



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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Agenda Item

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Board: International Ethics Standards Board for Accountants
Meeting Location: AICPA Boardroom, New York, United States
Meeting Date: March 6-7, 2007

Operating and Strategic Plan

Objectives of Agenda Item

1. To discuss the development of a the 2008-2009 Operating and Strategic Plan

Discussion

During 2005, the IESBA (the IFAC Ethics Committee as it was then) revised its strategic objectives to better reflect the overall IFAC mission and strategy. A strategic plan to guide the direction and priorities of the IESBA for the period ending December 31, 2007 was approved and put in place (Agenda Paper 2-D).

At its February 2006 meeting, the IESBA agreed that the priority of the Board during 2006 should be the revision to Section 290 of the Code. To achieve this priority certain changes were made to the IESBA Work Plan to ensure that an exposure draft was issued during 2006. With the revisions to Section 290 out for exposure (other than the three separate topics which are being address Independence Task Force 2) it is appropriate to commence the process for developing a new Strategic and Operational Plan for 2008-2009.

The PIOB has expressed interest in the process each IFAC Public Interest Activity Committee (PIAC) follows during 2007 in developing updated work plans. Accordingly, a common process has been developed for developing the action plans and work programs for each PIAC. The following extract is from a paper which outlines the process which has been agreed between IFAC and the PIOB:

“In establishing the content, priorities and time frames of the work programs of the PIACs from a public interest perspective, it is important that each PIAC has a robust process that solicits input from a suitably broad spectrum of the public, and makes judgments in a transparent, effective and fair manner subject to the process as a whole while not overburdening the resources of the PIACs. The process

should ensure that changes in the environment are monitored and considered, and that the input of the PIOB is obtained in timely and effective manner.

It is proposed that each PIAC establish a two-year Strategic Plan that includes a twelve month work program that is to be approved by the PIOB at its December meeting preceding the period in which the Plan is to come into effect.

For this purpose, the following process is proposed for each PIAC:

- i. The PIAC shall undertake bi-annually a formal survey of its key stakeholders about issues that they believe should be addressed by the PIAC in the immediate future as part of its consideration of strategic priorities. Stakeholder consulted should include, as appropriate, the Forum of Firms, regulatory and oversight organizations, the PIAC's CAG, PIAC members, national standard setters, regular respondents to PIAC exposure drafts, and others.

The PIOB shall be included in this survey to alert it to the actions underway and to obtain individual or collective views at an early stage in the process, should the PIOB wish to express views at this stage.

- ii. A draft Strategic Plan and a twelve month work program shall be developed based on the results of the survey, and subjected to review and comment by the PIAC's CAG and Steering Committee, and by members of the PIAC itself.

The PIOB shall be informed of the meeting in which the PIAC is to consider the draft Plan should it wish to have a representative observe the deliberations.

- iii. The PIAC shall expose the draft Strategic Plan and work program for public comment for a period no less than 30 days.

The PIOB shall be provided with copies of the exposure draft for information and comment, should they wish to do so.

- iv. The PIAC shall consider the results of the exposure in formulating, as necessary, a revised Strategic Plan and twelve month work program.

The PIOB shall be informed of the meeting in which the PIAC is to consider the responses to the public consultation should it wish to have a representative observe the deliberations.

In the first year of the two year Strategic Plan, the PIAC shall determine, in consultation with its CAG, its subsequent twelve month work program. The PIAC shall submit this program to the PIOB for approval at its December meeting of that year.

The PIOB shall be informed of the meeting in which the PIAC and the PIAC CAG consider the draft one-year work program should it wish to have a representative observe the deliberations.

Relevant aspects of the above process would be conducted as part of the public meetings of the PIAC and, where applicable, the PIAC CAG.

On completion and formal approval by the PIAC of the work program, it shall be submitted to the PIOB for its consideration and approval of its completeness from a public interest perspective.”

The IESBA Planning Committee met before the December 2006 IESBA meeting and again on February 6, 2007 to discuss:

- The existing IESBA Work Plan and timetable for completion;
- The content of a survey to IESBA stakeholders; and
- A first draft of a Strategic and Operational Plan.

The Planning Committee also considered an agenda paper outlining matters on the work plans of selected IFAC member bodies or other ethical standard setters and matters addressed in the standards of such bodies that are not currently addressed in the Code.

IESBA Strategic Review Questionnaire

Agenda Paper 2-B contains a draft strategic review questionnaire to solicit input on matters which should be included in the IESBA draft work plan. It is proposed that the questionnaire will be posted on the IFAC website and all will be encouraged to complete the questionnaire. In addition, it will be sent to the following interested parties:

- Existing and 2006 & 2005 IESBA members and TAs
- IESBA CAG members
- IAASB members and technical advisors
- IAESB (Education) members and technical advisors
- IFAC Developing Nations Committee members and technical advisors
- IFAC SMP Committee members and technical advisors
- Professional Accountants in Business Committee members and technical advisors
- Compliance Advisory Panel
- IFAC Board
- Current members of the Forum of Firm (and Transitional Audit Committee to the extent that they are not the same)
- All IFAC member bodies
- Regulatory and oversight organizational
- Attendees of the Brussels Forum
- Respondents to EDs issued in 2005 and 2006

The Planning Committee considered an agenda paper outlining matters on the work plans of selected IFAC member bodies or other ethical standard setter and matters addressed in the standards of such bodies that are not currently addressed in the Code. The Planning Committee considered this paper to determine whether any specific matters should be flagged as possible projects in the questionnaire. After consideration, the Planning Committee concluded that it was preferable to ask open ended questions because in this way responded would not be directed to a particular answer.

It is proposed that the survey will be issued after the March 2007 IESBA meeting with a response date in early April 2007. The input from the survey will be considered in completing the Strategic and Operational Plan.

Action requested

Board members are asked to consider the draft survey presented in Agenda Paper 2-B. Board members are asked to consider the list of interested parties who will receive the survey.

Strategic and Operational Plan

Agenda Paper 2-A contains a draft Strategic and Operational Plan for 2008-2009. The draft provides background on IFAC and IESBA. It outlines the objective of IESBA and indicates how the objectives are aligned to the IFAC strategic outcomes. (The agenda papers contain the following documents for reference purposes which the members may wish to consult when reviewing the strategic plan 2-D IESBA Strategic Plan to December 2007 and 2-E IESBA Terms of Reference).

It is proposed that the input from the survey will be considered in completing the Strategic and Operational Plan, which will be presented for approval as an exposure draft at the June 2007 IESBA meeting.

Action Requested

Members are asked to consider the Strategic and Operational Plan.

Material Presented

Agenda Paper 2	This Agenda Paper
Agenda Paper 2-A	Draft IESBA Strategic and Operational Plan 2008-2009
Agenda Paper 2-B	Draft IESBA Survey of Key Stakeholders
Agenda Paper 2-C	Member bodies of IFAC and Standard Setters – Items on Work Plans and Matters Addressed in More Detail in their Codes or Equivalents
Agenda Paper 2-D	IESBA Strategic Plan to December 2007
Agenda Paper 2-E	IESBA Terms of Reference
Agenda Paper 2-F	IFAC Strategic Plan 2007-2010

Action Requested

1. IESBA members are asked to approve the minutes.