

Emerging Issues and Outreach—Proposed Terms of Reference**Background**

1. At the March 2013 meeting, the IESBA agreed to the establishment of an Emerging Issues and Outreach Working Group (WG) to advise the Board in relation to emerging issues and international developments of relevance to the Board's work ("emerging issues"), and outreach.
2. The IESBA noted that an ongoing consideration of emerging issues is important in its work for a number of reasons, including the following:
 - The Board cannot set standards in a vacuum.
 - Doing so would support the Board's leadership role in relation to ethics standard setting.
 - The Board would be perceived by stakeholders as being more responsive and relevant.
 - A proactive consideration of emerging issues may assist the Board in identifying important debates in which to engage and, thus, influence.
3. The IESBA also noted the importance of having an effective outreach strategy, as outreach serves a number of important purposes, including:
 - Helping to increase stakeholder awareness, support and acceptance of the IESBA's work.
 - Providing a channel through which the Board may hear of specific stakeholder concerns.
 - Enhancing the Board's awareness of, and sensitivity to, the needs, cultures and values of our various stakeholders.
 - Supporting stakeholders' acceptance of the Board's role as an international standard-setting body.
4. Amongst other matters, IESBA members made a number of suggestions with respect to the establishment of terms of reference for the WG, including:
 - The need to establish clear objectives for the WG.
 - The need to consider a mechanism for IESBA participants to identify emerging issues for the Board's consideration.
 - Beyond consideration of the emerging issues, the importance of identifying actions, where appropriate, through links to the Board's strategy and work program, and the Planning Committee.
 - The need to have regard to the limitations on staff resources.

Proposed Terms of Reference

EMERGING ISSUES

5. In thinking about what its objectives should be in relation to emerging issues, the WG considered whether its role should be to focus on developing a process by which emerging issues could be identified and filtered for the Board's consideration, or whether it should be involved in the actual identification and filtering of such matters. The WG noted that there are many different ways in

which this initiative could be undertaken and that it would be important to agree on an approach that would work for the Board's needs and circumstances. Accordingly, the WG agreed that its remit should be to explore and recommend to the Board an appropriate process for addressing emerging issues.

6. As part of reflecting on an appropriate process, the WG identified a number of matters that it would need to consider, including:
 - Possible channels for early identification of emerging issues, and how these issues should be collected and presented for further consideration.
 - Criteria by which identified emerging issues would be selected for further consideration by the Board, recognizing that the Board already has in place a strategic plan.
 - When and how frequently the Board should consider emerging issues.
 - How emerging issues would be monitored once identified.
 - The nature, extent and timing of the Planning Committee's involvement.
 - The resource implications of specific approaches.
 - What the expected outcomes should be, including how the effectiveness of this part of the initiative might be measured.

OUTREACH

7. As with emerging issues, the WG considered whether it should explore what an effective approach to outreach might be or whether the members of the WG themselves should be involved in outreach activities. The WG agreed that it should be the former.
8. Relevant matters that the WG felt should be considered in determining what an effective approach might be include:
 - The focus of the outreach efforts in terms of key stakeholders and geographic regions to target.
 - The most effective ways to undertake outreach activities.
 - How to involve Board members in identifying outreach opportunities and in the outreach activities themselves, beyond the IESBA Chair.
 - The types of support needed for those undertaking outreach.
 - Whether the Board should develop a media strategy and, if so, how, taking into account the opportunity to leverage IFAC's Communications Department.
 - The extent to which the Board should be briefed on outreach efforts, and the nature and timing of such briefings.
 - The resource implications of specific approaches to outreach.
 - How the effectiveness of the outreach efforts might be measured.

A STANDING WORKING GROUP?

9. The WG agreed that there would be a need to consider what the ongoing process should be and whether a separate working group should be established in that regard to regularly advise the Board in relation to emerging issues and outreach.
10. Subject to Board discussion of the processes, consideration would be given to whether the WG would continue as this standing working group or whether some other working group should be formed comprising members of the WG and other Board members. The composition of the standing group would change over time as individuals rotate off the Board.
11. The operating procedures for the standing working group, including how and when it should meet and the staff support it would need, would be a matter for that group to determine.
12. The WG agreed that whatever processes are established, it would be important that they not be overly rigid and prescriptive as to preclude adjustments to be made as circumstances change and more experience is gained with the initiative.
13. The Appendix sets out the proposed Terms of Reference for the WG.

Matters for Consideration

1. IESBA members are asked for views on:
 - (a) The WG's proposed Terms of Reference and the matters highlighted above; and
 - (b) Whether there are other matters that should be considered.

Proposed Timeline

14. The WG's proposed timeline for taking this initiative forward is as follows:

| Timing | Milestone |
|--------------------|---|
| June 2013 | IESBA consideration of draft Terms of Reference |
| July- August 2013 | WG consideration of process options |
| September 2013 | Preliminary recommendations for IESBA consideration |
| December 2013 | Final recommendations to IESBA |
| April 2014 onwards | Implementation |

Matter for Consideration

2. IESBA members are asked for any reactions to the above timeline.

Emerging Issues and Outreach Working Group Proposed Terms of Reference

Objectives

1. The objectives of the Working Group are to formulate and recommend to the IESBA processes by which, on an ongoing basis:
 - (a) Emerging issues or international developments of relevance to the Board's work ("emerging issues") may be identified and selected for consideration by the Board; and
 - (b) Outreach opportunities may be identified and selected that would be of strategic importance or otherwise of benefit for the IESBA to pursue.

Responsibilities

2. With respect to emerging issues, the Working Group's responsibilities will be to explore and develop appropriate processes or approaches to:
 - Identify, collect and select, on an ongoing basis, emerging issues for the Board's consideration;
 - Discuss selected emerging issues within the Board, and the timing of such discussions; and
 - Determine who should be involved in the identification and selection of those emerging issues.
3. With respect to outreach, the Working Group's responsibilities will be to explore and develop appropriate processes or approaches to:
 - Identify stakeholders on which to focus outreach, and identify and select opportunities, forums or media for such outreach;
 - Determine how to involve IESBA members in the outreach effort beyond the IESBA chair, and how IESBA representatives may best be supported in undertaking outreach; and
 - Report back on outreach activities to the Board.
4. The Working Group will also explore whether it or another working group should have an ongoing role in this initiative, and how the effectiveness of the initiative with respect to both emerging issues and outreach might be measured.
5. In considering the various matters above, the Working Group will take into account the following:
 - The importance of aiming for cost effective approaches, given the limitations on the Board's budget and staff resources.
 - The role of the Planning Committee in advising the Board on matters of strategy.
 - Opportunities for leveraging existing relationships with stakeholders, such as national standard setters and IFAC member bodies.
 - The role of the IESBA chair as the primary spokesperson for the Board.

- The importance of flexibility to enable adjustments to the processes or approaches to be made as circumstances change and more experience is gained.

Deliverables

6. The Working Group will report its recommendations to the IESBA.

Composition

7. The Working Group will be chaired by an IESBA member and comprise four additional members.