



**INTERNATIONAL FEDERATION  
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**Agenda Item**

**4**

**Committee** International Ethics Standards Board for Accountants

**Meeting Location:** JICPA, Tokyo, Japan

**Meeting Date:** October 19-20 2009

**Terms of Reference and Working Procedures**

**Objectives of Agenda Item**

1. To update the IESBA on the status of amendments to IESBA's Terms of Reference and Due Process and Working Procedures arising from IFAC's triennial review.

**Background**

During 2008 IFAC undertook its first triennial review of the effectiveness of its Public Interest Activity Committees (PIACs), including the IESBA. The review focused on necessary refinements, based on the experience of the last three years, to the PIACs' Terms of Reference and the PIAC Due Process and Working Procedures document (along with any consequential amendments to the CAGs' Terms of Reference). At the end of 2008, IFAC presented its recommendations to the Public Interest Oversight Board (PIOB).

In April 2009 the PIOB reported that it has approved the amended PIAC Due Process and Working Procedures document and each of the proposed amended PIAC and CAG Terms of Reference as presented, subject only to certain editorial changes.

Agenda Papers Items 4-A and 4-B contain the amended IESBA Terms of Reference and PIAC Due Process and Working Procedures documents, respectively. Text that is shown as marked represents editorial changes recommended by the PIOB.

It is anticipated that the IFAC Board will approve the amended IESBA Terms of Reference and PIAC Due Process and Working Procedures document at its November 2009 meeting, with a final report back provided to the PIOB at its December 2009 meeting.

**Due Process and Working Procedures**

While all provisions of the amended Due Process and Working Procedures are important and require the IESBA's ongoing consideration, the IESBA's attention is drawn to the following provisions of Agenda Item 4-B:

- Preamble, third paragraph – IESBA accountability for following the approved working procedures and, if not, for explaining why a working procedure(s) had been modified in practice;
- Paragraph 8 – Consideration of the need to hold a public forum or roundtable, or issue a consultation paper, in order to solicit views on a matter under consideration, and consideration of the appropriateness of conducting a field test of the application of its proposals for a new or revised international pronouncement.
- Paragraphs 17-19 – Interaction with the IESBA Consultative Advisory Group.

The IESBA is asked to note that the PIOB suggested IFAC consider whether the working procedure in paragraph A15<sup>1</sup> should be restated as a due process requirement. It is proposed that this provision be retained as part of the working procedures (and subject to the “comply or explain” approach) and not established as a due process requirement because there may be cases when a project task force chair may not feel it possible to comply with the provision, for example, if it is not possible to air a matter raised in a task force meeting without privacy implications or for some other valid reason.

It is anticipated that the provisions of the amended due process will apply prospectively to all IESBA current projects.

### **Material Presented**

Agenda Paper 4	This Agenda Paper
Agenda Paper 4-A	Amended IESBA Terms of Reference
Agenda Paper 4-B	Amended PIAC Due Process and Working Procedures

### **Action Requested**

1. IESBA members are asked to consider the terms of reference and due process and working procedures.

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<sup>1</sup> Paragraph A15 states: “The papers submitted by the Project Task Force to the PIAC include confirmation that no other significant matters were discussed and agreed by the Project Task Force, in particular in regard to a decision to exclude a significant matter from the proposed draft pronouncement.”