

IAASB Due Process and Working Procedures (Mark-up showing changes from March 2005)

The following identifies the due process and working procedures followed by the IAASB in promulgating its international pronouncements.

Matters of due process are identified in each of the following paragraphs. Working procedures, shown in *italics*, are steps adopted by the IAASB to facilitate the operation of its due process but are not themselves part of the due process. Working procedures may be modified, as considered necessary, to respond to changes in circumstance.

General

1. IAASB meetings to discuss the development, and to approve the issue, of International Standards and Practice Statements are open to the public. Matters of a general administrative nature or with privacy implications may be dealt with in closed sessions.
 - *Where practicable, IAASB meetings are broadcast over the Internet or recorded and archived on the IAASB website.*
2. Meeting agenda papers, including issues papers and draft International Standards or Practice Statements prepared for the IAASB's review and debate, and minutes of the immediately preceding meeting of the IAASB, are published on the IAASB website in advance of each IAASB meeting.
 - *Meeting agenda papers are published on the IAASB website ordinarily no later than three weeks in advance of each IAASB meeting. Draft meeting minutes are published on the IAASB website ordinarily within six weeks after each IAASB meeting. Final minutes are retained on the website indefinitely.*
 - *Updated project summaries and meeting highlights are posted to the website after each meeting. Agenda papers are retained on the IAASB website for at least three years from the date of the meeting. Only the final International Standards or Practice Statements issued by the IAASB are authoritative.*
3. Meetings and agenda papers are in English, which is the official working language of ~~IAASB~~IFAC.

Project Identification, Prioritization and Approval

4. The IAASB identifies new projects based on a review of national and international developments and on comments and suggestions from those who have an interest in the development of assurance and related services or of international standards covering those services.

5. The Public Interest Oversight Board (PIOB)¹ ~~and the IAASB Consultative Advisory Group (IAASB CAG) are~~ is consulted to help establish the appropriateness of the IAASB's project priorities ~~and any changes therein. The IAASB obtains the PIOB's opinion, as at the date of that opinion, on the appropriateness of the items on the work program and on whether or not it wishes, from a public interest perspective, to have any further items added. The IAASB adds to its work program those items that the PIOB resolves should, from a public interest perspective, form part of the IAASB's work program.~~
6. ~~The IAASB Consultative Advisory Group (IAASB CAG) is consulted to help establish the appropriateness of the IAASB's project priorities and any changes therein.~~ A proposal to start a new project is prepared based on research and on appropriate consultation with~~in~~ the IAASB and ~~with~~ the IAASB CAG, ~~with consideration given to the costs and benefits of the proposed project.~~ It is also circulated to other IFAC ~~c~~Committees and IFAC ~~t~~Task ~~f~~Forces to identify matters of possible relevance to the project. The IAASB considers and prioritizes the project proposal having regard to the public interest. As appropriate, the IAASB approves, amends or rejects the project proposals in a meeting open to the public.
 - *A proposal to start a new project is first considered by the IAASB Steering Committee². As appropriate, the IAASB Steering Committee recommends to the IAASB either that a project proposal be approved or that no new project be initiated at that time. A project proposal identifies, where applicable, who has recommended the project for consideration by the IAASB.*
7. Where ~~the PIOB or~~ the IAASB CAG has recommended a project for consideration by the IAASB, the IAASB Chair informs the PIOB and the IAASB CAG of the decisions of the IAASB.

Development of Proposed International Pronouncements

8. The IAASB may assign responsibility for a project to a Project Task Force. The Project Task Force operates within the guidelines established by the IAASB.
 - *A project proposal includes any proposed assignment of responsibility for the project to a Project Task Force. It addresses, where appropriate, specific areas of expertise or geographical representation that may be needed on the Project Task Force. The identification of Project Task Force members focuses on finding the best person for the job.*

¹ The international Public Interest Oversight Board (PIOB), established in February 2005, oversees IFAC Public Interest Activity Committees: the International Auditing and Assurance Standards Board, Ethics Committee, Education Committee, and Compliance Advisory Panel.

² The IAASB Steering Committee is a standing committee of the IAASB. Its purpose is to formulate views and advise the IAASB on matters of strategic and operational importance to the IAASB. It also relieves the IAASB of the need to address certain administrative matters that do not necessarily require deliberation by the IAASB. The membership, terms of reference and operating procedures of the IAASB Steering Committees are published on the IAASB website.

- *A Project Task Force is chaired by a member of the IAASB and may contain participants, such as external experts, who are not members of the IAASB but have experience relevant to the subject matter. Members of a Project Task Force are identified in the project summaries contained on the IAASB website.*
 - *Project Task Force meetings are not open to the public.*
 - *Draft International Standards and Practice Statements are developed based on research and consultation, which may include: conducting research; consulting with the IAASB or the IAASB CAG, practitioners, regulators, national standard setters and other interested parties; and reviewing professional pronouncements issued by IFAC member bodies and other parties.*
 - *The IAASB may carry out projects in cooperation, or also conduct projects jointly, with a national standard setter(s) or other organizations with relevant expertise. In the such cases where a project is to be conducted jointly,³ a member of the IAASB chairs the joint Project Task Force.⁴ Where practicable, joint projects are conducted on a multi-national basis whereby two or more national standard setters or national organizations are involved in the joint project.*
 - *~~Joint projects are subject to the due process of the IAASB. If exposed separately both internationally and by the national standard setter(s) with whom the project is being jointly developed, and where applicable, IAASB may additionally have regard to comments received by the national standard setter(s), where they may be relevant internationally, and to the extent the process does not result in unnecessary delay in the finalization of the pronouncement. The final pronouncement approved by IAASB becomes an International Standard or Practice Statement in the normal way. It may differ from the corresponding document(s), if any, approved by the collaborating national standard setter(s).~~*
9. The IAASB considers whether to hold a public forum or roundtable, or issue a consultation paper, in order to solicit views on a matter under consideration. **The IAASB also considers the appropriateness of conducting a field test of the application of its proposals for a new or revised International Standard.** The decision to **undertake any of these steps** ~~do so~~ may be made at any stage before or after a draft International Standard or Practice Statement is issued for public exposure. **The rationale for the IAASB's decision in relation to these steps**

³ ~~Joint projects are subject to the due process of the IAASB. If exposed separately both internationally and by the national standard setter(s) with whom the project is being jointly developed, and where applicable, IAASB may additionally have regard to comments received by the national standard setter(s), where they may be relevant internationally, and to the extent the process does not result in unnecessary delay in the finalization of the pronouncement. The final pronouncement approved by IAASB becomes an International Standard or Practice Statement in the normal way. It may differ from the corresponding document(s), if any, approved by the collaborating national standard setter(s).~~

⁴ ~~Note to IAASB: The issue of whether joint projects should be co-chaired is to be considered further by the IAASB and national auditing standard setters. Respondents' comments on the IAASB ED have suggested, however, that the practice of co-chairs should be eliminated.~~

shall be discussed at an IAASB meeting and the decision minuted. Comments received through a public forum or roundtable, or the issue of a consultation paper, are considered in the same manner as comments received on an exposure draft.

- *In deciding upon the need to hold a public forum or roundtable or to issue a consultation paper, the IAASB considers whether the subject of the International Standard or Practice Statement, the level of interest within and outside the profession, the likely or actual existence of a significant and controversial divergence of views, the need for additional information in order to further the IAASB's deliberative process, or some other reason indicates that wider or further consultation would be appropriate.*
- *The outcome(s) of a public forum or roundtable, or the issue of a consultation paper, is summarized and reported to the IAASB, as part of the IAASB's public agenda papers, for purposes of the IAASB's deliberation on the subject under consideration.*

10. When the Project Task Force is satisfied that it has a proposed draft International Standard or Practice Statement that is ready for exposure, it presents the draft to the IAASB for approval in accordance with the IAASB's voting procedures.

Public Exposure

11. Approved draft International Standards and Practice Statements are exposed for public comment. Exposure drafts are placed on the IAASB website where they can be accessed free of charge by the general public. Each exposure draft is accompanied by an explanatory memorandum that highlights the objective(s) of, and the significant proposals contained in, the draft International Standard or Practice Statement, as well as the IAASB's view on the main issues addressed in the development thereof.
- *Notice of the issuance of exposure drafts is widely distributed to: regulatory bodies; organizations that have an interest in quality control, auditing, review, other assurance and related services standards and practice statements; member bodies of IFAC; major accounting firms; and the press.*
 - *The explanatory memorandum may also direct respondents, including those representing specific constituencies such as developing nations, small- and medium-sized practices or the public sector, to aspects of the draft International Standard or Practice Statement on which specific comments are sought.*
12. The exposure period will ordinarily be 120 days.
- *A shorter or longer exposure period, however, may be set when considered appropriate. A longer exposure period may be set, for example, where complex or pervasive changes might affect translation or to make wider consultation possible. A shorter exposure period may be set, for example, where in the public interest there is a need to conclude on a matter more quickly, the exposure draft is relatively simple or short, or where the IAASB decides to re-expose all or only part of a draft pronouncement.*

- *Exposure drafts indicate that the IAASB cannot undertake to consider comments and suggestions received after the close of the exposure period.*
13. Comments made by respondents to an exposure draft are a matter of public record and are posted on the IAASB website after the end of the exposure period.
- *An acknowledgement of receipt is sent to every respondent to an exposure draft.*
 - *IAASB members, their technical advisers, IAASB observers, and Project Task Force members who are not members of the IAASB are notified when comment letters have been made available on the IAASB website.*
 - *A number of printed copies of the exposure draft and comment letters are also made available for the reference purpose of IAASB members at the IAASB meeting in which the project is scheduled for discussion.*

Consideration of Respondents' Comments on an Exposure Draft

14. To facilitate the deliberative process, the Project Task Force provides the IAASB, as part of the IAASB's public agenda papers, with an analysis that summarizes the main issues raised by respondents, outlines their proposed disposition and, as appropriate, explains the reason(s) significant changes recommended by a respondent(s) are, or are not, to be accepted.
- *The comments and suggestions received within the exposure period are read and considered by the Project Task Force.*
 - *Project agenda papers contain a cumulative summary of the significant decisions made by the IAASB on matters relating to the project, including its position on the main points raised in comment letters.*
 - *When an exposure draft has been subject to many changes, a summary comparative analysis is presented to the IAASB. This analysis shows, to the extent practicable, the differences between the exposure draft and the proposed final International Standard or Practice Statement.*
15. Members of the IAASB ~~members~~ familiarize themselves with the issues raised in comment letters on exposure drafts such that they are able to make well informed decisions as they finalize an international pronouncement. The IAASB deliberates significant matters raised in the comment letters received, with significant decisions recorded in the minutes of the meeting of the IAASB.
- *The IAASB does not enter into debate or discussion with respondents on individual comment letters.*
 - *The IAASB may decide, however, to discuss a letter of comment with the respondent to seek clarification on a matter. For comments received from members of the Monitoring*

Group⁵ **and from the IAASB CAG**, if and as requested, the IAASB will explain to them the reason(s) for not having accepted their proposals. The nature and outcome of such discussions are reported and recorded in the minutes of the IAASB meeting at which the related project is discussed.

Re-Exposure

16. After approving the revised content of an exposed International Standard or Practice Statement, the IAASB assesses whether there has been substantial change to the exposed document that may warrant re-exposure. If so, the IAASB votes on a resolution in favor of re-exposure that is subject to the same voting rules as a vote on the issue of an exposure draft or a final International Standard or Practice Statement.
 - *The IAASB Technical Director, in consultation with the IAASB Chair and the chair of the Project Task Force, advises the IAASB on whether a draft International Standard or Practice Statements, or part thereof, needs to be re-exposed.*
 - *Situations that constitute potential grounds for a decision to re-expose may include, for example: substantial change to a proposal arising from matters not aired in the exposure draft such that commentators have not had an opportunity to make their views known to the IAASB before it reaches a final conclusion; substantial change arising from matters not previously deliberated by the IAASB; or substantial change to the substance of an International Standard or Practice Statement.*
17. When an exposure draft is re-exposed, the explanatory memorandum accompanying the re-exposure draft includes the reasoning for re-exposure and sufficient information to allow an understanding of the changes made as a result of the earlier exposure.

Approval of a Final Pronouncement

18. The IAASB Technical Director is responsible for advising the IAASB **and the PIOB on** whether the IAASB's stated due process has been followed before a final International Standard or Practice Statement is approved for issue.
19. When the revised draft is approved, it is issued as a definitive International Standard or Practice Statement. The IAASB will set an effective date for the application of its International Standards. The IAASB will set a date from which professional accountants should be aware of and consider a relevant Practice Statement.
 - *In setting such dates, the IAASB considers the reasonable expected minimum period for effective implementation, including the need for translation into national languages.*

⁵ IFAC works with a group known as the Monitoring Group, whose primary purpose is liaison with IFAC in relation to current regulatory and audit practices issues. The Monitoring Group is a group of regulatory and international organizations that have a responsibility to protect and advance the public interest and are committed to supporting the development of high quality international auditing and assurance standards by IFAC and of related high quality implementation practices by the international auditing profession.

20. For each International Standard, the IAASB issues a separate document explaining its basis of conclusions with respect to comments received on an exposure draft.
- *The document explaining the IAASB's basis of conclusions with respect to comments received on an exposure draft is circulated to the IAASB for comment and is issued after clearance by the IAASB Chair and Technical Director. The issue of the document is not subject to voting approval by the IAASB and therefore does not constitute part of the final International Standard and is non-authoritative. It is retained for an indefinite period on the IAASB website.*

Meeting Quorum and Voting for Approval or Withdrawal

21. The IAASB votes on the approval of an exposure draft or on the approval or withdrawal of a final International Standard or Practice Statement in accordance with its terms of reference, as follows.

Meeting Quorum

- ☐ Each IAASB meeting requires the presence, in person or by simultaneous telecommunication link, of at least twelve appointed members.

Voting

Voting Rights

Each member of the IAASB has the right to one vote.

- Where a member is unable to attend an IAASB meeting⁶, the member may appoint his or her technical advisor⁷, the IAASB Chair or another IAASB member as a proxy. When voting, the proxy takes account of the outcome of the IAASB's discussions and any guidance provided by the member in relation to voting, and, where practicable, consults with the member before voting. The appointment of a proxy is made in writing to the IAASB Chair and is disclosed at, and recorded in the minutes of, the IAASB meeting.

Voting At IAASB Meetings

The affirmative votes of at least two thirds of the members present at a meeting in person or by simultaneous telecommunications link or by proxy, but not less than twelve, is required to approve exposure drafts and; re-exposure drafts, or to approve or withdraw International Standards and Practice Statements.

- Dissenting votes, including the reason(s) therefor, will be included in the minutes of the meeting.

~~Voting By Ballot~~

⁶ IAASB members who absent themselves from two meetings in any twelve month period may be requested to resign from the IAASB.

⁷ Each IAASB member has the right to appoint one technical advisor who may participate in the discussions at IAASB meetings.

- *The IAASB may also use ballots where exposure drafts or final International Standards and Practice Statements are discussed at an IAASB meeting and a final draft is distributed and approved electronically subsequent to the meeting. Ballots may also be used where final discussion of the exposure draft or final International Standard or Practice Statement yields a significant number of changes and additional time for further consideration is considered necessary.*
- *The affirmative ballot votes of at least two thirds of the members of the IAASB, but not less than twelve, is required to approve exposure drafts and re-exposure drafts, or to approve or withdraw International Standards and Practice Statements by ballot. Dissenting ballot votes, including the reason(s) therefor, will be included in the minutes of the subsequent meeting.*

Matters of Due Process

22. If an issue over adherence to due process is raised with the IAASB (other than an issue one that is clearly frivolous or vexatious), whether by a third party or otherwise, the IAASB assesses the matter and seeks an appropriate resolution. The IAASB's decision on the matter is communicated to the party raising the matter. Alleged breaches of due process and the resolution thereof are communicated by the IAASB to the PIOB.
 - *When an issue over due process is raised, the IAASB Steering Committee assesses the matter and obtains relevant information from all parties involved~~concerned~~. The IAASB Steering Committee brings the issue to the attention of the IAASB with a recommendation on whether the alleged breach has merit and, if so, an appropriate resolution.*
 - *IAASB's annual report describes the manner in which the IAASB has complied with its due process during the period.*