

Draft Ethics Committee Due Process and Operating Procedures

In developing and issuing changes to the *Code of Ethics for Professional Accountants* and *Code of Ethics Interpretations* due process and operating procedures of the Ethics Committee comprises:

Project identification, prioritization and approval process

- Project identification includes consideration of international and national developments, and input from Ethics Committee members or interested parties including, but not limited to, the Ethics Consultative Advisory Group (CAG) and the Public Interest Oversight Board (PIOB).
- Project proposals are prepared based on research and appropriate consultation with the Ethics' CAG and circulation to other IFAC committees for purposes of identifying matters of possible relevance to the project.
- Project proposals are considered, approved and prioritized by the Ethics Committee in an open meeting.
- The Ethics Committee communicates to the Ethics CAG or the PIOB decisions on a project which had been recommended by either the Ethics' CAG or the PIOB for consideration by the Ethics Committee.

Project development.

- If the Ethics Committee assigns responsibility for project development to a Task Force, the Task Force is ordinarily be chaired by a member of the Ethics Committee and may contain participants, such as external experts who are not members of the Ethics Committee.
- An exposure draft is developed based on research and consultation which may include: commissioning research, reviewing relevant pronouncements issued by IFAC member bodies and others, consulting with the Ethics' CAG, public accountants in public practice or business, national ethical standard setters and other interested parties.
- The Ethics Committee considers whether there is a need to hold a public forum, or roundtable, or issue a consultation paper, soliciting views on the matter under consideration.

Exposure process

- Exposure drafts proposing changes to the Code of Ethics are exposed for public comment.
- Exposure drafts and comments received are posted on the IFAC website.
- The exposure period provides adequate time for due consideration and comment, with the exposure period ordinarily being no shorter than 90 days.
- An acknowledgement of receipt is sent to each respondent to an exposure draft.

Consideration of Comments Received

- Ethics Committee members, and any others assigned to the Task Force working on the project, are notified when comment letters have been posted to the IFAC website.
- A limited number of printed copies of the exposure draft and comment letters are available for Committee members at the Ethics Committee meeting at which the responses are first scheduled for discussion.
- Agenda papers contain an analysis of the comments received which summarizes the main issues raised, outlines the proposed disposition and, as appropriate, explains the reason(s) why significant changes recommended by a respondent(s) are, or are not, to be accepted.
- The Ethics Committee gives due consideration to comments received; significant decisions are recorded in the minutes.
- If considered appropriate, there will be a discussion with respondents to obtain further information on a point raised or to explain the rationale for not accepting a particular proposal. This is regular practice for comments received from members of the Monitoring Group, with the nature and outcome of such discussions reported and recorded in the Ethics Committee minutes.
- Agenda papers contain a cumulative summary of the significant decisions taken by the Ethics Committee and significant changes to the exposure draft position.

Approval process

- The Task Force makes a recommendation to the Ethics Committee regarding the need to re-expose an exposure draft, or part of an exposure draft.
- The Ethics Committee votes on whether re-exposure is necessary. The Committee assesses whether, as a result of the comments received, there has been substantial change to the exposed pronouncement and, if so, whether those changes warrant re-exposure.
- Before the Ethics Committee approves a final pronouncement Ethics Committee staff confirms that due process has been followed.
- The Ethics Committee approves a final change to the Code or interpretations in accordance with voting procedures in its Terms of Reference and where applicable establishes an effective date.
- Changes to the Code are published on the IFAC website.

Ethics Committee Meetings

- Ethics Committee meetings are open to the public and agenda material is published on the IFAC website prior to meetings¹.
- Matters of general administrative nature or with privacy implications may be dealt with in closed sessions.

Due Process

If an issue of due process is raised with the Ethics Committee, the matter is assessed. If the Ethics Committee concludes there was a breach of due process an appropriate resolution is sought and communicated to the party who raised the matter.

¹ Meetings and agenda papers are in English, which is the official working language of IFAC.