



# **Strategic Plan: April 2021-March 2026**



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## Introduction

This Strategic Plan sets out the strategic direction that IFIAR will pursue throughout the five-year period beginning April 2021 through March 2026.

This Strategic Plan has been developed in collaboration with IFIAR Members who have contributed invaluable perspectives on prevailing global trends relevant to audit and audit oversight; including emerging developments impacting business models and transaction flows, financial reporting requirements and practices, auditing standards, audit performance quality, professional talent availability and competencies, technology advancements and applications, audit service delivery models, and evolving expectations of investors and other stakeholders<sup>1</sup>.

These factors will broadly impact the nature, extent and effectiveness of independent auditing and independent audit oversight in the years to come, and thus are important considerations in determining IFIAR's future strategic objectives and core strategies.

IFIAR's new Strategic Plan sets forth a vision for the organization's future with objectives that remain focused on proactively promoting sustainable improvements in audit quality by advancing the regulatory oversight capabilities of its Members and by leveraging its scale to enhance its collective beneficial impact and influence on its various stakeholders, including the Global Audit Firm Networks<sup>2</sup>.

IFIAR is a Member-driven organization. As in the past, IFIAR will achieve its strategic objectives through the continued collaborative engagement of its Members in working groups and task forces, supported by the Secretariat and overseen by the Officers and IFIAR Board, with the support of the Executive Director.

IFIAR will continue to monitor the evolving global business, audit and regulatory environment, and adapt its strategic objectives and core strategies as necessary to ensure it continues to fulfil its mission of serving the public interest, including investors, by enhancing audit oversight globally.

### IFIAR's Mission

*"To serve the public interest, including investors, by enhancing audit oversight globally."*

IFIAR's mission remains unchanged and reflects a shared goal of its independent audit oversight Members from around the world: to serve in the public interest and enhance protections for investors and other users of audited financial statements through independent

<sup>1</sup> Environmental factors considered in the development of this Plan are detailed in Appendix 1.

<sup>2</sup> "Global Audit Firm Networks" refer to the six largest auditing networks: BDO, Deloitte, EY, Grant Thornton, KPMG, PwC; also known as the GPPC.



oversight of the audit profession. The mission aligns with regulators' aim of firms consistently delivering independent high-quality audits.

### **IFIAR's Value Proposition**

*"Building the capability of independent audit regulators and enhancing the collective impact of the audit regulatory community"*

**IFIAR is committed to delivering value to its Members** by providing a forum for them to collaborate, share knowledge and learn about independent audit regulatory practices, experiences, challenges and developments — helping to advance their oversight capabilities and effectiveness and thereby contributing to sustainable improvements in global audit quality.

While IFIAR is not a regulator, IFIAR leverages the collective expertise, experience and perspectives of its Members to inform and influence key stakeholders with an interest in high audit quality. For example, IFIAR regularly engages with and challenges the Global Audit Firm Networks to achieve higher quality audits. IFIAR also engages with other key stakeholders — such as international standard setters and regulators, investors, and audit committee members — to learn and understand and to inform and influence.

### **2021-2026 Strategic Objectives**

The Strategic Objectives set forth below are the overarching principles that will guide IFIAR in advancing its mission and fulfilling its value proposition. These Strategic Objectives (and related Core Strategies) reflect IFIAR's continued focus on building the capabilities of its Members and on being recognized as the leading international organization on independent audit oversight.

#### **Strategic Objectives:**

- 1. Build Member capabilities**
- 2. Promote sustainable improvement in audit quality**
- 3. Enhance the collective impact of the audit regulatory community**



## STRATEGIC OBJECTIVE N° 1

### Build Member capabilities

IFIAR's focus on **building member capabilities** provides significant value to its Members. IFIAR will continue to place emphasis on providing forums for Members to collaborate and share knowledge with and learn from one another and others in the financial reporting ecosystem. IFIAR will continue to facilitate and support substantive exchange and sharing of practices, experiences, ideas and perspectives among its Members, and encourage Members to interact and engage more in IFIAR's work.

By assisting Members to build their capabilities, IFIAR fosters improvement in the quality and consistency of audit regulators, thereby delivering on its mission. This is exemplified through the annual inspection workshops hosted by IFIAR Members over the years with consistently high levels of Member participation. Similarly, the introduction of enforcement workshops has added to IFIAR's portfolio of activities to shape audit oversight practices and support the strengthening of Members' regulatory effectiveness.

## STRATEGIC OBJECTIVE N° 2



### Promote sustainable improvement in audit quality

While IFIAR is not a regulator, and cannot itself mandate or enforce audit quality, IFIAR makes important **contributions to improved audit quality** in several ways.

IFIAR's greatest contribution to audit quality is by helping its Members be more consistently capable and effective in overseeing audits in their local jurisdictions.

In addition, IFIAR promotes sustainable improvement in high audit quality through engagement with key stakeholders responsible for or with a direct interest in audit quality, including the Global Audit Firm Networks, international regulators and standard setters, investors and others. Through such engagement, IFIAR is able to set expectations regarding audit quality and provide insights and recommendations to stakeholders with audit quality accountabilities.

For example, regular contact and dialogue are fostered with the Global Audit Firm Networks at the global executive and assurance leadership levels to understand the largest networks'

quality improvement initiatives, and to reinforce IFIAR Members' expectations for continuous audit quality improvements.

### STRATEGIC OBJECTIVE N° 3

Enhance the collective impact of the audit regulatory community



IFIAR is a Member-driven forum in which independent audit regulators come together to share expertise, experience and perspectives in order to enhance the effectiveness and impact of the audit regulatory community.

As a collective, IFIAR gives its Members a broader platform and more prominent voice in establishing expectations and in educating and influencing key stakeholders. IFIAR's timely and visible engagement on topics relevant to effective audit oversight will reinforce the importance of high-quality auditing and strengthen IFIAR's reputation as a leading, relevant international organization.

The extent of IFIAR's collective impact depends in part on the scale and breadth of its membership. Therefore, IFIAR should be viewed as an effective organization that delivers value in order to retain and attract independent audit regulators as IFIAR Members.

#### Core Strategies

The following **Core Strategies** set out the overarching goals on which IFIAR intends to focus on to further its Strategic Objectives. The core strategies will be implemented throughout IFIAR's activities and detailed annually in Operating Plans. The Core Strategies and / or activities shall be periodically reviewed and adapted to ensure that IFIAR is responsive to changes in the environment and maintains its relevance in enhancing audit oversight globally.

- Core Strategy One:** Reinforce sustained collaboration and knowledge sharing between Members
- Core Strategy Two:** Further foster effective engagement with relevant stakeholders in the financial reporting ecosystem
- Core Strategy Three:** Maintain outreach to Members as a priority, and secondly, to prospective Members

**CORE STRATEGY N°1***Strategic Objectives (1) and (2)****Reinforce sustained collaboration and knowledge sharing between Members***

Increased consideration will be given to support approaches that IFIAR can offer to Members seeking to build or strengthen their capabilities by learning from various Member audit oversight systems; as well as to initiatives that IFIAR may take to provide more value-added output to, and for, the current membership. IFIAR will continue to drive efforts to facilitate, guide, support and promote a culture where Members actively exchange and share ideas and perspectives with each other and encourage Members to engage more actively and be more inclusive in IFIAR's work; this in turn can stimulate cohesive and collaborative efforts to effect improvements in audit oversight.

**CORE STRATEGY N°2***Strategic Objectives (2) and (3)****Further foster effective engagement with relevant stakeholders in the financial reporting ecosystem***

IFIAR will continue to enhance the nature and extent of its engagement with key stakeholders in the financial reporting ecosystem. Effective engagement helps IFIAR to understand the expectations and perspectives of key stakeholders relative to audit oversight and audit quality. Likewise, IFIAR can inform stakeholders about its activities and perspectives, and manage expectations related to outcomes from independent audit oversight activities.

Such engagement also provides the opportunity for IFIAR to seek to influence stakeholders' workstreams and interventions towards improved audit quality, supporting its strategic objective to enhance the collective impact of the audit regulatory community.

IFIAR will focus its engagement activities on: Six largest Global Audit Firm Networks; International Audit & Ethical Standard Setting Boards and the PIOB; International organizations with an interest in audit quality (BCBS, FSB, IAIS, IOSCO, World Bank); and investors, audit committee chairs and other stakeholders such as academics focusing on audit oversight.

**CORE STRATEGY N°3***Strategic Objectives (1), (2) and (3)*

***Maintain outreach to Members as a priority, and secondly, to prospective Members***

Member engagement is core to IFIAR's strategy and activities. As a consensus organization, timely and informed engagement by Members is foundational to IFIAR's success. Further, as noted, the sharing of information and perspectives between Members is a primary means by which Members learn and improve their oversight capabilities. As such, informative, useful and timely outreach and communications with Members is an important element of IFIAR's strategy, and there will be initiatives to improve the effectiveness of our current approaches. As a Member-driven organization, we will also seek ideas as to how to facilitate broader participation of Members in Working Group and Task Force activities.

IFIAR also will continue working collaboratively with developing non-member independent audit oversight bodies to prepare them for IFIAR Membership, should they choose to apply.

**Achieving Our Objectives**

As in the past, IFIAR will develop an annual Operating Plan setting forth specific programs, activities and work stream initiatives linked to the specific Strategic Objectives and Core Strategies of the Strategic Plan. The Operating Plan will be reviewed and approved by the IFIAR Board. The programs, activities and work stream initiatives will be implemented through collaborative engagement of Members in Working Groups and Task Forces, with support from the Executive Director and Secretariat and oversight by the Officers and Board. The Officers and Board, with assistance from the Executive Director and Secretariat, will monitor progress against the Strategic Plan to help ensure IFIAR continues to fulfil its mission of enhancing global audit oversight.



## **Appendix 1: Environmental Factors**

- **Business and Geo-Political Environment**
  - Prevailing environmental concerns in the community and business, and the impact on auditor responsibilities and firm resilience;
  - Evolving international trends (nationalism vs globalisation, long-term impacts of COVID-19 on business practices, budget cuts, etc.) and their implications for ongoing international coordination and cooperation for Members to fulfil their regulatory mandates e.g. in obtaining timely access to information for inspections or enforcement measures;
  - Continuity of operations and going concern environmental issues. Risks or defaults of companies in the future will have an impact on the work of the auditors and, in turn on the oversight function executed by regulators;
  - Changing governance structures of audit networks relevant to audit quality, which may impact the balance on responsibilities within these networks between member firms and regional/global organisations and challenges within the firms in balancing audit and non-audit activities.
- **Measurement of Audit Quality**
  - Stakeholder interest in additional objective information to provide further insights on audit quality.
- **Continuing significance of rapidly evolving technological advancements**
  - Impacts on audit process, information security, development of skillsets (such as data analytics), specialised experts and staff resources;
  - Data analytics posing challenges and opportunities for firms and reporting issuers; and requiring changes to inspection methodologies for regulators;
  - Artificial intelligence as a potential enabler of audit efficiency and quality, and/or potential disruptor of the audit profession, in audit procedures and emerging industries;
  - Block chain affording potential to increase security.
- **Legislative and regulatory changes**
  - Changes in governmental and organisational regimes which bring about sudden shifts in regulatory priorities and may have an impact on the quality of audit and financial reporting ecosystem.