and the needs of their stakeholders.
- There is increasing pressure on standard setters to provide scalable and proportional standards which respond to the less complex elements of an entity's operations and financial statements.

Strategic direction: Provide solutions that respond to the environment for small and medium-sized entities and allow practitioners to apply standards in a scalable and proportional way on the less complex elements of an entity.

* also described as less complex entities

Changing information needs of users

- Information provided by entities continues to evolve, with many users in various sectors of the economy looking for information beyond traditional financial statements.
- The need for assurance on this information is evolving and it is not clear whether additional standards are required to meet these evolving needs.

Strategic direction: Understand and respond to the evolving information needs of users.

Expectations and changing public confidence in audits

- Stakeholders expect more than what the standards require the auditor to do, such as relating to the detection and reporting of fraud, and consideration of going concern issues. This expectation may be heightened when there is greater economic uncertainty.
- Significant corporate failures in other jurisdictions and the related actions taken provide an opportunity to consider the quality of entity reporting in Canada.
- There is a need for enhanced collaboration amongst all involved parties to identify and provide a timely response to emerging entity reporting issues.

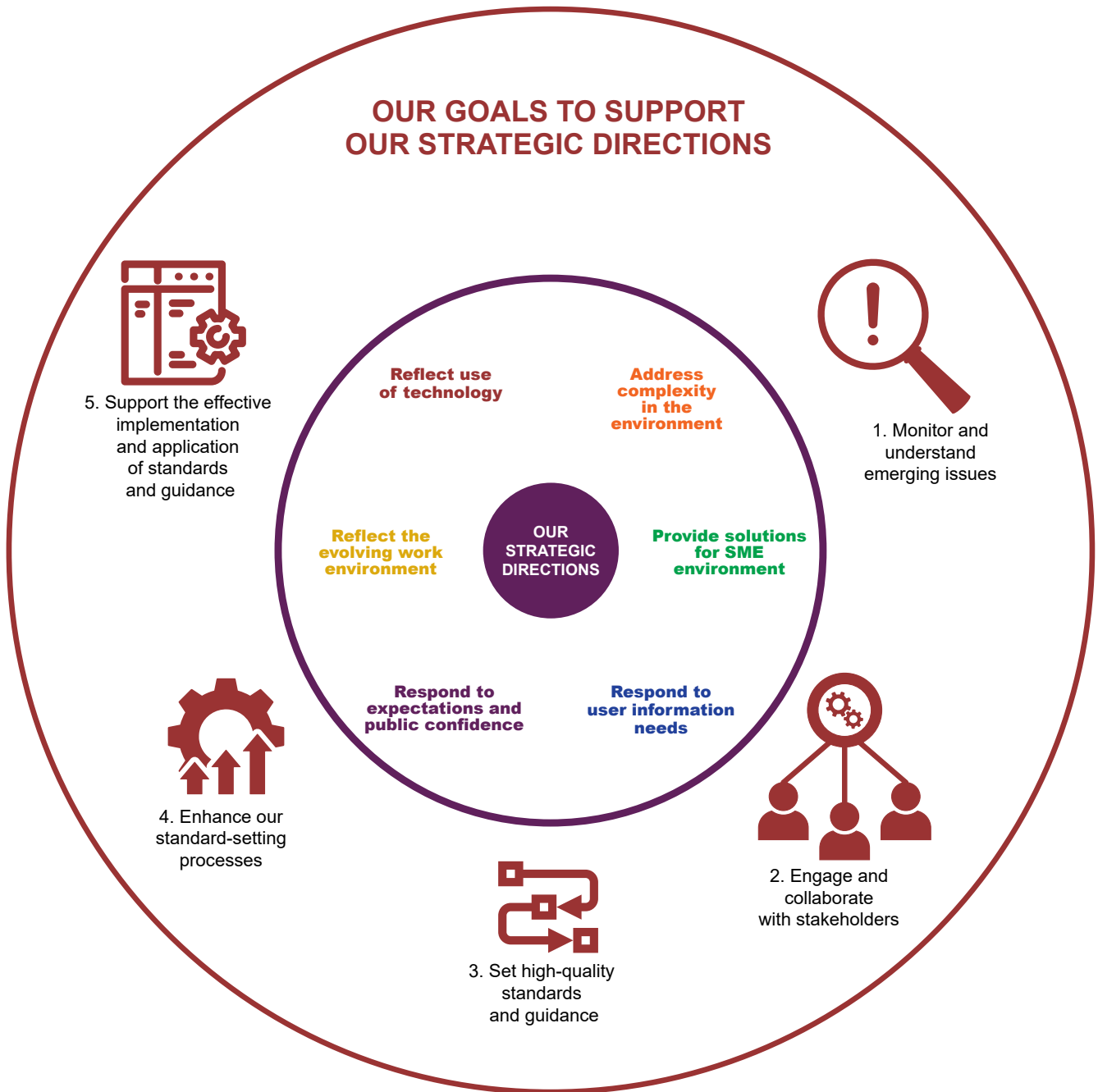
Strategic direction: Understand and respond to the expectations and changing public confidence in audits.

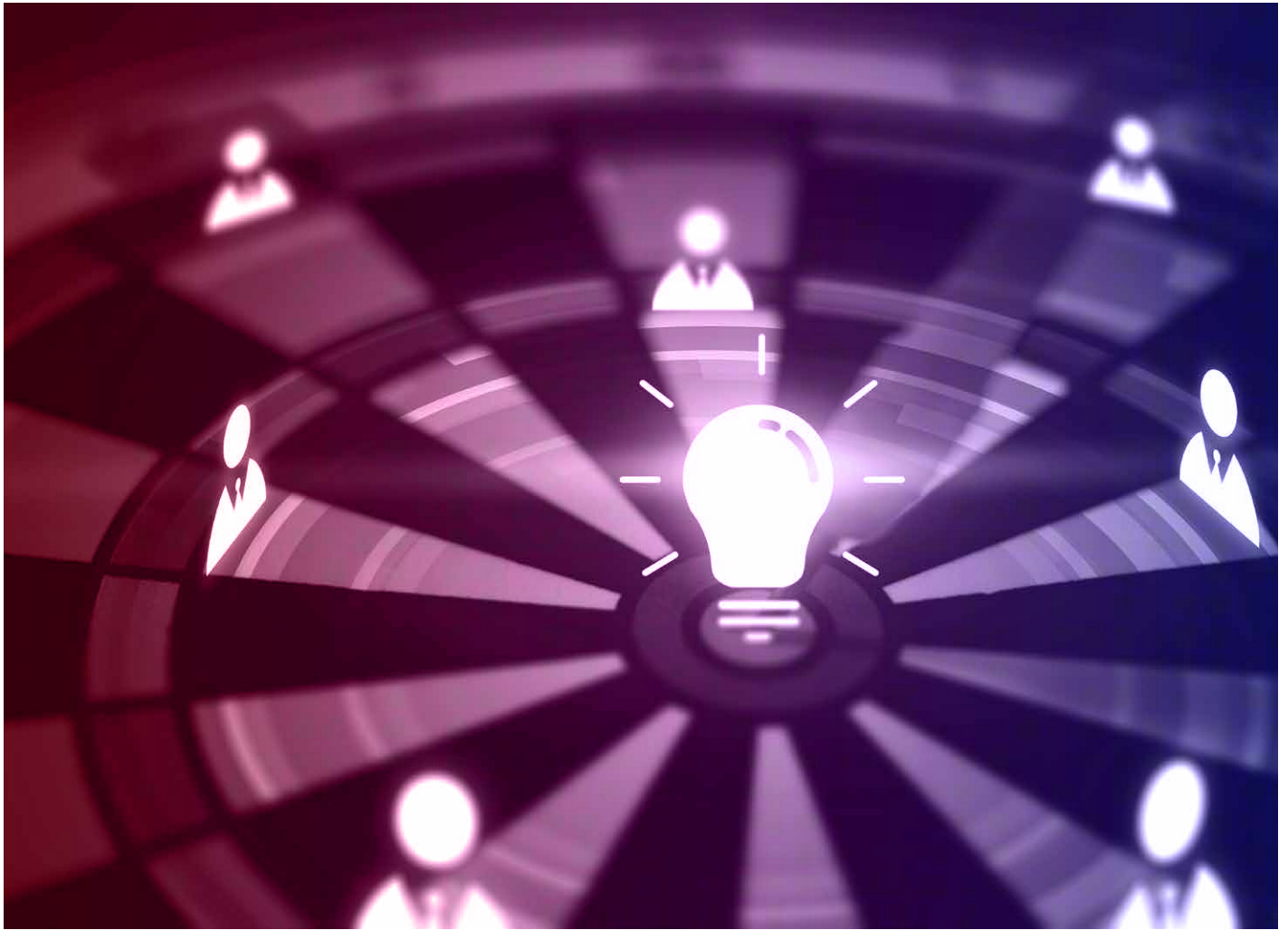
Evolving work environment

- Entities are changing their operations and systems to adapt to the evolving work environment, including more offsite activity and increased use of technology.
- Health and safety concerns resulting from the COVID-19 pandemic have accelerated changes to the work environment, both for entity personnel and practitioners, including the extent of remote working.
- Practitioners are responding to the need to conduct engagements in this new environment, such as using different delivery models, and raising questions about how standards can be adapted.

Strategic direction: Understand and respond to the impact of the evolving work environment on our standards and guidance.

OUR GOALS TO SUPPORT OUR STRATEGIC DIRECTIONS





Goals and Objectives

We serve the public interest by responding to the evolving environment, balancing the needs of all stakeholders, setting high-quality standards, and assisting in effectively implementing and applying them.

Our goals and objectives reflect our strategic directions and have been developed to direct our annual plans for fiscal 2022 to 2025.



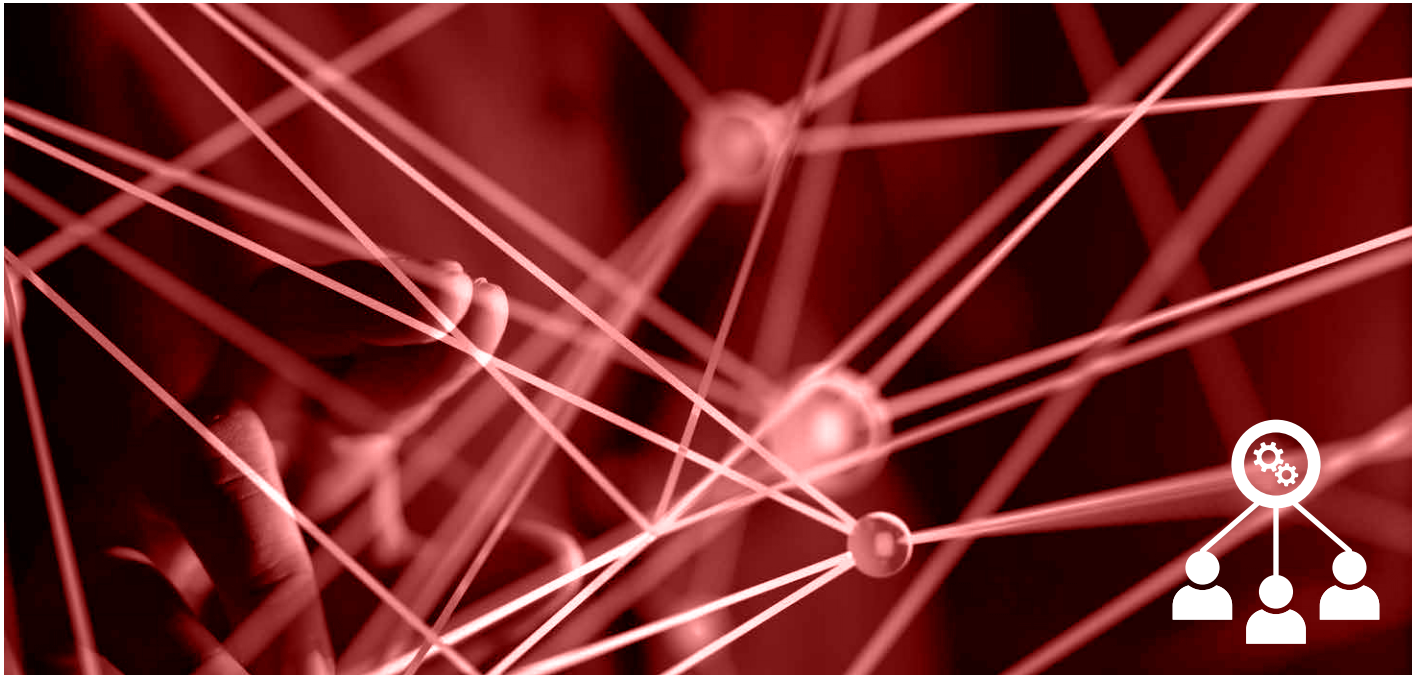
Goal #1 – Monitor and understand emerging issues in the changing environment to better anticipate standard-setting issues

The evolving work environment, use of new technologies, a desire for information outside traditional financial statements and new types of reporting, as well as growing expectations of what an audit should deliver are some examples of issues emerging in an ever-changing environment.

We need to monitor and understand these developments to anticipate standard-setting issues. When assurance is required, appropriate standards and guidance need to be available.

To better anticipate standard-setting issues arising from these developments, we will seek to accomplish the following objectives:

- Understand the longer-term implications of an evolving work environment.
- Understand the scope of information that may require assurance including non-GAAP and non-financial measures, and environmental, social and governance (ESG), sustainable finance, and other reporting frameworks.
- Understand whether current standards are capable of being responsive to issues specific to emerging industries and changing business practices.
- Understand the gaps between stakeholder expectations and existing standards.
- Understand the use of technology, both by entities and practitioners.
- Understand the needs of various types of stakeholders for new or different services.



Goal #2 – Engage and collaborate with stakeholders to understand their needs and expectations

A high level of stakeholder engagement is integral to achieving our mission. Ongoing communication and targeted stakeholder outreach is necessary to develop high-quality standards and guidance. New strategies need to be considered to involve stakeholders who have been difficult for us to engage in our work.

To understand stakeholder needs and expectations, we will seek to accomplish the following objectives:

- Enhance engagement and collaboration with small and medium-sized entities, practitioners who perform engagements for such entities, and users of their financial information, to inform initiatives to address challenges faced by these groups.
- Collaborate with stakeholders through outreach activities and, when appropriate, actively participate in their initiatives.
- Develop innovative processes and methods, taking into consideration changes to how people work, to enhance engagement with, and obtain timely feedback from, all stakeholders.
- Explore new and creative means of communicating with our stakeholders.



Goal #3 – Set high-quality standards and guidance that respond to the evolving needs and expectations of stakeholders

To maintain confidence in our activities, it is becoming increasingly important that our work is effective, responsive to the shifting priorities, needs, and expectations of stakeholders and addresses the impact of a changing environment.

Enhancing efforts to communicate the needs of Canadian stakeholders to the IAASB is important to contributing to the direction of IAASB standard-setting activities, particularly for the standards we have committed to adopt as Canadian standards.

To respond to the evolving needs and expectations of stakeholders, we will seek to accomplish the following objectives:

- Participate with other national standard setters in global discussions on matters that are affecting our respective standard-setting environments.
- Determine ways to address the evolving needs of Canadian stakeholders, including for non-GAAP information, non-financial measures, and other information.
- Determine ways to respond to issues specific to emerging industries and changing business practices in standards or guidance.
- Explore ways to address complexity, understandability, scalability, and proportionality of our standards, including developing solutions to assist practitioners in implementing and applying the standards, particularly for the less complex elements of an entity.
- Challenge whether existing standards are addressing public expectations and meeting the public interest for services provided using those standards.
- Determine the need for standards or guidance to support the use of technologies and the evolving work environment.



Goal #4 – Enhance our standard-setting processes and capabilities to develop more timely solutions

Rapidly emerging issues often demand timely solutions. To deliver timely standards and guidance, we need to consider new processes that are innovative, use technology and involve collaboration with others, including subject matter experts.

To develop more timely solutions, we will seek to accomplish the following objectives:

- Determine what improvements we may make to existing processes to speed up time-to-market.
- Develop new processes to develop timely solutions that address rapidly emerging issues, for example, processes using new technologies and involving subject matter experts.
- Enhance our processes to contribute more effectively to the development of IAASB standards and guidance.
- Identify ways to periodically evaluate or measure the effectiveness of our delivery of standards and guidance.



Goal #5 – Support the effective implementation and application of standards and guidance to enhance consistency and quality in engagement performance

Effective implementation and application of standards helps to improve the consistency and quality of engagements performed. Monitoring and responding to matters identified during the application of standards helps us maintain standards that are fit-for-purpose and helps practitioners better understand and consistently apply our standards.

To enhance the consistency and quality of engagement performance, we will seek to accomplish the following objectives:

- Analyze implementation risks for each standard we approve, and the nature, timing, and extent of guidance needed to support implementation.
- Assess and help promote the consistent implementation and application of standards and guidance in Canada.
- Address concerns about the application of our standards and guidance identified through practice inspection results and other means.
- Undertake post-implementation reviews of standards whether in connection with related reviews conducted by the IAASB on standards we have adopted, or on domestic standards.
- Determine whether there is an expanded role we can play in fostering consistent, high-quality performance of engagements using our standards.
- Support those that develop guidance on implementing and applying standards.



Accountability

We are accountable to our stakeholders for the achievement of our Strategic Plan goals, which is assessed by measuring achievement of the related objectives.

We are also accountable to AASOC for the effective and efficient fulfillment of our mission and goals. We develop annual plans that establish the timing of activities to achieve the objectives, and the related resource requirements. We report annually to AASOC on our performance.

We measure achievement of the objectives by:

- setting out the specific activities supporting the achievement of the objectives in our annual plans;
- measuring and reporting annually on our performance of the specific activities; and
- completing regular performance assessments to assess progress towards achieving the objectives through the completion of annual activities.



AASB Members

First row (L–R): Ken Charbonneau (Chair), Audrey Mercier, Gary Baker, Janet Stockton

Second row (L–R): Caroline Nadeau, Luke Baxter, Natalia Kochetova, Joel Humphrey

Third row (L–R): Nancy Cheng, Jean-François Trépanier (Vice-Chair), Bob Bosshard (incoming Chair), Evangeline Colman-Sadd

Fourth row: Wayne Morgan, Barbara Maynard, Brendan Blair



AASB Staff

First row (L–R): Eric Turner (Director), Karen DeGiobbi, Chi Ho Ng

Second row (L–R): Allison King, Jacqui Kuypers, Svetlana Berger

Third Row (L–R): Birender Gill, Johanna Field, Ritu Parhar

Absent: Stephenie Fox (Senior Vice-President, Standards)

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