



**International Federation of Accountants**

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## Agenda Item

# 9

**Committee:** IAASB  
**Meeting Location:** Brussels  
**Meeting Date:** December 8-11, 2008

### Due Process

#### Objective of Agenda Item

1. To advise the IAASB of the status of due process for the ISAs scheduled for approval at the December 2008 IAASB meeting.

#### Background

2. IAASB due process requires the Executive Director, Professional Standards, to advise the IAASB as to whether the IAASB's stated due process has been followed before a final International Standard is approved for issue. For this purpose, IAASB's working procedures require that the IAASB be provided with a written report outlining the basis for this conclusion with respect to actions up to the date of the meeting.
3. The proposed final standards scheduled for approval at the December IAASB meeting, subject to discussions thereon, are:
  - ISA 210 (Redrafted), "Agreeing the Terms of Audit Engagements;"
  - ISA 265, "Communicating Deficiencies in Internal Control;" and
  - ISA 402 (Revised and Redrafted), "Audit Considerations Relating to an Entity Using a Third-Party Service Organization."

#### Due Process Up to the Date of the December 2008 IAASB Meeting

4. The Executive Director confirms to the IAASB that up to the date of the December 2008 IAASB meeting, the above ISAs have been developed in accordance with IAASB's established due process.
5. Proposed ISAs 265 and 402 (Revised and Redrafted) are ISAs subject to full revision, developed and exposed in accordance with IAASB's Clarity conventions. For these ISAs, the IAASB:
  - Approved project proposals for the development of ISA 265, and for revision of the extant ISA 402, and consulted with the IAASB CAG on the proposals.
  - Consulted with the IAASB CAG on significant issues during the development of the proposed ISAs.

- Approved and issued exposure drafts of the proposed ISAs for public comment, together with explanatory memoranda highlighting, amongst other matters, the significant proposals of the proposed ISAs.
- Consulted with the IAASB CAG on significant issues raised by respondents on the exposure drafts.
- Considered an analysis of the main issues raised by respondents on the exposure drafts and, with members having familiarized themselves with the issues raised in comment letters:
  - Deliberated significant matters raised in the comment letters received; and
  - Amended the proposed ISAs accordingly.

No significant matters were identified suggesting the need to hold a public forum or roundtable, or issue a consultation paper, or to suggest it appropriate to conduct a field test of the proposals.

6. Proposed ISA 210 (Redrafted) forms part of the IAASB's Clarity project. Following extensive consultation, the scope of, and implementation program for, the Clarity Project, and the new drafting conventions to be applied to the ISAs, were agreed by the IAASB in September 2006. The PIOB reviewed and confirmed the due process followed by the IAASB in establishing these elements at its December 2006 meeting. The Clarity project includes the limited redrafting of ISA 210 to reflect only the IAASB's new drafting conventions and matters of clarity generally.
7. In summary, for ISA 210 (Redrafted), the IAASB:
  - Consulted with the IAASB CAG on significant issues during its development.
  - Approved and issued an exposure draft of the proposed ISA and related conforming amendments to other ISAs for public comment, together with an explanatory memorandum highlighting, among other matters, the significant proposals of the proposed ISA.
  - Consulted with the IAASB CAG on significant issues raised by respondents on the exposure draft.
  - Considered an analysis of the main issues raised by respondents on the exposure draft and, with members having familiarized themselves with the issues raised in comment letters, deliberated significant matters raised in the comment letters received and amended the proposed ISA accordingly.
8. Before approval by the IAASB of each of the above ISAs at the December 2008 IAASB meeting, the Executive Director will advise the IAASB on whether established due process has been followed during the course of the meeting.