IAASB INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD

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Meeting:	IAASB	**Agenda Item**
Meeting Location:	Malta	**10**
Meeting Date:	September 20-24, 2010	

Process for Developing IAASB Staff Publications

Objective of Agenda Item

1.   To discuss the process for developing IAASB staff publications.

Background

2.   At the end of August 2010, staff released an IAASB Staff Questions and Answers (Q&A) publication addressing auditor considerations regarding significant unusual or highly complex transactions (SUT Q&A).[1] This Q&A publication was developed from an already prepared staff memorandum following a request for that memorandum to be shared more broadly.

3.   During the process of obtaining the IAASB's clearance on the document, however, some concerns were raised regarding the process followed for the development of the Q&A publication. These concerns were specifically around:

- The nature of the request for information on ISA provisions dealing with such transactions;

- Whether an IAASB Staff Q&A is the right vehicle for responding to that request; and

- The process surrounding Board discussion on the above.

4.   While the concerns were subsequently satisfactorily addressed, it was agreed that a general discussion be held at the Board on the matter of developing such staff publication.

Discussion

5.   The Appendix to this paper outlines the process for the development of an IAASB staff publication as discussed and broadly agreed by the IAASB at the June 2009 meeting.

6.   Under this process, the Board is responsible for commissioning a staff publication and advising staff on matters relevant to the development of the publication. Such matters include: the issue or circumstance that the publication is to address; specific issues or

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[1]   The Staff Q&A publication, *Auditor Considerations Regarding Significant Unusual or Highly Complex Transactions*, can be accessed at http://web.ifac.org/media/publications/2/auditor-considerations-rega/auditor-considerations-rega.pdf.

messages that should be highlighted in the document; and key provisions of IAASB pronouncements to which practitioners' attention should be drawn.

7. In the case of the SUT Q&A, it was felt that it should be sufficient to:

    (a) Raise the intent and general coverage of the document with the Board, which was done during the executive session of the Board on June 18, 2010; and

    (b) Allow for Board input at the time the document is circulated to it.

8. This is in contrast to delaying the process by a further quarter to hold discussions envisioned in paragraph 6 above, which did not appear justified in the light of the following circumstances:

    - The straightforward and factual nature of the document (i.e. it is largely a summary of relevant requirements and guidance in the ISAs); and

    - The minimal amount of work involved in developing the publication (in this case, it was a matter of converting an already available staff memorandum into a Question and Answer format, with little need for rework).

9. Conversely, such discussions would have been viewed as essential if the matter had concerned the development of a staff publication to respond to more substantive issues. Examples of such cases include the August 2009 IAASB Staff Q&A on applying ISAs proportionately with the size and complexity of an entity, and the January 2010 XBRL Staff Q&A.

10. More generally, there may be other circumstances in the future where the approach taken for the SUT Q&A can be followed in developing similar documents and relying on IAASB input when these are circulated for comment. The underlying premise is that these documents would be factual and have significant informative value (especially in terms of implementation support) through pulling together in one place information about the strength of the ISAs on a given topic that would not easily be pieced together from reading the ISAs separately. The decision to take this approach would be subject to the Steering Committee's agreement, having regard to the need for timeliness of the response and other relevant circumstances. Also, at the time the draft document is circulated to the IAASB for comment, there would be a clear communication about the nature of any request that stimulated the development of the document and any other relevant background information. The intent, however, would be for this approach to be taken only rarely.

Action Requested

11. The IAASB is asked for its views on the above and, in particular, whether it agrees with the conclusion in paragraph 10.

Appendix

Process for Developing an IAASB Staff Publication

1. The IAASB is responsible for commissioning a Staff Publication. The decision to do so is made once the IAASB has concluded that the issue of a Staff Publication is an appropriate form of response.

2. In commissioning a Staff Publication, the IAASB advises Staff on matters relevant to the development of the Publication. This includes matters such as the following: (i) the issue or circumstance which the Publication is to address; (ii) specific issues or messages that should be highlighted in the Publication; and (iii) an indication of the key provisions of the pronouncements to which practitioners' attention should be drawn. The IAASB may also instruct Staff on matters which would not be appropriate for inclusion in the Publication.

3. For each Publication, the IAASB Chair, in consultation with the Steering Committee and IAASB Technical Director, appoints a small group of IAASB members to advise Staff on the development of the Publication. This advisory group provides input on technical and drafting matters, and reviews the general quality of the draft Publication.

4. Before a Staff publication is issued, all IAASB members are provided an opportunity to consider and comment on whether it is consistent with, and does not extend beyond, the authoritative pronouncements to which it relates.

5. Staff, in consultation with the appointed advisory group, is responsible for addressing any substantive concern raised by IAASB members. All IAASB members are then provided an opportunity to consider and comment on how these concerns have been addressed by Staff.

6. The IAASB Technical Director, in consultation with the IAASB Chair, is responsible for approving release of a Staff Publication. Staff Publications are made available only on the IAASB's website, with their availability announced through appropriate channels.