



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor  
New York, New York 10017  
Internet: <http://www.ifac.org>

Tel: +1 (212) 286-9344  
Fax: +1 (212) 856-9420

## Agenda Item

# 3

**Committee:** IAASB  
**Meeting Location:** New York  
**Meeting Date:** May 11-13, 2003

### **IAASB Terms of Reference, Preface to International Standards on Quality Control, Auditing, Assurance and Related Services and Operations Policy No 1 – Bold Type Lettering**

#### **Objectives of Agenda Item**

To review the changes made to the exposed *Preface to International Standards on Quality Control, Auditing, Assurance and Related Services* (“Preface”) and *Operations Policy No 1 – Bold Type Lettering* (“Operations Policy”) based on comments received from the exposure process, and to comment on the views expressed by respondents on the exposed *IAASB Terms of Reference* (“Terms of Reference”) for consideration by the IFAC Board.

#### **Background**

At the September 2002 IAASB meeting (Cape Town), the IAASB approved issuance of the proposed revised Preface and the new Operations Policy as an exposure draft with a three-month comment period. The comment period ended February 28, 2003.

At its October 2002 meeting (New York), the IFAC Board approved issuance of the proposed revised IAASB ( of Reference as an exposure draft to be issued in conjunction with the IAASB Preface and Operations Policy exposure drafts.

#### **Activities Since Last IAASB Discussions**

A total of 23 comment letters were received during the exposure period. A listing of the comments received and proposed disposition is included as Agenda Item 3-C and 3-F. Copies of the actual comment letters have not been included in the agenda papers since these agenda items provide all of the comments verbatim. However, copies of the actual comment letters can be accessed from the IAASB website.

IAASB staff compiled and analyzed the comments received on the exposure drafts and, based on these comments, recommended revisions to the proposed Preface and Operations Policy. To facilitate the review of the proposed revised Preface and Operations Policy and the discussion of issues by the IAASB, Issues Papers with a summary of comments received, related issues and the proposed changes to the documents are included as separate agenda items. The proposed changes to the Preface and Operations Policy are identified in the marked up versions of the documents.

IAASB staff also compiled and analyzed the comments received on the Terms of Reference exposure draft and, based on these comments, recommended revisions to the document. Subject

to further deliberation by IFAC officers, a proposed revised Terms of Reference will be presented to the IFAC Board at its July 2003 meeting, along with the related views of the IAASB.

### **Material Presented**

Agenda Item 3-A (Pages 383 – 396)	Issues Paper – Preface
Agenda Item 3-B (Pages 397 to 404)	Proposed Revised Preface (Mark-up showing changes from exposure draft)
Agenda Item 3-C (Pages 405 – 438)	Comments Received and Proposed Disposition on the Preface Exposure Draft
Agenda Item 3-D (Pages 439 – 446)	Issues Paper – Operations Policy No 1 – Bold Type Lettering
Agenda Item 3-E (Pages 447 – 450)	Proposed Revised Operations Policy (Mark-up showing changes from exposure draft)
Agenda Item 3-F (Pages 451 – 458)	Comments Received and Proposed Disposition on the Operations Policy Exposure Draft
Agenda Item 3-G (Pages 459 – 464 )	Preliminary IFAC Board Agenda – IAASB Terms of Reference – Issues Paper
Agenda Item 3-H (Pages 465 – 466)	Preliminary IFAC Board Agenda – Proposed Revised IAASB Terms of Reference (Mark-up showing changes from exposure draft)
Agenda Item 3-I (Pages 467 – 482)	Preliminary IFAC Board Agenda – Listing of Comments Received on the Exposed IAASB Terms of Reference and Proposed Disposition

### **Suggested Process for Review**

It is suggested that IAASB members first review the Issues Papers in Agenda Item 3-A and 3-D, and then the proposed revised Preface and Operations Policy in Agenda Item 3-B and 3-E. The listing of comments received and proposed disposition in Agenda Item 3-C and 3-F are quite lengthy and therefore is suggested to be reviewed after consideration of the issues as summarized in the Issues Papers.

It is suggested that IAASB members then review Agenda Item 3-G with the objective of formulating views on matters that the IAASB may wish to communicate to the IFAC Board. Comments on the Terms of Reference pertinent to the Preface were included in the summary of respondents' comments on the Preface (Agenda Item 3-C), as relevant.

### **Action Requested**

The IAASB is asked to review the proposed changes to the Preface and Operations Policy and to provide recommendations for additional changes, if any, based on the issues identified in Agenda Item 3-A and 3-D. Any necessary revisions will be made by IAASB staff and a proposed revised

Preface and Operations Policy will be presented to the IAASB in July 2003. Decisions, if any, by the IFAC Board on the Terms of Reference at its July 2003 meeting that affect the proposed Preface and Operations Policy will be communicated to the IAASB at that time. The IAASB will then be requested to review the proposed revised Preface and Operations Policy and approve them for final issuance.

The IAASB is also asked to review the proposed changes to the Terms of Reference in Agenda Item 3-H and the issues identified in Agenda Item 3-G. The proposed revised Terms of Reference is based on IAASB staff's response to comments received on exposure. The IAASB is asked to comment, or otherwise build consensus views, on the matters brought forth by respondents to the exposure draft that it believes the IFAC Board should further deliberate.

It should be noted that the IFAC officers may propose additional changes to the Terms of Reference based on reaction to developments in the regulatory environment and the further development of proposed reforms to the IAASB. Such changes, if any, are not yet available and accordingly are not reflected in the enclosed agenda material. If time permits, additional changes to the proposed revised Terms of Reference will be circulated to the IAASB for comment in advance of the July 2003 IFAC Board meeting.

[Blank page]