



International Federation of Accountants

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**Item
11**

Committee: IAASB
Meeting Location: Rome
Meeting Date: June 13-17, 2005

IAASB Urgent Issues and Interpretations Committee

Objectives of Agenda Item

To approve the proposed terms of reference for an IAASB Urgent Issues and Interpretations Committee.

Background

At its executive sessions in June and December 2004, the IAASB discussed the possibility of establishing a group to identify and to prepare interpretations of IAASB standards or to issue other forms of publications to provide timely and relevant guidance on urgent issues.

The IAASB was of the view that:

- There is a need for the IAASB to consider a structure that allows it to respond quickly to matters that require interpretation on an urgent basis, subject to a due process that allows the necessary flexibility to do so.
- The development of interpretations of International Standards and Practice Statements should be considered by a standing committee established for that purpose.
- Terms of reference should be set for purposes of establishing such a committee. The terms of reference should not authorize the issue of interpretations nor define their characteristics; these matters will require further consideration by the committee and approval by the IAASB. However, interpretations to be developed by the committee should be considered authoritative and subject to approval by the IAASB at meetings that are open to the public.
- The proposed terms of reference do not need to be exposed, since their purpose is principally to establish a committee to formulate recommendations regarding the issue of interpretations for IAASB consideration. The output of the committee – the interpretations – may however require exposure.

If approved, the terms of reference would be posted to the IAASB website.

Material Presented

- Appendix 1 IAASB Urgent Issues and Interpretations Committee – Proposed Terms of Reference (Clean)
- Appendix 2 IAASB Urgent Issues and Interpretations Committee – Proposed Terms of Reference (Mark-up from IAASB December 2004 executive session)

Actions Requested

The IAASB is asked to approve the proposed terms of reference for an IAASB Urgent Issues and Interpretations Committee.

Appendix 1 (Clean)**IAASB Urgent Issues and Interpretations Committee****Draft Terms of Reference****1.0 Purpose and Objective**

The International Auditing and Assurance Standards Board's (IAASB) Urgent Issues and Interpretations Committee ("UIIC") is a standing committee of the IAASB. Its purpose is to identify and formulate views on urgent issues of international relevance that require interpretation of IAASB pronouncements. As appropriate, it develops interpretations of IAASB Standards and Practice Statements for consideration by the IAASB.

2.0 Responsibilities

Upon establishment, the UIIC shall formulate recommendations for approval by the IAASB on matters pertaining to the style, drafting conventions, authority, process and operating procedures (including the basis upon which it is agreed items be taken onto the Committee's agenda), and other related matters as considered necessary for the purpose of the development and issue of interpretations of IAASB Standards and Practice Statements, within the provisions of its terms of reference.

Interpretations are to be issued in response to urgent issues, when particular questions are raised that have broad implications, or as otherwise required. Interpretations are not to establish new professional requirements for professional accountants, and are to be consistent with the Standard or Practice Statement to which they relate.

On an operating basis, the UIIC is responsible for:

- identifying, and obtaining input on, urgent issues of international relevance that require interpretation of IAASB pronouncements;
- developing, on a timely basis and for approval by the IAASB, interpretations of IAASB Standards and Practice Statements as a result of such issues; and
- undertaking other related tasks at the request of the IAASB or the IAASB Steering Committee.

In carrying out its work, the UIIC has regard to the IAASB's objective of working actively with national auditing standard setters to bring about convergence of national and international standards.

The UIIC reports to the IAASB on its activities at IAASB meetings that are open to the public.

The IAASB has sole authority to issue interpretations, and will decide in each case whether public exposure is required, having regard to the nature of the matter and the urgency of the need for interpretation.

3.0 Composition

The UIIC comprises four members of the IAASB appointed by the Chair of the IAASB, who shall also designate one of those members as Chair of the UIIC. IAASB staff provides administrative and technical support to the UIIC.

4.0 Voting

Each member of the UIIC has one vote. The unanimous approval by members of the UIIC present at the meeting or by simultaneous telecommunications link is required for the recommendation of a proposed interpretation for approval by the IAASB and other decisions of the UIIC.

In the event that unanimous approval is not obtainable, the UIIC should bring the matter to the IAASB for resolution.

5.0 Other

The terms of reference of the UIIC, and the process and operating procedures to be followed by the UIIC for the development and issue of interpretations,¹ are to be reviewed by the IAASB periodically as and when considered necessary.

¹ As approved by the IAASB based on the recommendations of the UIIC – see “2.0 Responsibilities.”

Appendix 2 (Mark-up)

IAASB Urgent Issues and Interpretations Committee Emerging Issues Task Force

Draft Terms of Reference

1.0 Purpose and Objective

The International Auditing and Assurance Standards Board's (IAASB) Urgent Issues and Interpretations Committee Emerging Issues Task Force (“UIICEITF”) is a standing committee of the IAASB. Its purpose is to identify and formulate views on urgent emerging quality control, auditing, review, other assurance, and related services issues of international relevance that require interpretation of IAASB pronouncements. As appropriate, it develops interpretations of IAASB Standards and Practice Statements for consideration by the IAASB.

2.0 Responsibilities

Upon establishment, the UIIC EITF shall formulate recommendations for approval by the IAASB on matters pertaining to the style, drafting conventions, authority, process and operating procedures (including the basis upon which it is agreed items be taken onto the Committee's agenda), and other related matters as considered necessary for the purpose of the development and issue of interpretations of IAASB Standards and Practice Statements, within the provisions of its terms of reference.

~~Such~~ Interpretations are to be issued in response to urgent issues, when particular questions are raised that have broad implications, or as otherwise required. Interpretations are not to establish new professional requirements for professional accountants, and are to be consistent with the Standard or Practice Statement to which they relate.

On an operating basis, the UIIC EITF is responsible for:

- identifying, and obtaining input on, urgent issues of international relevance that require interpretation of IAASB pronouncements;
- developing, on a timely basis and for ~~consideration and~~ approval by the IAASB, interpretations of IAASB Standards and Practice Statements as a result of such emerging issues ~~or in response to matters of international relevance or otherwise on a timely basis;~~ and
- undertaking other related tasks at the request of the IAASB or the IAASB Steering Committee.

In carrying out its work, the UIIC EITF has regard to the IAASB's objective of working actively with national auditing standard setters to bring about convergence of national and international standards.

The UIIC EITF reports to the IAASB on its activities at IAASB meetings that are open to the public.

The IAASB has sole authority to issue interpretations, and will decide in each case whether public exposure is required, having regard to the nature of the matter and the urgency of the need for interpretation.

3.0 Composition

The UIIC EITF comprises four members of the IAASB appointed by the Chair of the IAASB, who shall also designate one of those members as Chair of the UIICEITF. IAASB staff provides administrative and technical support to the UIICEITF.

4.0 ~~Voting~~Operating Procedures

~~The Emerging Issues Task Force develops for the consideration of the IAASB interpretations that provide timely guidance on the application of IAASB Standards or Practice Statements in response to emerging issues, when particular questions are raised that have broad implications, or as otherwise required. Interpretations are issued without public exposure unless the IAASB decides that exposure is required.~~

~~Interpretations are issued under the authority of the IAASB after consideration and approval by the IAASB.~~

~~VOTING PROCEDURE~~

Each member of the UIIC EITF has one vote. The unanimous approval by members of the UIIC EITF present at the meeting or by simultaneous telecommunications link is required for the recommendation of a proposed interpretation for approval by the IAASB and other decisions of the UIICEITF.

In the event that unanimous approval is not obtainable, the UIIC EITF should bring the matter to may raise for consideration by the IAASB for resolution~~the alternative approaches to the issue under consideration.~~

5.0 ~~Meeting~~ Procedures

~~The EITF meets as and when required. Members appointed to the EITF are expected to attend all meetings. EITF meetings are not open to the public.~~

5.6.0 Other

The terms of reference of the UIIC, and the process and operating procedures to be followed by the UIIC for the development and issue of interpretations,² ~~EITF~~ are to be reviewed by the IAASB periodically as and when considered necessary.

² As approved by the IAASB based on the recommendations of the UIIC – see “2.0 Responsibilities.”