

**IAASB CAG PAPER**

**IAASB CAG Agenda (May 2006)**  
**Agenda Item B.1**

**IAASB CAG Terms of Reference – Approved December 2005**

**Objective and Scope of Activities**

1. The objective of the IAASB Consultative Advisory Group (the “CAG”) is to provide input to and assist the IAASB through consultation with the CAG member organizations (the “Member Organizations”) and their representatives (the “Representatives”) at the CAG meetings, in order to obtain:
  - a. Advice on the IAASB’s agenda and project timetable (work program), including project priorities;
  - b. Technical advice on projects; and
  - c. Advice on other matters of relevance to the activities of the IAASB.

*CAG Chair*

2. The CAG Chair is an individual, elected by the CAG from amongst the Representatives, who shall perform the roles and assume the responsibilities from time to time specified by the CAG with the approval of the IAASB and the PIOB.
3. The CAG Chair is entitled to attend IAASB meetings as an observer with privilege of the floor, or may appoint a Representative to attend with the same privilege.
4. The CAG Chair is entitled to attend meetings of the IAASB Steering Committee as an observer with privilege of the floor, or may appoint a Representative to attend with the same privilege.

*Public Interest Oversight*

5. The terms of reference of the CAG are approved by the Public Interest Oversight Board (the “PIOB”). The PIOB may periodically review the terms of reference.
6. The PIOB approves the appointment of the CAG Chair.
7. Conclusions of the CAG Membership Panel (see paragraph 12) are sent to the PIOB for final consideration. The PIOB also has ongoing authority to identify any emerging public interest segments not already represented on the CAG and to bring these to the attention of the CAG Membership Panel for further consideration.
8. The PIOB has the right to meet with any or all of the Representatives to discuss matters of interest to the PIOB. The CAG may bring to the attention of the PIOB matters which may be of interest to the PIOB. The PIOB also has the right to attend all meetings of the CAG, whether open, closed or private.<sup>1</sup>

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<sup>1</sup> Open sessions of the CAG meetings are attended by the CAG Chair, Representatives, member(s) of the PIOB, and relevant IAASB members and staff (including the IAASB Chair), and are open to other IAASB members and the

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9. Minutes of the open and closed sessions of the CAG meetings are sent to the PIOB. Any minutes of the private sessions of the CAG meetings are also sent to the PIOB.

### Composition and Membership

10. Apart from the Chair, the CAG comprises Member Organizations that are interested in the development of high quality international standards on quality control, audits, reviews, other assurance engagements and related services designed to serve the public interest. The membership should provide, to the extent practicable, a balance of geographical representation and between regulators, international organizations, users and preparers. Exceptionally, with the agreement of the CAG Chair, an individual might be appointed directly as a CAG member.
11. Nominations may be submitted by individuals and organizations. The Basel Committee on Banking Supervision, the European Commission, the International Organization of Securities Commissions, the International Association of Insurance Supervisors and the World Bank are permanent Member Organizations. The Representatives nominated by Member Organizations should be knowledgeable about international standards on quality control, audits, reviews, other assurance engagements and related services, and related issues, and have a recognized interest therein.
12. A panel comprising the CAG Chair, two Representatives selected by the Chair for this purpose, the IAASB Chair and the IAASB Technical Director (the “CAG Membership Panel”) considers the nominations to determine whether the organizations, and their representatives, are suitable for membership and to ensure a balanced geographical spread and functional backgrounds.
13. Each Member Organization is represented at the CAG meetings by either one or two Representatives. This limitation can be relaxed by the CAG Chair, in consultation with the CAG Membership Panel, only in exceptional circumstances.

### Term of Office

14. The Member Organizations are appointed for a renewable term of three years.<sup>2</sup>
15. The CAG Chair is appointed as Chair for a term of three years, renewable once.
16. Continuity of representation on the CAG is expected; however, Member Organizations, with the prior permission of the CAG Chair, may occasionally send other Representatives to

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public. The public is not allowed to attend closed sessions of the CAG meetings. Private sessions of the CAG meetings are attended by the CAG Chair, Representatives and member(s) of the PIOB only.

<sup>2</sup> The first term of membership of the re-structured IAASB CAG commenced on September 1, 2004. Member Organizations appointed after that date serve out the balance of the three years from that date, although the term is then renewable.

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a CAG meeting to be better able to contribute to discussions of the particular issues under review.

17. Where necessary, a Member Organization may replace an existing Representative by another Representative. The suitability of the proposed new Representative is considered by the CAG Membership Panel.
18. Representatives who do not attend, and Member Organizations that do not send their Representatives to, three consecutive meetings may be asked to stand down from the CAG.

### **Operating Procedures**

19. To ensure that the CAG operates efficiently and effectively, the following specific operating procedures are adopted.

### *Meeting Details*

20. The CAG Chair assumes the chairmanship of any meeting of the CAG at which he or she is present. In the absence of the CAG Chair, the CAG Chair will nominate a Representative to act as chair and, if no such deputy is appointed by the CAG Chair, the Representatives will appoint a deputy from amongst themselves. Such appointment of a deputy chair is valid only for the duration of the meeting in question.
21. Generally, two meetings are held each year; however, additional meetings may be convened at the discretion of the CAG Chair. The Representatives, and other meeting participants, are notified of meeting dates well in advance.
22. The IAASB Chair, Deputy Chair and Technical Director attend the CAG meetings, and IAASB staff provide administrative support for these meetings. All IAASB members have the right to attend and speak at the CAG meetings, and the CAG Chair invites selected IAASB members to lead discussions at the CAG meetings on IAASB projects for which the latter are responsible.
23. The CAG Chair may arrange a private session at a CAG meeting, to be attended by Representatives and members of the PIOB only.

### *Meeting Agenda and Papers*

24. The CAG Chair, in appropriate consultation with the Representatives and the IAASB Chair and Technical Director, and with reference to the IAASB agenda and project timetable, sets the agenda for a CAG meeting.
25. A typical CAG meeting agenda includes discussions of:
  - a. Emerging issues or practices, potential new projects, and the IAASB's project timetable, including project priorities;
  - b. Current IAASB projects at key stages of their development; and

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- c. Other matters of relevance to the activities of the IAASB identified by the Representatives.

26. Written materials supporting the CAG agenda items are ordinarily provided prior to each meeting, highlighting issues for consideration. If Representatives wish to take a proactive approach to issues to be discussed, then the relevant briefing papers will also be provided.

### ***Confidentiality Requirements***

27. Materials that have not yet been made available to the public, for example through publication on the IAASB's website, should not be provided to third parties or used as a basis for comment to the media. It is acknowledged that Representatives need to discuss the materials with the constituencies they represent; however, they are expected to put in place arrangements that enable the distribution of confidential material to be confined to a small group.

### **Travel and Accommodation Costs**

28. Member Organizations meet the travel and accommodations costs of their Representatives.

### **Transparency**

29. The membership, terms of reference, including the operating procedures of the CAG, are published on the IFAC website. The membership and activities of the CAG are reported on in the IAASB's annual report.

30. From 2006 the CAG meetings will be open to the public. When considered necessary, the CAG Chair will arrange closed sessions at which the public are not admitted to deal with administrative and similar matters.

31. Members of the public can access the minutes of the open sessions of the CAG meetings on the IFAC website. Minutes of the open and closed sessions of the CAG meetings are made available to the members of the IAASB. Should minutes of the private sessions of the CAG meetings be prepared, they will be sent to the Representatives.