

Drafting Principles and Guidelines

Complexity, Understandability, Scalability and Proportionality (CUSP)

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Respondents' Feedback Related to CUSP

- Within ISAs
 - Length and volume
 - Complex language
 - Prescription v principles
 - Scalability and proportionality (particularly challenging)
 - Documentation implications
- Other Areas
 - Complexity of accounting standards
 - Regulatory pressure

Drafting Principles and Guidelines

- Primary action to address CUSP
 - Provide common understanding about how ISAs are drafted
 - Promote consistency, clarity and uniformity while drafting ISAs
 - Encourage reflective mindset while drafting with respect to CUSP
 - Enable more consistent and effective application of ISAs – focus on how ISAs are written and presented
- Strong support from the Board
 - Useful for enhancing the consistency and effective application of future ISAs
 - Serve the public interest benefit – making the IAASB's expectations clear to all users of its standards

Drafting Principles and Guidelines

- Intended for use of Staff (primary drafters)
 - Operating under the direction of the Board and Task Force
- Useful to others
 - E.g., for NSS, translators or standards
- Applied in the context of ISAs
 - May also be useful for some other IAASB standards – e.g., those that are more closely linked to the ISAs
- Also relevant: ED on ISA for LCE



Drafting Principles and Guidelines

- Developed by CUSP WG on the basis of
 - Clarity drafting conventions
 - Staff training materials and internal thinking on drafting matters
 - Enhanced presentation tools used – ISA 315 (Revised 2019)
 - Scalability and proportionality changes – recently revised ISAs
 - Information provided by NSS
- Inputs and feedback from IAASB Staff while developing them

Drafting Principles and Guidelines

- Non-authoritative & ‘living’ document
 - Staff expected to follow principles, discuss deviations with Senior Staff
 - Board engagement when deviations from principles via issues papers
 - Updated from time to time with additional content
- Proposed approach to apply them
 - Staff’s initial assessment – applied to new ISA development
 - Outreach program will include whether they should be applied to extant ISAs
 - Board decision thereafter on the appropriate way to apply them

Way Forward

- Undertake targeted outreach
- Documentation (high-level non-authoritative material)
- Coordinating with LCE Task Force
 - Feedback from ISA for LCEs due January 2022
- Finalize in Q1 2022

Outreach Program

- Targeted outreach
 - Stakeholders who have experience with drafting standards and rules
 - Focused and direct discussions (Q4 2021)
- Broader views from stakeholders
 - Online survey



Matters for Consideration

CAG Representatives are asked for their views whether the Drafting Principles and Guidelines will help improve how the ISAs address Complexity, Understandability, Scalability and Proportionality

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