

Agenda Item 10-B

Emerging Issues and Outreach Committee Terms of Reference – Updated June 2024

Objectives

1. The objectives of the Emerging Issues and Outreach Committee (EIOC) are to:
 - (a) Oversee the activities ~~of~~ the IESBA's emerging issues and outreach initiative carried out in accordance with the IESBA's Statement of Working Processes—Emerging Issues and Outreach; and
 - (b) Report to or advise, as appropriate, the IESBA in relation to the topics of emerging issues and outreach.

Responsibilities

2. With respect to emerging issues, the EIOC's responsibilities are to:
 - ~~• Oversee the identification of emerging issues;~~
 - Review emerging issues screened by IESBA staff and agree those items that would merit consideration ~~or noting~~ by the IESBA and the IESBA-IAASB Stakeholder Advisory Council (SAC)CAG; and
 - Report the ~~selected~~ matters to the IESBA and, as appropriate, seek the views and advice of the ~~IESBA SAC CAG~~ thereon.
3. With respect to outreach, the EIOC's responsibilities are to:
 - ~~Review the IESBA's outreach activities and provide feedback to the IESBA on how to improve them, considering the range, focus, and approach of the outreach~~Reflect on the IESBA's outreach activities and advise the IESBA on ways to enhance the IESBA's outreach efforts, including with respect to the scope and focus of, and general approach to, outreach; and
 - Monitor the development and maintenance of the IESBA's media strategy ~~by the IFAC communications Department, and advise the IESBA and the IFAC communications Department as appropriate~~ in relation to that strategy.
4. ~~Given resource constraints, a light touch approach to the initiative will be important.~~

Working Procedures

- ~~5.4.~~ The EIOC will ordinarily convene via televideo conference at least ~~twice~~ once annually or more often, if necessary each quarter. The accompanying Appendix sets out plans for carrying out the Committee's activities.

Deliverables

6.5. The EIOC will:

- (a) Present its report on emerging issues to the IESBA and, as appropriate, the ~~IESBA-SACCAG~~ at least every six months; and
- (b) Report any recommendations it may have regarding outreach to the IESBA ~~and the IFAG Communications Department as appropriate~~ on a periodic basis.

Composition

7.6. The EIOC will be chaired by an IESBA member and comprise at least ~~four~~two other individuals. ~~IESBA Staff will provide support to the EIOC. -members-~~

Appendix

Statement of Working Processes—Emerging Issues and Outreach

~~December 2013~~ June 2024

A. Introduction

1. This statement sets out the working processes through which the IESBA plans to carry out its activities under its Emerging Issues and Outreach initiative.
2. To assist in the execution of this initiative, the IESBA has established a standing committee (hereafter referred to as the Emerging Issues and Outreach Committee, or EIOC) to oversee the activities in this area in accordance with the EIOC’s Terms of Reference ~~in the Appendix~~.

B. Emerging Issues

DESCRIPTION OF AN EMERGING ISSUE

3. For purposes of this initiative, an emerging issue is any national or international development identified outside of the Board’s strategic planning process that is related to, or has a connection with, the IESBA’s remit and may:
 - (a) Have a potential impact on the IESBA’s strategy and work plan;
 - (b) ~~Require IESBA action, or otherwise lead the~~ Motivate IESBA ~~to take specific~~ take action, such as ~~leading~~ organizing or participating in a debate at the international level; or
 - (c) Otherwise merit IESBA attention.

IDENTIFICATION OF EMERGING ISSUES

- ~~4.~~ To assist in the identification of emerging issues, ~~the potential~~ sources of information that may be ~~screened or otherwise~~ considered include those listed in the table below. The table also indicates the type of effort involved and who primarily would be involved in the identification process.
- 5.4. It is anticipated that, to the extent possible, IESBA members and technical advisors will contribute to the identification effort.

#	Sources of Information	Type of Effort	Involvement
<i>Relevant Business and Industry Reports and Other Publications</i>			
1.	Monthly IFAC Global Regulatory Report	Review	<u>EIOC Staff Lead</u>
2.	Summary audit inspection reports (e.g., annual “state of the nation” reports issued by the International Forum of Independent Audit Regulators (IFIAR), the European Audit Inspection Group (EAIG) and audit oversight bodies from major jurisdictions)	Review	<u>EIOC Staff Lead</u>

#	Sources of Information	Type of Effort	Involvement
3.	Ad-hoc reports issued by key stakeholders (e.g., benchmarking reports or updates, etc.)	Review	<u>EIOC Staff Lead</u>
4.	World Accounting Intelligence (weekly)	Scan	Staff
5.	Monthly International Accounting Bulletin	Scan	Staff
<u>6.4.</u>	Accounting and business press or other media	Becoming aware	Board representatives ¹ and <u>IFAC Communications team</u> <u>Department</u>
Outreach and Other Meetings			
<u>7.5.</u>	Regulators and audit oversight bodies	Meeting	Board <u>and staff</u> representatives <u>and IESBA staff</u>
<u>8.6.</u>	National <u>Standard Setters (NSS)</u> liaison group	Meeting and annual requests for information on national developments	Board representatives <u>and IESBA staff</u>
<u>9.7.</u>	Consultative Advisory Group (CAG) Stakeholder Advisory Council (SAC)	Meeting	Board representatives <u>and IESBA staff</u>
<u>10.8.</u>	Forum of Firms	Meeting	Board representatives <u>and IESBA staff</u>
11.	Guest speakers at board meetings	Meeting	Board
<u>12.9.</u>	Other outreach meetings	Meeting	Board representatives <u>and IESBA staff</u>
Other			

¹ Board representatives include Board members, technical advisors and staff

#	Sources of Information	Type of Effort	Involvement
13.1	Academic research <u>and releases from academic organizations, e.g., International Association for Accounting Education & Research (IAAER), American Accounting Association (AAA), European Accounting Association (EAA)</u>	Becoming aware (including through staff participation in academic conferences)	Board representatives <u>and IESBA staff</u>
14.1	<u>Liaison-Liaison</u> with IAASB	Regular interactions	IESBA leadership <u>Board representatives and IESBA staff</u>
15.1	<u>Liaison-Liaison</u> with IFAC Small and Medium Practices (SMP) Committee Advisory Group , Professional Accountants in Business (PAIB) Committee Advisory Group and Compliance Advisory Panel (CAP)	Regular interactions	<u>Board representatives and IESBA staff</u>
16.1	National or jurisdictional developments	Becoming aware	Board representatives <u>and IESBA staff</u>

~~6.5.~~ With respect to academic research, an IESBA Board or staff member ~~(who may be a member of the EIOC)~~ may will be appointed as liaison with the academic community. In addition, staff will maintain ongoing contact with the academic community through, for example, participation in the annual meeting of the American Accounting Association (AAA).

~~7.6.~~ Relevant information about identified emerging issues (for example, hyperlinks to relevant articles or publications) identified by Board representatives and IESBA staff through their engagements is to be forwarded to the ~~IESBA Technical Director~~ EIOC staff lead, ~~in the first instance,~~ for collection by the IESBA staff.

THE FILTERING PROCESS

~~8.7.~~ IESBA staff is responsible for categorizing identified issues for review by the EIOC based on the significance of the issues in terms of potential impact on the IESBA's work. The Planning Committee will not be involved in considering and filtering the identified matters prior to IESBA consideration. However, the Planning Committee may be asked to reflect on those matters discussed by the IESBA with a view to advising the IESBA of possible courses of action that may be needed.

~~9.~~ ~~Identified~~ emerging issues will be filtered into ~~the following~~ four categories based on the ~~broad~~ guidelines set out in the table below:

~~10.~~ ~~For IESBA consideration;~~

~~For IESBA noting;~~

~~For Staff noting; and~~

~~11.8.~~ ~~Other matters.~~

Category	Nature of Category	Guidelines
A. For IESBA consideration	Matters that merit IESBA discussion and consideration of possible actions.	<ul style="list-style-type: none"> • Matter has standard-setting significance, <u>such as: e.g.:</u> <ul style="list-style-type: none"> ○ Matter appears to suggest a potential weakness, deficiency or gap in the Code. ○ Matter appears to suggest lack of clarity in one or more existing provisions in the Code. ○ Matter appears to directly impact current project(s) or <u>potentially could</u> influence direction of current project(s). ○ Matter appears to suggest need for potential future standard-setting project(s). • Matter appears to be of strategic or otherwise of sufficient importance relative to the development, adoption and implementation of the Code to merit IESBA consideration. • Matter appears to suggest a debate in which, or a topic on which, the IESBA should have a voice or take a leadership position given its role and remit.
B. For IESBA noting	Matters for the IESBA to note but which do not merit substantive IESBA discussion.	<ul style="list-style-type: none"> • Matter is a new or ongoing development that may have a possible impact on the IESBA’s strategy and work plan although not in the immediate future. • Matter relates to a specific implementation or application of the Code that may merit IESBA attention but no specific discussion or action at this time.
C. For Staff noting	Matters that do not merit being brought to the IESBA’s attention at this time.	<ul style="list-style-type: none"> • Matters not falling into the above two categories but nevertheless of sufficient significance to merit noting by staff for possible future reference.

Category	Nature of Category	Guidelines
D. Other matters	Matters that are not of sufficient significance to be further considered.	<ul style="list-style-type: none"> Matters not falling into the above three categories.

~~12.~~ In gauging the potential impact and urgency of a particular issue, consideration will be given to the frequency of occurrence, or potential recurrence, of the issue and its implications for the public interest. ~~Notwithstanding this consideration, the guidelines for categories A and B are not intended to result in more than a small number of items in each category.~~

~~13.9.~~ ~~The Planning Committee will not be involved in considering and filtering the identified matters prior to IESBA consideration. However, the Planning Committee may be asked to reflect on those matters discussed by the IESBA with a view to advising the IESBA of possible courses of action that may be needed.~~

IESBA CONSIDERATION OF EMERGING ISSUES

~~14.10.~~ The EIOC will present ~~identified~~ ~~emerging~~ issues for IESBA consideration at alternate IESBA meetings (i.e., once every six months), unless the EIOC judges an emerging issue to be of such importance as to merit IESBA consideration at the earliest opportunity.

~~15.11.~~ IESBA consideration of emerging issues will ordinarily take place in the open session. The EIOC will determine if discussion of a particular issue in the executive session is warranted based on the sensitivity of the issue. ~~The EIOC chair will ordinarily lead the presentation and discussion of the emerging issues at the IESBA meetings.~~

~~16.~~ ~~Materials used may include, but would not be limited to, slides and hand-outs.~~

INVOLVEMENT OF THE ~~IESBA-SACCAG~~

~~17.12.~~ The EIOC may seek the views and advice of the ~~SACCAG~~ on ~~strategic~~ ~~identified~~ matters ~~identified~~. ~~As part of this discussion, the CAG may also bring to the IESBA's attention any new emerging issues not previously identified.~~ To the extent possible, the EIOC will synchronize the timing of the ~~SACCAG~~ discussion with the timing of the IESBA discussion.

EXPECTED OUTCOMES

~~18.13.~~ The nature and timing of IESBA actions arising from this initiative will vary with the nature and ~~importance~~ ~~significance~~ of the matters considered. Such actions may include, for example:

- Possible adjustments to the IESBA strategy and work plan, including re-prioritization of existing commitments and addition of new items to the current strategy and work plan.
- Commissioning of staff publications.
- Specific actions on current projects or initiatives.
- IESBA decision to lead or engage in a specific debate at the international level.
- Outreach to specific stakeholders to convey IESBA views on a particular matter.

- Communications regarding the initiative in the IESBA's annual report and other communication vehicles.

CONSIDERATION OF EFFECTIVENESS OF EMERGING ISSUES INITIATIVE

~~19.14.~~ 19.14. ~~On a biennial basis~~ Periodically, the IESBA will reflect on the effectiveness of the initiative and consider whether improvements can be made to the working processes. ~~The frequency of such consideration may be reduced as further refinements are made to the processes.~~

~~20.15.~~ 20.15. Positive outcomes that may assist the IESBA in assessing the effectiveness of the initiative include:

- Specific IESBA actions initiated in response to the emerging issues, and the timeliness of such actions.
- Improved stakeholder perceptions of IESBA responsiveness, ~~dynamism~~ and relevance, including ~~through~~ positive feedback from stakeholders and increased interest of stakeholder groups, such as the ~~IESBA SACCAG~~ in emerging issues identified by the IESBA.
- Success in generating debate or actions among stakeholders on specific topics.
- Increased stakeholder awareness of the IESBA's work, such as through external requests for IESBA views on specific emerging issues.

C. Outreach

FOCUS OF OUTREACH

~~24.16.~~ 24.16. The IESBA will generally focus its outreach activities on key stakeholder groups with the ~~ultimate aim~~ of increasing the adoption of, or convergence ~~with~~ the Code. Key stakeholder groups include the following (in alphabetical order):

- Academia (e.g., through representative bodies such as the AAA ~~and EAA~~)
- Firms, including SMPs (e.g., the Forum of Firms and the IFAC SMP ~~Committee Advisory Group~~)
- ~~IFAC member bodies~~ Professional accountancy organizations
- Investors
- National standard setters
- PAIBs (e.g., through IFAC PAIB ~~Committee Advisory Group~~, financial executives' institutes)
- Regional and international organizations that have a nexus to the IESBA's work (e.g., the World Bank and the Organization for Economic Co-operation and Development (OECD))
- Regulators and audit oversight bodies, including IOSCO, IFIAR and ~~EAIG~~ CEAOB
- Those charged with governance (e.g., International Corporate Governance Network, institutes of directors, company directors)

~~22.17.~~ 22.17. The IESBA will consider opportunities to reach out to other groups based on merits of each opportunity.

~~23-18.~~ The EIOC will periodically ~~reflect on~~ review the IESBA's past outreach activities to identify specific regions or ~~countries~~ jurisdictions where there would be benefit in undertaking outreach, and advise the IESBA Chair and Program and Senior Technical Director accordingly.

~~24-19.~~ Final determinations regarding specific outreach actions will be made by the IESBA Chair and Program and Senior Technical Director having regard to budgetary implications, timing and availability of IESBA representatives to undertake the relevant outreach.

IDENTIFYING OUTREACH OPPORTUNITIES AND INVOLVEMENT OF IESBA MEMBERS AND TECHNICAL ADVISORS

~~25-20.~~ IESBA members and technical advisors are encouraged to participate in outreach and to assist in identifying relevant opportunities for outreach in their jurisdictions.

~~26-21.~~ When ~~re~~ IESBA members or technical advisors ~~will~~ have the opportunity to raise awareness ~~of, or promote, about~~ the IESBA's work ~~beyond the traditional audience to particular audiences in a capacity other than as IESBA members or technical advisors~~, they are encouraged to share information about such activities with the IESBA Chair and Program and Senior Technical Director for noting and for consideration of whether there would be benefit in conveying specific messages to these audiences.

~~27-22.~~ When ~~re~~ IESBA members and technical advisors are invited to speak about the IESBA and its work in their Board-related capacity, they are asked to advise the IESBA Chair and Program and Senior Technical Director of the relevant invitations for consideration and concurrence, taking into account budgetary constraints ~~if where participation~~ costs are to be borne by the IESBA.

CONSISTENCY OF MESSAGING

~~28-23.~~ Consistency of messaging is important to the IESBA's outreach efforts to ensure that IESBA representatives are seen by stakeholders as speaking with one voice. ~~This approach will also and to~~ minimize the risk of confusion and any stakeholder perceptions that the IESBA is uncoordinated. In support of this objective, staff will endeavor to ~~prepare and make available to support~~ IESBA representatives by preparing/providing appropriate presentation slides and speaking notes, as needed.

~~29-24.~~ Staff may further assist by providing background information and other briefing materials relevant to the particular event.

MEDIA STRATEGY

~~25.~~ Responsibility for developing a media strategy for the IESBA rests with the ~~IFAC~~ Communications Team ~~Department~~. As needed, the EIOC will provide updates to the Communications Team ~~IESBA regarding the status of the media strategy and its execution.~~

~~30.1.~~ ~~As needed, the EIOC will provide updates to the IESBA regarding the status of the media strategy and its execution.~~

REPORTING BACK ON OUTREACH

~~31-26.~~ IESBA representatives who have been involved in outreach activities may be asked to provide brief notes regarding these activities to IESBA staff for collation in advance of each IESBA meeting.

~~32-27.~~ The summary and outcomes of the outreach activities will ordinarily be ~~discussed~~ shared in the executive session.

CONSIDERATION OF EFFECTIVENESS OF OUTREACH

~~33.28.~~ The IESBA will reflect annually on its outreach activities ~~on an annual basis~~ as a basis for identifying potential enhancements to its outreach efforts.

~~34.29.~~ Some of the outcomes that may assist the IESBA in judging whether it is being effective in its outreach efforts include:

- Increased linkages between stakeholder feedback obtained through outreach to Board projects or initiatives.
- Increased media exposure.
- The accounting, business or general press reaching out to the IESBA to a greater extent for views and comment on emerging issues and other relevant topics.
- Increased adoption of the Code internationally.

D. Resource Needs and EIOC Meetings

~~35.30.~~ This initiative will be supported by up to two staff members, with each expected to allocate 5 - 10% of his or her time to the initiative on an ongoing basis.

~~36. The EIOC will ordinarily convene via teleconference at least once each quarter as noted in the Terms of Reference to consider identified emerging issues and, when appropriate, outreach. Prior to an upcoming IESBA meeting at which the initiative would be discussed, the EIOC may hold a further teleconference to discuss and finalize the matters for presentation to the Board.~~

~~This level of resource needs to support the initiative is subject to reassessment by the EIOC once sufficient experience is gained with the initiative.~~