



Auditing and Assurance Standards Board

Operating Plan

2016-2017

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Introduction

The AASB's 2016-2017 Operating Plan is based on the vision, mission and strategic objectives set out in its 2016-2021 Strategic Plan, which is expected to be issued in August 2016. Appendix 1 outlines key assumptions made in developing this Plan.

Mission Statement

The AASB serves the public interest by setting standards and guidance and assisting in their implementation to enable the provision of high-quality, value-added and relevant auditing, other assurance and related services in Canada.

Vision Statement

Through its globally respected standard-setting capability and an engaged stakeholder community, the AASB's standards and guidance respond to the needs of Canadian stakeholders and contribute to enhanced quality and consistency of practice, which results in a high degree of public confidence in auditing, other assurance and related services.

Strategic Objectives

Our 2016-2021 Strategic Plan sets out high-level strategic objectives to help us achieve our mission and vision. These objectives are:

- to maintain a globally respected Canadian standard-setting capability that identifies and responds to the needs of Canadian stakeholders for standards and guidance that serve the public interest;
- to achieve a high level of engagement with stakeholders to support the development of standards and guidance; and
- to set, and assist with the successful implementation of, standards and guidance that form the basis for high-quality, value-added and relevant audits, other assurance and related services that meet the needs of Canadian stakeholders.

2016-2017 Activities

Maintain a Globally Respected Canadian Standard-setting Capability

In our 2016-2021 Strategic Plan, we state that we will identify and implement improvements to our due process, composition and other activities.

We are considering how our due process could be changed to improve our efficiency and effectiveness. We will continue to have discussions on our process. We will compare and contrast our due process with that of other standard setters.

In our 2016-2021 Strategic Plan, we state that we will conduct post-implementation reviews of issued standards. We do not have a formal process in place for conducting such reviews, so we will begin to develop a process.

We play a significant role in providing input and support to the CPA Canada nominee on the International Auditing and Assurance Standards Board (IAASB). We will consider possible ways to improve in this area, including increasing our direct interaction with the IAASB on specific projects.

Achieve a High Level of Stakeholder Engagement

In our 2016-2021 Strategic Plan, we recognize that we need to place more emphasis on effectively interacting and engaging with our stakeholders.

We will begin to review and assess the ways that we engage different groups. We will evaluate how we interact with stakeholders to identify a better means engaging with them in the future.

One way we have identified for informing stakeholders and raising their awareness of our activities is through the use of social media. We will develop a communications strategy that will include determining the best way to use vehicles such as existing LinkedIn and Twitter pages to communicate with stakeholders.

Set and Assist with the Successful Implementation of Standards

This strategic objective addresses standards for audits of historical financial statements, standards for engagements other than audits of historical financial statements and assisting in the implementation of standards.

We have a number of standards-related projects underway. Some of these projects are being conducted in conjunction with projects of the IAASB, while others are Canadian-specific projects. Details of these projects can be found on our website – www.frascanada.ca

Our process includes monitoring and providing timely input to the IAASB based on its timetable. As we do not control the timing of these projects, the expected timing may change.

In addition to this project work, we will review and reassess our criteria for making amendments to International Standards on Auditing (ISAs) when adopting them as Canadian Auditing Standards (CASs). We will also begin to consider how to identify and better respond to issues around the ability of standards to be appropriately applied across a broad range of engagements and sizes of firms (“scalability of standards”).

With regard to the implementation of standards, we already consider areas where practitioners may face challenges in implementing standards. We will consider how to better identify implementation needs at an earlier stage in a project and support the development of guidance to address those needs.

2016-2017 Goals

Standards-related Projects

Project	Goals
<i>Canadian Auditing Standards</i>	
Auditing Accounting Estimates – revisions to CAS 540	<ul style="list-style-type: none"> Issue an exposure draft following issuance of the IAASB’s exposure draft on ISA 540 (An IAASB exposure draft is planned for December 2016)
Auditor Reporting – new CAS 701 and revisions to various CASs	<ul style="list-style-type: none"> Determine when and how to finalize standards in Canada
Enhancing Audit Quality in the Public Interest (professional skepticism, quality control and group audits)	<ul style="list-style-type: none"> Obtain input from Canadian stakeholders and respond to the IAASB’s Invitation to Comment in May 2016
Financial Statement Disclosures – revisions to various CASs	<ul style="list-style-type: none"> Determine when and how to finalize standards in Canada
Non-compliance with Laws and Regulations – revisions to various CASs	<ul style="list-style-type: none"> Issue revised standards (IAASB approval is planned for June 2016)
Responsibilities Relating to Other Information – revisions to CAS 720	<ul style="list-style-type: none"> Determine when and how to finalize standards in Canada
Early-stage IAASB initiatives for which IAASB project proposals have not yet been approved including group audits (ISA 600), identifying and assessing the risks of material misstatements (ISA 315), quality control (ISQC 1 and ISA 220) and professional skepticism	<ul style="list-style-type: none"> Consider and implement approaches for identifying Canadian issues across a broad range of stakeholders Develop Canadian positions on issues of key interest Explore the best means of providing input on these issues to the IAASB

Project	Goals
<i>Assurance and Related Services Standards (other than CASs)</i>	
Agreed-upon Procedures	<ul style="list-style-type: none"> • Participate directly in the IAASB's project by providing staff support to the IAASB • Obtain input from Canadian stakeholders and respond to the IAASB's Discussion Paper (The IAASB's discussion paper is planned for September 2016)
Association	<ul style="list-style-type: none"> • Issue a final standard to replace Section 5020
Compilation Engagements	<ul style="list-style-type: none"> • Issue an invitation to comment
Future-oriented Financial Information	<ul style="list-style-type: none"> • Discuss issues involved in developing an assurance engagement standard
Public Sector Auditing Standards	<ul style="list-style-type: none"> • Issue an invitation to comment
Special Reports	<ul style="list-style-type: none"> • Issue a re-exposure draft

Non-standards Projects

Project	Goals
Review of our current processes	<ul style="list-style-type: none"> • Identify due process enhancements and review with the Auditing and Assurance Standards Oversight Council (AASOC) • Identify and consult with five key stakeholders and develop engagement plan for each • Establish an approach for better dealing with scalability issues
Review our criteria for making amendments to ISAs when adopting them as CASs	<ul style="list-style-type: none"> • Develop a document for comment
Comparison of our processes with those of other National Standard Setters and domestic standard setters	<ul style="list-style-type: none"> • Complete our research into processes for at least three relevant standard setters and identify opportunities for process improvements • Develop a plan to implement process improvements
Assess a means of enhancing our understanding of standards implementation issues and audit inspection findings	<ul style="list-style-type: none"> • Develop and implement a plan for better interaction with developers of non-authoritative guidance and audit inspectors
Develop a formal process for post-implementation reviews	<ul style="list-style-type: none"> • Develop a process and complete a pilot test on one standard
Review our role with regard to addressing current and future developments in assurance and related services	<ul style="list-style-type: none"> • Develop a strategy that clarifies the future role and the first areas of focus
Review how we communicate with stakeholders	<ul style="list-style-type: none"> • Develop a communications strategy

Appendix 1 — Assumptions Regarding Operating Procedures to Be Followed and Resources

- Standard-setting projects currently approved or approved in principle will be commenced and continued to completion.
- We will devote adequate resources to complete the plan, including holding five two-day meetings and conference calls, as necessary.
- We will continue to stay aligned with the IAASB's agenda in regards to monitoring and providing input to that Board, as well as the following:
 - **ISAs to be adopted as CASs.** In addition to close involvement throughout the project – both directly and through the CPA Canada nominee on the IAASB – we will issue exposure drafts and final standards very soon after the IAASB issues its material.
 - **Other standards projects.** We will consider whether it is appropriate to leverage the IAASB's activities in developing standards to meet Canadian needs.
- Staff support is provided by six full-time Principals, plus the Director (i.e., the full staff complement).

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