



EXTERNAL REPORTING BOARD

Te Kāwai Ārahi Pūrongo Mōwaho

*"Giving Life to the User-Needs
Framework"*

Strategic Plan

Summary

**For the five-year period
1 July 2017 to 30 June 2022**

10 August 2017

Strategic Plan 1 July 2017 to 30 June 2022

“Giving Life to the User-Needs Framework”

Introduction

This document summarises the External Reporting Board’s (XRB) Strategic Plan for the five-year period from 1 July 2017 to 30 June 2022¹. The foundations of this period, “Giving Life to the User-Needs Framework”, are based the strategies of the XRB’s Strategic Plan 2014–2019². The XRB’s strategies aim to contribute to building trust and confidence in New Zealand’s standards frameworks as well as in the reporting by organisations across all sectors.

First six years:

- XRB organisation established;
- Accounting Standards Framework, Auditing & Assurance Standards Framework and associated standards developed and issued;
- User-needs research commenced;
- Strategies for influencing international boards developed and implemented; and
- Strategies for active and meaningful engagement with the constituency developed and implemented.

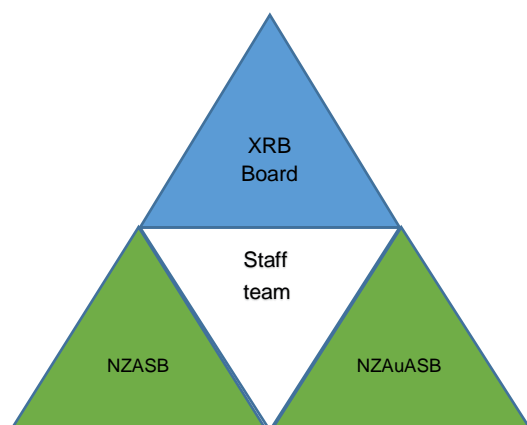
Overview of the XRB

The XRB is an Independent Crown Entity initially established under the Financial Reporting Act 1993, with continued existence under section 11 of the Financial Reporting Act 2013. As a Crown Entity, the XRB is subject to the Crown Entities Act 2004.

XRB’s statutory functions under section 12 of the Financial Reporting Act 2013:

- Develop and implement a strategy for accounting standards and auditing & assurance standards, and tiers of financial reporting
- Prepare and issue accounting standards
- Prepare and issue auditing & assurance standards
- Liaise with international counterparts

The XRB’s organisational structure



XRB Board responsible for:

- General governance of the organisation
- Overall financial reporting strategy
- Standards strategy
- Oversight of the standard setting boards

NZASB – New Zealand Accounting Standards Board:

Committee (sub-Board) of the XRB Board, responsible for accounting standard setting

NZAuASB – New Zealand Auditing & Assurance Standards Board:

Committee (sub-Board) of the XRB Board, responsible for auditing & assurance standard setting

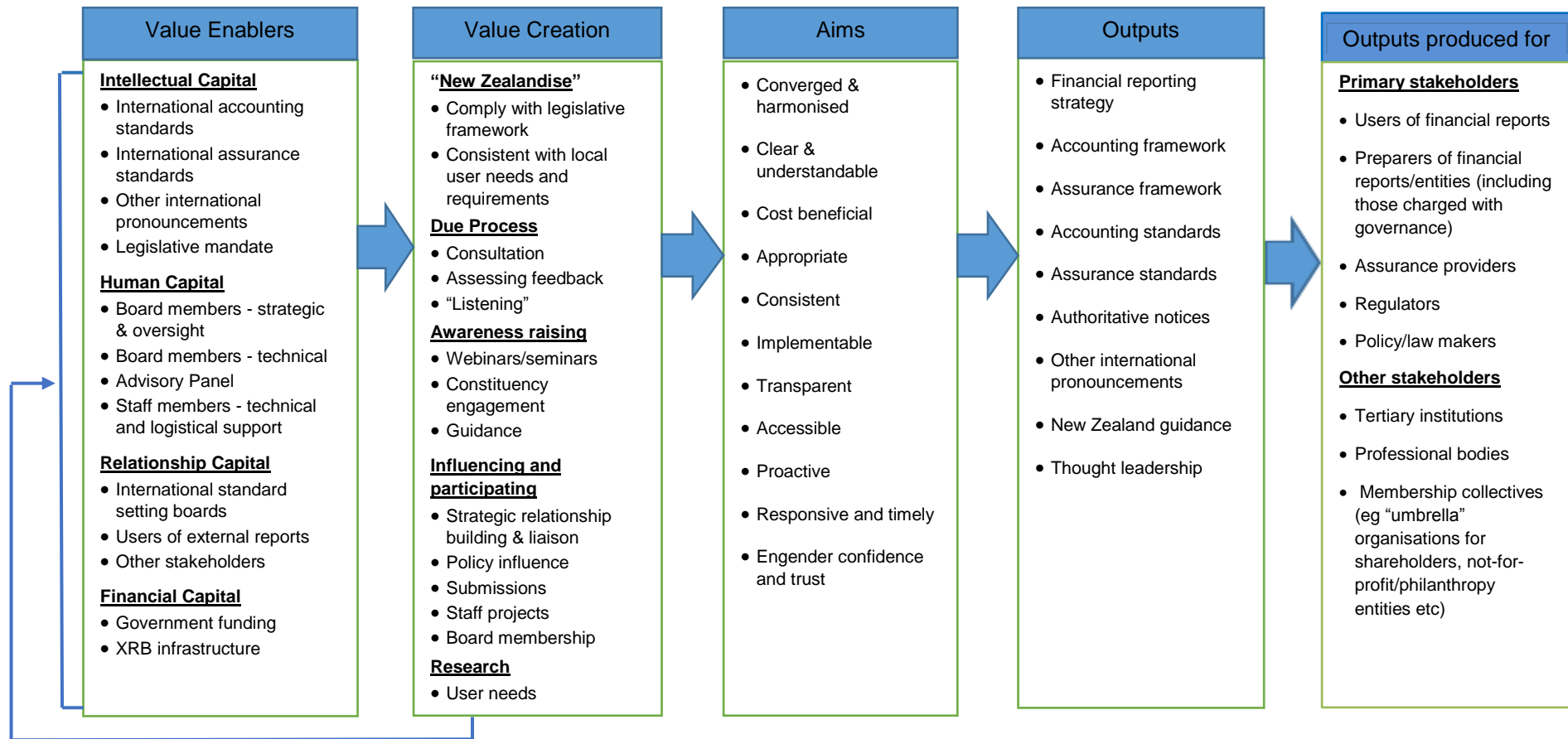
Staff team:

Provides technical and logistical support to the three Boards

¹ The full version of the XRB’s Strategic Plan 1 July 2017 to 30 June 2022 can be accessed [here](#)

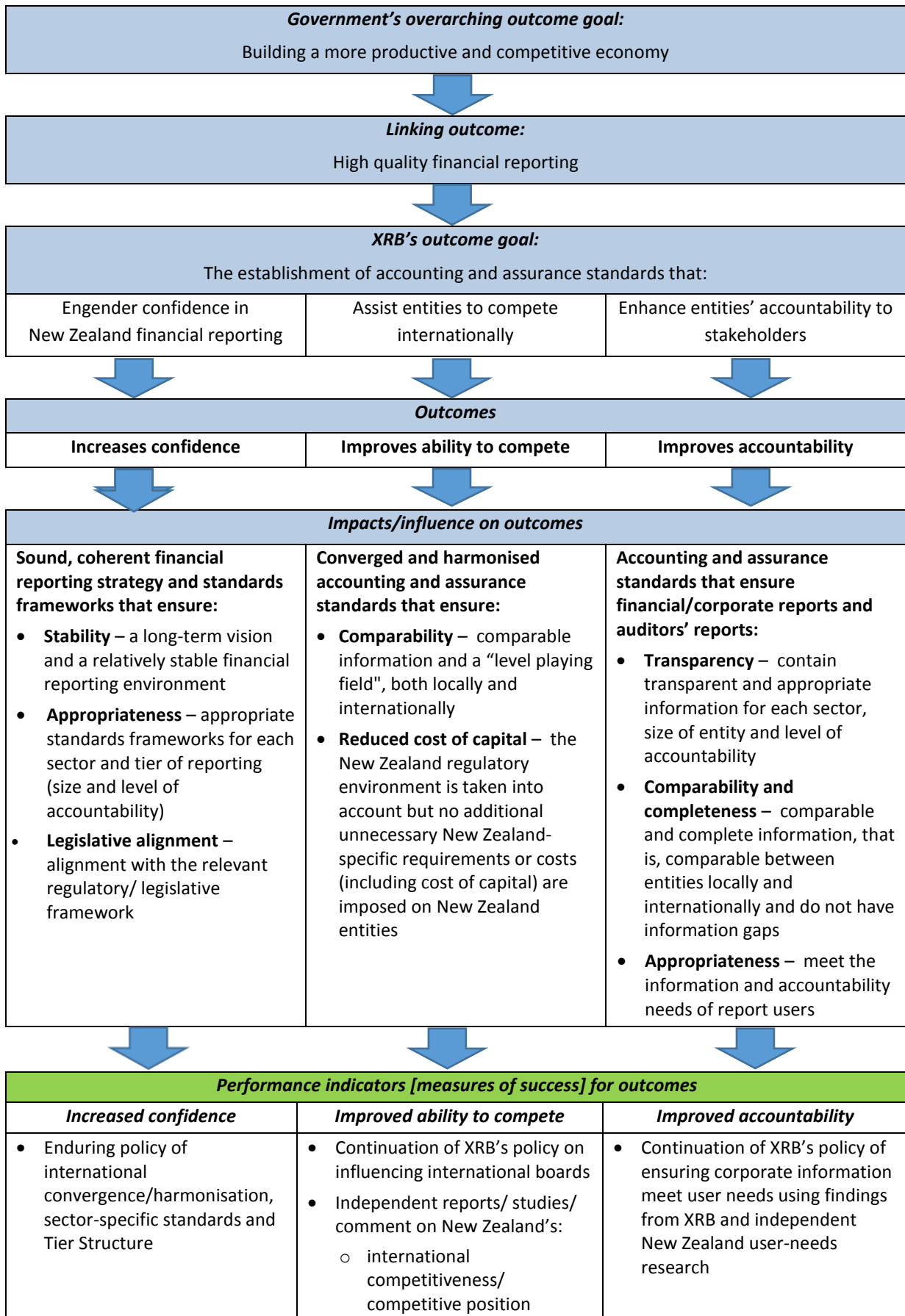
² The foundations of the XRB’s strategic plan are set out in detail in the XRB’s [Strategic Plan 1 July 2014 to 30 June 2019](#).

Our Value Adding Model



Value enablers	<ul style="list-style-type: none"> Resources and relationships used in our value creation process.
Value creation	<ul style="list-style-type: none"> Processes utilised, together with the value enablers, to deliver outputs to our stakeholders; and Learnings from our processes become feedback into our value enablers.
Aims	<ul style="list-style-type: none"> Objectives driving the delivery of our outputs.
Outputs	<ul style="list-style-type: none"> Services created by our value adding model and contributing to our outcome goal.

XRB's Outcome, Impact and Output Performance Framework



<ul style="list-style-type: none"> • Consistency of standards frameworks with legislative frameworks • Reliability of financial reporting strategy and standards frameworks that require infrequent changes • Responsiveness and timeliness of standards frameworks to legislative changes and stakeholder feedback • Number of requests from stakeholders for changes to standards frameworks 	<ul style="list-style-type: none"> ○ ranking attributable to accounting and assurance standards ○ reaction to international reporting trends 	<ul style="list-style-type: none"> • Independent reports/ studies/ comment about: <ul style="list-style-type: none"> ○ transparency and understandability of reported corporate information ○ audit quality ○ stakeholder awareness of wider corporate reporting and non-financial reporting matters • Independent feedback from other regulatory bodies about the requirements of standards
<ul style="list-style-type: none"> • Responsiveness of standards to new (or amended) international standards • Number of requests for New Zealand-specific amendments to standards that are not related to legislative or standards frameworks • Timeliness of changes to standards to reflect stakeholder feedback 		
<ul style="list-style-type: none"> ○ Findings from domestic and international stakeholder survey on XRB's work 		



<i>Outputs to influence achievement of outcome goal</i>	
Financial Reporting Strategy, Accounting Framework, Assurance Framework and thought leadership	
	Accounting Standards, Authoritative Notices, other international pronouncements and New Zealand guidance
	Auditing & Assurance Standards, other international pronouncements and New Zealand guidance

Strategic Priorities – 2017-2022

The XRB's outcome goal in the period 2017-2022 will be achieved through a number of specific strategies, as set out below:

Overarching Strategy – Broad strategic approach	
<ul style="list-style-type: none"> Maintaining the existing financial reporting strategy including the two-sector, multi-standards, multi-tier Accounting Standards Framework Continuing the convergence and harmonisation approach (where applicable) for both accounting and auditing & assurance standards 	
Specific Strategy	To be achieved by....
Specific Strategy 1: Maintain and Enhance Existing Standards	<p>Continuing with a period of relative stability in standards for the next two years (pending a review in the 2019–2020 period) of the standards frameworks to allow the constituency to implement and adapt to the standard reforms of 2011-2016;</p> <p>Maintaining the existing suites of standards so that they are of a high quality and remain consistent with international standards and Australian standards (where applicable);</p> <p>Identifying and addressing any deficiencies or gaps in existing standards that are significant to user-needs and the quality of financial reporting; and</p> <p>Expanding, where necessary, the XRB's legal mandate in relation to the issue of standards to better meet user needs and market demands.</p>
Specific Strategy 2: Undertake User-needs Research	<p>Undertaking deliberate, organised research into the financial and non-financial information needs of the various users of our standards:</p> <ul style="list-style-type: none"> as a basis for considering enhancements to the financial reporting framework or specific standards in the future; and to help inform efforts to influence the work of the international standard setting boards; and <p>Undertaking a post-implementation review of the standards frameworks in the period 2019-2020, including of the costs and benefits aspects of the standards frameworks.</p>
Specific Strategy 3: Influence the International Boards	<p>Support the overarching strategy of international convergence by actively:</p> <ul style="list-style-type: none"> Seeking to influence the work of the international boards during the early stages of standards development through “influencing strategies” specific to each international board so that standards are relevant to New Zealand entities; Participating in the work of the international standard setting boards through relationships, contribution by staff and, where appropriate, representation on international boards; and Monitoring international developments to stay informed of, and respond to, any major disruptions in the international standard setting structure and environment.
Specific Strategy 4: Enhance Constituency Engagement and Support	<p>Continuing to develop standards in a collaborative manner with the constituency and to this end:</p> <ul style="list-style-type: none"> Implementing engagement strategies and approaches to enhance the level and quality of constituency engagement, including widening the membership representation of the External Reporting Advisory Panel (XRAP) as a platform for constituency and market feedback;

	<ul style="list-style-type: none"> Increasing the organisation's involvement in awareness raising activities to help the constituency better understand the role, purpose and requirements of our standards, including the development of a communication strategy for social media; Actively promoting the awareness, understanding and implementation of extended external reporting (EER) among New Zealand constituents and setting specific targets and goals to monitor the success (or otherwise) of such awareness raising; Actively encouraging, facilitating and supporting other relevant organisations to provide appropriate training and professional development activities relating to financial reporting; and Actively working with other agencies to ensure the linkages between the work of relevant agencies in the financial and non-financial reporting and assurance areas are identified and gaps addressed.
Specific Strategy 5: Maintain Capability within a Financially Prudent Organisation	Maintaining a high performance culture commensurate with achieving the XRB's outcome goals, while operating in a financially prudent manner and maintaining the level of capability needed to deliver the outputs required.

Strategic challenges/risks and mitigating actions

Risk management is an integral part of the XRB's strategic planning process. Management, in consultation with the XRB Board, identifies and assesses the risks that may cause the XRB not to achieve its outcomes, and develops and implements actions to mitigate those risks.

Key risks	
<i>Strategic risks</i>	<i>Operational risks with strategic implications</i>
<ul style="list-style-type: none"> Standards not acceptable to constituency/stakeholders and therefore not applied; International standard setters cease to exist, produce standards too narrowly focused for New Zealand purposes or failure of the global initiative; Standards do not result in high quality user-focussed, multi-sectoral external reporting; and Loss of reputation/credibility of the XRB as a standard setter. 	<ul style="list-style-type: none"> Inability to attract/retain diverse and highly qualified Board members (loss of governance/technical resources); Inability to attract/retain diverse and highly qualified staff (loss of management/technical resources); and Insufficient funding to carry out legislative mandate.
Mitigating Actions	
<i>Strategic</i>	<i>Operational</i>
<ul style="list-style-type: none"> Constituency/stakeholder outreach <ul style="list-style-type: none"> Focused on New Zealand-specific issues; Early involvement in key projects with international boards; Relevant standards frameworks; Transparent due process; User acceptance, tested by research; and Active environmental scanning. 	<ul style="list-style-type: none"> Effective ministerial and governing ministry relationships; Effective brand management; Effective governance processes; Prudential management; and Good employer policies.