

NOVEMBER 2003 AMENDED AND RESTATED
INTERNATIONAL FEDERATION OF ACCOUNTANTS CONSTITUTION

INTERPRETATIONS

This Interpretations Clause shall form part of this Constitution, in which:

“**The Forum of Firms**” (hereinafter referred to as “the Forum”) means the grouping of firms and of networks of firms which have (or are interested in having) transnational audit appointments and which have undertaken certain obligations towards the Forum and the International Federation of Accountants designed to promote consistently high standards of financial reporting and auditing worldwide;

“**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 strongly supporting the development of high quality international auditing and assurance standards by International Federation of Accountants and related high quality implementation practices by the international auditing profession;

“**The Public Interest Oversight Board**” (hereinafter referred to as “the PIOB”) is an independent body charged with the oversight of the public interest activities of International Federation of Accountants;

“**The Transnational Auditors Committee**” (hereinafter referred to as “the TAC”) means the committee of the International Federation of Accountants, which committee is the executive arm of the Forum.

INTERPRETATIONS

PART 1 Name, Objective and Purpose

1. The name of the organization shall be the International Federation of Accountants (hereinafter referred to as “IFAC”).

2. The mission of IFAC is to serve the public interest, strengthen the accountancy profession worldwide and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession’s expertise is most relevant. IFAC will carry out this mission within the framework of this Constitution and in the manner hereinafter provided for.

In carrying out this mission, IFAC shall act in relation to its members as leader, facilitator, collaborator and observer.

PART 2 Membership

3. The membership of IFAC shall consist of the following categories:
 - a. full members
 - b. associate members
 - c. affiliate members

The Board shall determine the criteria for and procedures by which organizations shall be admitted and retained as members in good standing. A member shall be deemed to be in good standing unless the Board has taken a decision to suspend it in accordance with Section 31.m.

NAME

OBJECTIVES AND PURPOSE

ELIGIBILITY FOR MEMBERSHIP

**OBLIGATIONS OF FULL
MEMBERSHIP**

4. Full members shall:
- a. subscribe to the objectives set out in Section 2;
 - b. agree to support the work of IFAC by making such financial contributions at the beginning of each financial year as may be determined in accordance with the Constitution; in the event of a termination of IFAC's activities, such contributions or assets would not be returned to the member bodies;
 - c. support the work of IFAC by bringing to the notice of their members every pronouncement developed by IFAC and by using their best endeavors:
 - i. to work towards implementation, when and to the extent possible under local circumstances, of those pronouncements;
 - ii specifically to incorporate in their national auditing standards the principles on which are based International Standards on Auditing developed by IFAC; and
 - iii. To persuade governments, regulators and standard setting bodies that public sector financial statements should comply with International Public Sector Accounting Standards (IPSAS) and disclose the fact of such compliance.
 - d. support the work of the International Accounting Standards Board (hereinafter referred to as the IASB) by bringing to the notice of their members every International Financial Reporting Standard approved for issuance by the IASB and every International Accounting Standard approved for issuance by its predecessor, the International Accounting Standards Committee, and by using their best endeavors:
 - i. to persuade governments and standard setting bodies that published financial statements should comply with International Financial Reporting Standards and International Accounting Standards;
 - ii. to persuade authorities controlling securities markets and the industrial and business community that published financial statements should comply with International Financial Reporting Standards and International Accounting Standards and disclose the fact of such compliance;
 - iii. to ensure that the auditors satisfy themselves that financial statements purporting to comply with International Financial Reporting Standards and International Accounting Standards do so comply; and
 - iv. to foster acceptance and observance of International Financial Reporting Standards and International Accounting Standards internationally;
 - e. agree to abide by the provisions of this Constitution and Appendix A hereto.

5. Associate and affiliate members shall:
 - a. support the objectives set out in Section 2;
 - b. support the work of IFAC and the IASB; and
 - c. make such financial contributions to IFAC at the beginning of each financial year as may be determined in accordance with the Constitution; in the event of a termination of IFAC's activities, such contributions or assets would not be returned to the associate/affiliate members.

OBLIGATIONS OF ASSOCIATE AND AFFILIATE MEMBERS

6. A member body or associate/affiliate member may withdraw from IFAC at the end of any financial year provided it gives notice in writing six months in advance to the Chief Executive. Where in any financial year a member body or associate/affiliate member withdraws, is suspended or expelled in accordance with Section 31.m, that member shall remain obliged to pay any amounts owing, including financial contributions, for that or, if applicable, the following financial year.

RESIGNATION

PART 3 Governance of IFAC

7. The governance of IFAC shall rest with a Council and a Board.

COMPOSITION AND REPRESENTATION

PART 4 The Council

8. a. The Council shall consist of one representative designated as such from each member body of IFAC who shall have the authority to vote on behalf of the member body on matters before the Council: neither the President, nor the Deputy President of IFAC shall be entitled to vote. The representative designated by a member body must be a member of that body except that the chief executive or equivalent of the member body may be the designated representative whether or not that person is a member of that member body. Each designated representative may be accompanied at meetings of the Council by not more than one technical adviser appointed by the member body who shall be either a member or a member of staff of that member body.

Members of the Board, and their technical advisors, and two observers from each recognized regional organization and from each organization admitted as an associate/affiliate member shall be entitled to attend meetings of the Council and have the privilege of the floor, but subject to Section 14 shall not be entitled to vote.
- b. The Chair of the PIOB shall be entitled to attend meetings of the Council and have the privilege of the floor, but shall not be entitled to vote. He/she may report to meetings of the Council on any matters in regard to the public interest oversight of IFAC, and where circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend meetings of Council.
- c. The Chair of the Forum, where appropriate accompanied by the Chair of the TAC, shall be entitled, or may be required by the President of IFAC, to attend and to report to meetings of the Council on progress and achievement against plans approved the previous year and plans for the following year; such reports shall include the activities of the TAC. The Chairs of the Forum and of the TAC shall each have the privilege of the floor, but shall not be entitled to vote.

9. The Council shall:

- a. appoint a nominating committee, upon the recommendation of the Board, in accordance with Part 7 of this Constitution;
- b. in each alternate year, on the recommendation of the Nominating Committee which shall have consulted with the Board, elect from among the members of the Board a Deputy President for a term of two years (without the right of re-election to the same office). The Deputy President shall become President at the end of the period of two years from the time of his/her election, unless the Council shall determine otherwise on a recommendation of the Board, and shall serve as President for the period of two years;
- c. in the event of a determination by the Council under Section 9 b. hereof that the Deputy President shall not become President, appoint the candidate elected as Deputy President at that time, to serve as President for the period of two years, as though he/she had served as Deputy President in the usual way; and at its next meeting, the Council shall elect a Deputy President, who shall serve for a period of one year, following which he/she shall be eligible for election as President under Section 9b. hereof, as though he/she had served as Deputy President for the period of two years;
- d. receive reports on progress and achievement against plans approved the previous year, and reports on progress on policy and strategic initiatives;
- e. determine, upon the recommendation of the Board:
 - i. the admission to membership of full/associate/affiliate members in accordance with Section 3; and
 - ii. the expulsion of members in accordance with Section 31.m;
- f. determine, upon the recommendation of the Board, the basis of the assessment of the financial contributions to be paid by member bodies and associate/affiliate members;
- g. determine, upon the recommendation of the Board:
 - i. medium-term proposals for policy and strategic initiatives, including proposed work programs and goals, and the broad parameters of the budget for the ensuing year including the level of member body and associate/affiliate member financial contributions for the ensuing year;
 - ii. any other matters reserved under the terms of this Constitution for decision or approval by the Council;
- h. upon the recommendation of the Nominating Committee;
 - i. elect members of the Board in accordance with the provisions of this Constitution;
 - ii. determine the recognition of organizations as Regional Organizations of IFAC and the withdrawal of such recognition; and
 - iii. remove a Board member during that Board member's term for non-performance or other good cause;
- i. establish upon recommendation of the Nominating Committee a panel, which shall not be a committee of IFAC nor subject to the provisions of this Constitution governing same, to consider and decide appeals relating to suspension or exclusion from membership of the Forum;
- j. determine, upon the recommendation of the Board, any amendments to this

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Constitution; and

k. on the recommendation of the Board appoint an auditor.

10. An Ordinary meeting of the Council shall be held annually at a fixed time of the year and at a location chosen by the Board. The Board may arrange the holding of a World Congress or other appropriate technical activity to coincide with the meeting. Without prejudice to the generality of Section 31.c. hereof and the proviso therein, the Board shall establish such rules as it may determine from time to time for the conduct of Ordinary and Special meetings, including, but not limited to, agenda content, independent scrutiny, voting procedures including proxies and all related matters.

ORDINARY MEETINGS

11. Special meetings of the Council shall be held at a place and time to be determined by the Board upon either:

SPECIAL MEETINGS

- a. a resolution supported by a least thirteen members of the Board; or
- b. a written demand by not less than one-fifth of all member bodies who are eligible to vote, with a statement in writing of the purposes of the meeting.

12. Special meetings of the Council shall be held within four months of the decision of the Board or of the receipt by the Chief Executive of a demand by one-fifth of member bodies eligible to vote to hold such a meeting.

13. The Council shall not take any action on any matters coming before it at Ordinary or Special meetings unless there is a quorum.

QUORUM – ORDINARY OR SPECIAL MEETINGS

There shall be a quorum:

- a. if at least twenty representatives eligible to vote are present in person or by proxy at an Ordinary meeting; or
- b. if at least half the member bodies eligible to vote are present in person or by proxy at a Special meeting.

If there is no quorum, the President shall adjourn the meeting to a time and place determined by him/her so that a quorum may be obtained.

14. Each member representative shall have one vote. A member body that is delinquent in paying its financial contribution is not eligible to vote. A member body shall be considered delinquent if it fails to pay its financial contribution within twelve months after such contribution has become due. The method of voting for substantive matters to be considered at the Ordinary Meeting shall be determined by the meeting, upon the announcement by the Chair (the President of the IFAC, or in the President's absence, the Deputy President of the IFAC) of a quorum for such meeting. A member body may for an Ordinary or Special meeting give a proxy to vote on behalf of that member body, provided that the member body shall have notified in writing or by electronic mail the Chief Executive of IFAC at least twenty-four hours before an Ordinary or Special meeting of any proxies given:

VOTING RIGHTS

- i. to any representative entitled to vote in terms of Section 8 of the Constitution, except that no such representative may hold more than five proxies for any one motion; or

- ii. to the President; or
 - iii. to the president or chief executive, or equivalent, of the recognized regional organization of which the member body is a member, except that no regional organization may hold more than five proxies for any one motion. For any such proxies the member body shall provide to the regional organization clear instructions on how to vote for each motion for which a proxy is given.
15. a. At an Ordinary or Special meeting of the Council decisions shall require a simple majority of all member bodies eligible to vote and voting except that decisions as to the basis of assessment of the financial contributions and amendments of the Constitution shall require a majority of two-thirds of all the member bodies eligible to vote and voting.
- b. In the event that Council decides not to accept proposals made by the Board pursuant to Section 9.g.i above the status quo shall be maintained with respect to the budget including the level of financial contributions until such time as Council agrees to an alternative proposal pursuant to Section 9.g.i by a simple majority vote which is subsequently adopted by the Board, or the Board calls for a Special meeting of Council, pursuant to Section 11.a, which sets forth the recommendations of the Board with respect to the matters described in Section 9.g.i.
- c. The vote taken on any resolution proposed at a Special meeting shall be taken by a mail ballot and/or electronic mail ballot of all member bodies eligible to vote, on a demand of those member bodies eligible to vote and present at the meeting who constitute not less than one-fifth of all member bodies eligible to vote. Votes received after the deadline determined by the President will not be counted; such deadline shall not be less than six weeks after mailing the ballots.

**VOTING PROCEDURES AND
MAJORITY REQUIREMENTS**

16. The Chief Executive shall send to each member body and each associate/affiliate member a notice signed by the Chief Executive. The notice shall contain the time and place of the Ordinary meeting and a brief description of the business to be transacted. The notice may be sent by courier service or personal delivery, facsimile, e-mail or by posting on the IFAC web site. The Chief Executive shall send the notice at least two months in advance of the Ordinary meeting. A member body may have a matter included on the agenda for an Ordinary meeting, or may respond to a proposed business matter to be transacted at the Ordinary meeting provided such a request is received in writing not less than one month in advance of the Ordinary meeting and has the support of five other member bodies. Upon receipt of such written request from a member body, the Chief Executive shall send, at least 21 days prior to the date of the Ordinary meeting, to each member body and each associate/affiliate member with respect to an Ordinary meeting, a revised notice signed by the Chief Executive.
17. The Chief Executive shall give at least two months' notice to each member body and each associate/affiliate member of the date and location of a Special meeting and of the business to be transacted at the meeting, subject to the meeting being held within the period of four months provided in accordance with Section 12. The notice shall contain the time and place of the Special meeting and a brief description of the business to be transacted. The notice may be sent by courier service or personal delivery, facsimile, e-mail or by posting on the IFAC web site.

NOTICE OF MEETINGS

18. No business other than that included in the agenda for the meeting shall be transacted at any such meeting except that, in the case of Ordinary meetings, the Council, by a simple majority of those who are present and eligible to vote, may waive this restriction provided however that no waiver under this section may be exercised in respect of matters relating to the basis of assessment of financial contributions or amendments to the Constitution.

WAIVER OF NOTICE

19. Resolutions amending the Constitution shall be proposed:

- a. by the Board; or
- b. by not less than one-fifth of all designated representatives eligible to vote.

RESOLUTIONS TO AMEND THE CONSTITUTION

20. The President of IFAC shall be the Chair of the Board and of any Ordinary or Special meetings of the Council. The Chair shall only have a casting vote. In the absence of the President of IFAC, the Deputy President of IFAC shall act as the Chair of Board and Council meetings. If neither is present the meeting shall elect a Chair from among those present.

CHAIR OF BOARD AND ORDINARY OR SPECIAL MEETINGS OF THE COUNCIL

PART 5 The Board

COMPOSITION AND REPRESENTATION

21. The Board shall consist of the President, the Deputy President and not more than twenty members provided always that:

- a. there shall not at any one time be more than two members from member bodies with headquarters in any one country, other than the country of the President, for which, in recognition of the status of the President as independent Chair of the Board, there may be two members plus the President serving on the Board;
- b. [Deleted]
- c. the composition of the Board shall reflect the level of financial contribution to IFAC by member bodies, in respect that nine seats shall be allocated to representatives of the top twelve contributor member bodies, six seats to the thirteen to twenty-four contributor category and six seats to representatives from the member bodies not in the top twenty-four contributors.

The Board shall be elected, for a term as defined in Section 25, at Ordinary meetings of the Council which shall be provided with a list of the nominees of the Nominating Committee, together with a list of the other candidates contesting election, all with full curricula vitae attached.

21A. In determining the level of financial contribution for Section 21.c above, aggregation of the financial contribution of two or more member bodies within a single country as at the date of submission of nominations is permitted.

21B. In determining the level of financial contribution for Section 21.c above, aggregation at the time of nominating of the financial contribution of two or more member bodies from different countries is not permitted, except that where such an aggregation has been in place prior to November 2003, such aggregation shall be permitted to continue.

22. All eligible member bodies or groups of member bodies which wish to put forward a candidate or candidates for election to the Board must file a letter of intent with the Chief Executive at least four months in advance of an Ordinary meeting of the Council. The individual member body or group of member bodies nominating shall state the name or names of the proposed members of the Board, the member body to which the proposed member will be attached for purposes of Section 21.a and shall provide such information about them as the Nominating Committee may determine.

NOMINATION OF CANDIDATES

23. Notwithstanding the minimum four month time period requirement with respect to a letter of intent set forth in Section 22, in the event that the President and the Nominating Committee determine that circumstances have arisen with respect to the Board that may not be in the best interests of IFAC, after receipt of such determination, the Board:

- a. shall have the authority and power to propose to the Nominating Committee additional candidates for election to the Board; and
- b. need not adhere to the four month minimum time period set forth in Section 22; and
- c. need not adhere to the composition requirements of the Board set forth in Section 21.c.

ADDITIONAL CANDIDATES

24. The election shall be conducted by a ballot among all the member bodies eligible to vote and the candidate or candidates receiving the highest number of affirmative votes cast by those present or by proxy shall be deemed elected by the Council. In the event of there being a tie for the final seat on the Board, there shall be a further ballot or ballots of those present to determine which of the remaining candidates involved in the tie shall be elected to the Board. In any situation where a tie between candidates can not be decided by a further ballot, the President shall resolve the matter by exercising his/her casting vote.

ELECTION PROCEDURES

25. The person elected as a member of the Board shall assume office at the conclusion of the Ordinary meeting of the Council at which he/she is elected. The person so elected to the Board shall be appointed for a term of up to three years, the elections to the Board being held annually in such a way that not less than five and not more than nine of the members of the Board shall retire each year. This section shall be administered to achieve the intent to have approximately one third of the Board members retire each year. Continuous service on the Board by the same person shall be limited to two consecutive three-year terms unless such person is elected as President or Deputy President. Following the expiry of six years' service, a member of the Board shall be eligible to serve for a further two consecutive terms of three years after a lapse of three years since he/she completed a previous term of service on the Board.

TERM OF OFFICE OF ELECTED MEMBERS: DESIGNATED REPRESENTATIVES AND TECHNICAL ADVISORS

26. The person nominated by a member body or a group of member bodies in accordance with Section 22 must be a member or chief executive or equivalent of that member body or chief executive or equivalent or a member of at least one of the member bodies nominating as a group of member bodies. Such nominated person if duly elected may be accompanied at meetings of the Board by not more than one technical adviser who shall be either a member or a member of staff of a member body and shall be appointed by the member body to which the Board member belongs or, where there is more than one member body nominating as a

group of member bodies by agreement among them; and said technical adviser shall, in the absence from a meeting of the member that he or she advises, be entitled to attend and, subject to the provisions of Section 32, be entitled to exercise a proxy on behalf of such absent member.

27. There shall be no limit on the number of consecutive occasions on which a member body may nominate a candidate for election to the Board.

ELIGIBILITY FOR RE-ELECTION

28. The chairs of committees and representatives of regional organizations shall be invited to attend one meeting of the Board each year and may be invited to any other meeting of the Board when there are relevant items on the agenda and they shall be entitled to the privilege of the floor, but shall not be entitled to vote.

REPRESENTATION OF COMMITTEES, RECOGNIZED REGIONAL ORGANIZATIONS

29. In the event of the incapacity, resignation, removal or death of a member of the Board during his/her term of office, or if the member body or group of member bodies which nominated him/her for membership of the Board withdraws his/her mandate, or if he/she should leave, or be removed from membership of the nominating member body or member body within a group of nominating member bodies during said term of office, the vacancy so created shall be filled by the Council through the normal processes of election at its next meeting. Such member body or group of member bodies may, by giving written notice to the Chief Executive, appoint a substitute of their choice to fill the vacancy during the interim period between the date at which the member of the Board ceased to be a member and the date of the next meeting of the Council.

VACANCIES

30. A quorum of the Board shall consist of a simple majority of the members of the Board.

QUORUM

31. The Board shall:

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- a. take all practicable steps to achieve the objectives of IFAC as set out in Section 2 including the establishment or dissolution of such committees and other groupings as it may determine from time to time for the effective discharge of its duties and, on the advice of the Nominating Committee, the appointment and replacement of the members of and observers on such committees, the filling of any vacancies and the appointment and replacement of chairs; and without prejudice to the foregoing generality, implement the IFAC regulatory regime comprising the Forum, the TAC and the Compliance function;
- aa. without prejudice to the powers and duties of the Board in relation to the establishment of committees, the Board shall establish and maintain an International Audit and Assurance Standards Board (IAASB), an Ethics Committee, an Education Committee and a Compliance Advisory Panel;
- b. determine terms of reference for each committee that it establishes in accordance with Section 31.a. The terms of references of the IAASB, the Ethics Committee, the Education Committee and the Public Sector Committee shall give those IFAC committees the authority to issue standards and other appropriate pronouncements and shall establish consultative advisory groups. Terms of references for each consultative advisory group shall be developed by the Board in consultation with the

appropriate IFAC committee;

- bb. determine terms of reference for the Professional Accountants in Business Committee and the Developing Nations Permanent Task Force and the Small and Medium Practices Permanent Task Force;
- c. establish such rules and contractual and other arrangements with member bodies, associate/affiliate members and third parties as it may determine from time to time for the effective discharge of its duties, provided that the same are consistent with the provisions of this Constitution;
- d. determine, as necessary, the timing, frequency and location of World Congresses of Accountants;
- e. recommend to the Council the professional accountancy bodies and associate/affiliate members to be admitted to IFAC;
- f. determine the criteria for recognition of regional organizations and which regional organizations shall be eligible to have representatives attend meetings of the Board;
- g. put forward medium-term policies and strategic initiatives including proposed work programs and goals, and the broad parameters of the budget for the ensuing year, including the level of member body and associate/affiliate member financial contribution for the ensuing year to the Ordinary meeting of the Council for approval;
- h. determine annually, consistent with the broad parameters approved by the Ordinary meeting of the Council, the budget for the following year;
- i. recommend to the Ordinary meeting of the Council the basis of the assessment of financial contributions to be paid and determine the allocation of financial contributions among contributors and the purposes and uses of funds;
- ii. recommend to the Ordinary meeting of the Council, on the recommendation of the Audit Committee, the appointment of the auditor;
- j. decide on the appropriate organization required to carry out its tasks;
- k. present to Ordinary meetings of the Council a report on past and future activities of the Board;
- l. distribute annually a report on activities, including the audited financial statements, to the member bodies and associate/affiliate members. Such financial statements shall be prepared in accordance with appropriate international accounting standards and the audit conducted in accordance with International Standards on Auditing;
- m. have the power to suspend from membership any member and to recommend to the Council the expulsion of such member for the following causes:
 - i. non-compliance with the criteria and obligations of membership; or
 - ii. acts bringing the international accountancy profession into disrepute;
- n. give notice of and organize the Ordinary and Special meetings of the Council;
- o. approve, upon the recommendation of the TAC and with the approval of the Forum:
 - i. amendments to the Constitution of the Forum;
 - ii. changes to the basis for the allocation of voting rights at annual and

- special meetings of the Forum;
- iii. the processes for periodic international quality assurance reviews of the policies, methodologies and work undertaken by member firms of the Forum in relation to transnational audits; such processes to be brought to the Board by the TAC after appropriate consultation within IFAC;
- iv. changes to the basis for allocation of representatives on the TAC; and
- oo. recommend to the TAC the investigation of any member firm of the Forum which it considers to be in non-compliance with the obligations of membership or to have brought the international accountancy profession into disrepute;
- p. take any action which is in the general interest of IFAC and which is not expressly denied to it by this Constitution provided that it does not involve itself in the domestic affairs of a member body or associate/affiliate member other than to the extent necessary to ensure compliance with the obligations of membership of IFAC.

31A. The Board shall with respect to the PIOB:

- a. agree with the Monitoring Group and the PIOB an adequate annual budget for the PIOB;
- b. submit to the PIOB for approval the appointments of members and chairs of the Committees referred to in Section 31.aa. above;
- c. consult with the PIOB prior to any decision buy the Board for the removal of members and chairs of committees referred to in Section 31.aa above;
- d. submit to the PIOB for approval the terms of reference of the Committees referred to in Section 31.aa. and the terms of reference of their respective consultative advisory groups;
- e. make available to the PIOB documentation related to the Committees over which the PIOB has oversight in such form, content and frequency as is reasonably requested by the PIOB; and
- f. perform at its discretion a review of the PIOB and the Committees over which the PIOB has oversight.

ANNUAL STATEMENT

- 31B. The President, Deputy President and all Board members shall sign and deliver to IFAC an annual statement at the first meeting of the Board following the ordinary meeting of Council declaring that they will act in the public interest and with integrity in discharging their roles within IFAC.

32. Decisions on any matters, except the decision to convene a Special meeting of the Council in accordance with Section 11 hereof, shall be taken on a simple majority of the members of the Board present. Each member of the Board other than the President shall have one vote and, the President shall have a casting vote. In the event of any ordinary member of the Board being unable to attend a meeting of the Board, he or she shall have the right to grant a proxy to any other member of the Board or to his or her technical adviser to vote on his or her behalf, subject to the member wishing to grant such a proxy giving written notice to the Chief Executive prior to the meeting and subject further to the agreement of the Officers that there is good and sufficient reason for the absence of the member from that meeting.

VOTING PROCEDURES

33. The Board shall meet at such times and places as it may decide, provided that it shall hold at least two meetings each calendar year.

MEETINGS

33A. The Chair of the PIOB shall be entitled to attend meetings of the Board and have the privilege of the floor, but shall not be entitled to vote. He/she may report to the Board on any matters in regard to the public interest oversight of IFAC, and where circumstances warrant, as agreed between the Chair of the PIOB and the President, the members of the PIOB may attend a meeting of the Board.

34. A Special meeting of the Board shall be held at a place and time to be determined by the President within two months of the receipt by the Chief Executive of a written demand by at least four members of the Board which shall include a statement of the purpose of the meeting.

SPECIAL MEETINGS

PART 6 Committees

35. a. A member body which wishes to put forward a candidate for appointment to serve on a committee, other than the TAC, appointed by the Board in accordance with Section 31.a. hereof shall state the name of the proposed candidate and provide such information as the nominating committee may determine. A person duly appointed to serve on such a committee shall be so appointed for a term of up to three years, appointments to such committees being made annually in such a way that approximately one-third of the members of all such committees shall retire each year. Continuous service on such a committee by the same person shall be normally limited to two consecutive three-year terms, provided that it shall be competent for a member of such a committee appointed to the Chair to serve as Chair for a further period of not more than three years. Each member of such a committee may be accompanied at meetings of that committee by not more than two technical advisors who shall be either members or members of staff of a member body and shall be appointed by the member body to which the committee member belongs or, where there is more than one such body nominating in any country, by agreement among them; and each member of such a committee may be represented at meetings of that committee by one of his or her technical advisers.

NOMINATIONS

SERVICE

TECHNICAL ADVISORS

b. The Forum shall be entitled to put forward representatives to serve on the TAC and shall, for that purpose, state the name of the candidate and provide such information as the Nominating Committee may determine. The provisions of Section 35.a. shall not apply to the TAC, which shall be governed by the provisions of the Constitution of the Forum.

c. The International Auditing and Assurance Standards Board, formerly known as the International Auditing Practices Committee, (hereinafter referred to as "the IAASB"), being a committee of IFAC, shall be composed of eighteen members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee, five of whom shall be put forward by the Forum, ten of whom shall be put forward by member bodies in accordance with the provisions of Section 35.a. and three public members, who may be members of member bodies, but who shall not be auditors in public practice. Candidates for appointment as public members may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a. and this subsection, have regard to the matters specified in Section 38, insofar as these are consistent with the provisions of this subsection and with the objectives of the IAASB, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The Nominating Committee shall have regard to the need to ensure, so far as

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

is practicable, fair representation of accounting firms across the membership of the IAASB. Each member of the IAASB may be accompanied or represented at meetings by his or her technical advisor. The five members in the category of those put forward by the Forum and the three public members shall be entitled to select and replace their technical advisors. Technical advisors to the ten members in the category put forward by member bodies shall have the qualifications specified in Section 35.a.

- d. The Ethics Committee, being a committee of IFAC, shall be composed of members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. Two members of the Ethics Committee shall be public members. A number of members shall be put forward by the Forum in similar proportion, unless a reduced proportion has been determined by the Chair of the TAC, to the members put forward by the Forum for the IAASB, as specified in Section 35.c. The remainder of the members shall be put forward by member bodies in accordance with the provisions of Section 35.a. The two public members who may be members of member bodies, but who shall not be auditors in public practice, shall include a specialist in business ethics. Candidates for appointment as public members may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a, and this subsection, have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Ethics Committee, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The Nominating Committee shall also have regard to the need to ensure, so far as is practicable, that members of the Ethics Committee shall include an appropriate balance of members from business and government, and from small and medium-sized firms and practices. Each member of the Ethics Committee may be accompanied or represented at meetings by his or her technical advisor; such technical advisors shall have the qualifications specified in section 35.a. Members in the category of those put forward by the Forum and the two public members shall be entitled to select and replace their technical advisors.

ETHICS COMMITTEE

- e. The Education Committee, being a committee of IFAC, shall be composed of members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. Two members of the Education Committee shall be public members. A number of members shall be put forward by the Forum in similar proportion, unless a reduced proportion has been determined by the Chair of the TAC, to the members put forward by the Forum for the IAASB, as specified in Section 35.c. The remainder of the members shall be put forward by member bodies in accordance with the provisions of Section 35.a. Candidates for appointment as public members who may be members of member bodies may be put forward by any individual or organization for consideration by the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates from those put forward in terms of Section 35.a, and this subsection, have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Education Committee, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. Each member of the Education Committee may be accompanied or represented at meetings by his or her technical advisor; such technical advisors shall have the qualifications specified in Section 35.a. Members in the category of those put forward by the Forum and the two public members shall be entitled to select and replace their

EDUCATION COMMITTEE

technical advisors.

- f. The Compliance Advisory Panel, being a committee of IFAC, shall be composed of five members appointed, on the approval of the PIOB, by the Board on the recommendation of the Nominating Committee. The Nominating Committee shall, in the exercise of its duties in selecting candidates have regard to the matters specified in Section 38, insofar as they are consistent with the objectives of the Compliance Advisory Panel, as set forth in its terms of reference and any procedural and other rules established by the Board in the execution of its duties under Section 31. The Nominating Committee shall properly consider that members of the Compliance Advisory Panel are experts in compliance matters and provide a broad geographic representation of member bodies.

**COMPLIANCE ADVISORY
PANEL**

- 35A. Each committee chair and each committee member shall sign an annual statement at the first meeting of the committee in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC. For the purposes of this section any permanent task force with terms of reference established under Section 31.bb shall be regarded as a committee of IFAC.

ANNUAL STATEMENT

PART 7 Nominating Committee

- 36. The Nominating Committee shall be composed of the President and Deputy President ex officio and four ordinary members, appointed by the Council on the recommendation of the Board, who shall be members of a member body, it being further provided that not more than two of the ordinary members shall also be members of the Board. Said ordinary members shall be appointed for a term not exceeding two periods of two years. The Chief Executive shall be the Secretary of the Nominating Committee. A representative of the PIOB shall be entitled to attend meetings or parts of meetings of the Nominating Committee devoted to the selection of potential members of the IAASB, the Education Committee, the Ethics Committee and the Compliance Advisory Panel and shall have the privilege of the floor.

COMPOSITION

SERVICE

- 37. The Council shall determine on the recommendation of the Board the operating procedures to be followed by the Nominating Committee in respect of its duties for those committees and the Board not subject to PIOB oversight. For those committees subject to PIOB oversight the Board shall develop for the approval of the PIOB operational procedures to be followed by the Nominating Committee.

- 38. The duties of the Nominating Committee shall be:

DUTIES AND POWERS

- a. to recommend to the Council:
 - i. the candidates to be elected to the Board in accordance with Sections 21 and 22 except that in the event circumstances preclude the Nominating Committee from recommending to Council the appointment of a Board in accordance with Section 21 and 22 the Nominating Committee shall have the discretion to recommend to Council a list of nominees consistent with the intent of said Sections 21 and 22;
 - ii. the candidate to be elected to the office of Deputy President in accordance with Sections 9 and 40;
 - iii. those organizations which should be recognized by IFAC as regional

organizations; and

- iv. the candidates for appointment to the panel established under Section 9.i and;
- b. to recommend to the Board the composition of committees to be appointed in accordance with Section 31.a.

The Nominating Committee shall have power to call for such information from a member body or from the Forum as it considers appropriate to enable it to carry out the above duties and shall, in the execution of said duties, have regard to the principle that the primary criterion shall be the individual qualities and ability of the nominees in relation to the position for which they are being nominated. The Nominating Committee shall in the execution of its duties, also have regard to, as far as practicable, a wide geographical representation of the member bodies, a representation of different levels of national economic development and a broad spectrum of background and experience among Board and committee members from all sectors of the profession.

- 38A. The Nominating Committee may recommend to Council the removal of a Board member during that Board member's term for non-performance or other good cause. The Nominating Committee also may recommend to the Board the removal of the Chair of a committee or a committee member during that member's term for non-performance or other good cause.
- 38B. The Nominating Committee members shall sign an annual statement at the first meeting of the committee in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC.

ANNUAL STATEMENT

PART 8 Incapacity, etc. of President and Deputy President

VACANCIES

- 39. In the case of the incapacity, resignation, removal or death of the President, or of his/her ceasing to be a member of a member body, the Deputy President shall assume the office of President on a temporary basis and shall be empowered to call an election by mail ballot to elect a new President and, if necessary, a new Deputy President from among the remaining representatives on the Board.
- 40. Similarly, in the case of the incapacity, resignation, removal or death of the Deputy President, or of his/her ceasing to be a member of a member body, the President shall be empowered to call an election by mail ballot to elect a new Deputy President from among the remaining representatives on the Board.

PART 9 Chief Executive

CHIEF EXECUTIVE

- 41. The Board shall appoint a Chief Executive who shall be responsible to the Board for the conduct of the affairs of IFAC. The Board shall also appoint as Treasurer of IFAC a senior member of IFAC staff, who shall not be the Chief Executive. The Chief Executive shall be the Secretary to the Board and to the Council.

PART 10 Administration and Governance

GOVERNING LAW AND REGISTERED OFFICE

- 42. IFAC shall be an association governed by this Constitution and Articles 60-79 of the Swiss Civil Code and any amendment thereof. Its registered offices shall be in Geneva.

43. The administrative office of IFAC shall be located in such location as may be determined by the Board.

44. The Officers of IFAC shall be the President and Deputy President.

44A. The President may establish a group, to be referred to as the IFAC Leadership Group (ILG). The composition and terms of reference of the ILG shall be determined from time to time by the IFAC Board.

LEADERSHIP GROUP

44B. The IFAC Leadership Group (ILG) members shall sign an annual statement at the first meeting of the ILG in each calendar year declaring that they will act in the public interest and with integrity in discharging their roles within IFAC.

45. The President shall appoint three persons from among members of the Board, other than the Officers or Chairs of IFAC committees, to constitute a committee on audit (Audit Committee), to make arrangements with the auditors for their examination and to review the audit report. The Board shall set the terms of reference of the Audit Committee from time to time.

AUDIT COMMITTEE

46. The financial year of IFAC shall end on 31 December.

PART 11 Method of Signature

47. IFAC is bound by the signature of the two Officers or by the signatures of such person or persons as may be duly authorized by the Board.

This revised and restated version of the IFAC Constitution was approved on November 14, 2003.

TRANSITIONAL PROVISIONS

1. [Deleted]
2. The Board elected by the Assembly at its meeting in May 2000 shall be deemed to have been so elected under said Constitution, subject to the provisions of paragraph 4 hereof; and shall convene immediately after said meeting of the Assembly.
3. The first President and Deputy President to serve under this Constitution shall be elected by the incoming Board of IFAC at its meeting in May 2000. They shall serve as such until the end of the annual meeting of the Council to be held in October or November 2002. Thereafter, the Deputy President, if elected President under said Constitution, shall serve as such for a period of two years until the end of the annual meeting of the Council in the year 2004; and the Council shall elect a Deputy President under said Constitution at said meeting in 2002.
4. With respect to the provisions concerning rotation of the Board and committees, persons currently serving on such committees at the time of said adoption and those appointed to the Board and committees at the time of said adoption shall, notwithstanding the periods of service prescribed in the foregoing Constitution, by acceptance of such office or continuation therein, be deemed to accept that the Council and the Board, as appropriate, shall, for the purposes of the establishment of such rotation, have the power, on the advice of the Nominating Committee, to vary said periods of service, until such time as the process of rotation provided for in the foregoing Constitution is effectively established.
5. [Deleted]
6. [Deleted]