



AASB Standard-Setting Due Process Manual

May 2021

Table of Contents

Introduction	3
Involvement of AASOC	5
Interactions with the IAASB	6
Due Process Principles	6
Committees	6
Consultation and Communication	8
Consultation	8
Communication	8
Translation	8
Strategic and Annual Planning	8
Due Process Specifically Related to Assurance Standards Adopted from International Standards... 9	
Consultations with Canadian stakeholders on IAASB documents	10
Approving a final assurance standard, including voting	11
Basis for conclusions documents	12
Due Process Specifically Related to Assurance Standards Not Adopted from International Standards	13
Information gathering and research	14
Approving a project proposal	14
Issuing a discussion paper	15
Issuing an exposure draft	15
Situations when a comment period is longer or shorter than normal	16
Circumstances when an exposure draft is not issued	16
Approving a final OCS, Guideline or Practice Note, including voting	17
Basis for conclusions document	18
Making Amendments to Assurance Standards	18
Due Process Specifically Related to Non-authoritative Material, Other than Practice Notes	19
Due Process Followed in Responding to Complaints	20

Introduction

1. This document sets out the due process and related procedures that the Auditing and Assurance Standards Board (AASB) is required to adhere to in setting authoritative and non-authoritative material. Authoritative material includes standards for quality management, audit, other assurance and related services, and Assurance and Related Services Guidelines (referred to as “assurance standards”). Practice Notes, which are non-authoritative, are included with assurance standards for this document, because they follow the same due process as assurance standards. Other non-authoritative material includes material, such as AASB staff bulletins, In Brief documents, basis for conclusions documents, messages from the Chair, etc., that are published on the AASB section on FRASCanada.ca (“the AASB’s webpage”) and/or in the CPA Canada Standards and Guidance Collection available on the [Knotia website](#). It also informs stakeholders on how the AASB sets assurance standards and non-authoritative material and how they can participate in the process.
2. The following table sets out the authoritative and non-authoritative material covered by this Due Process Manual.

Authoritative	Non-authoritative
<p>Canadian Standards on Quality Management (CSQMs)</p> <p>Canadian Auditing Standards (CASs)</p> <p>Other Canadian Standards (OCSs)</p> <ul style="list-style-type: none"> • Canadian Standards on Assurance Engagements (CSAEs) • Canadian Standard on Association (CSOA) • Canadian Standards on Review Engagements (CSREs) • Canadian Standards on Related Services (CSRSs) • Specialized Areas (standards dealing with capital market matters) <p>Assurance and Related Services Guidelines (AuGs)</p>	<p>Practice Notes</p> <ul style="list-style-type: none"> • Canadian Auditing Practice Notes (CAPNs) • Canadian Assurance Engagement Practice Notes (CAEPNs) • Canadian Review Engagement Practice Notes (CREPNs) • Canadian Related Services Practice Notes (CRSPNs) <p>Other non-authoritative material</p> <ul style="list-style-type: none"> • Basis for Conclusions documents • AASB staff bulletins • Messages from the Chair • In Brief documents <p>(Note that the AASB may create, from time to time, other vehicles of communication for non-authoritative material)</p>

3. The AASB is an independent body with the authority to establish assurance standards for use in Canada. It is directly accountable to the Auditing and Assurance Standards Oversight Council (AASOC) for its performance in fulfilling its mandate, including the adherence to due process with due regard for the public interest. This Due Process Manual provides AASOC with a basis for holding the AASB accountable for the due process procedures.
4. The International Auditing and Assurance Standards Board (IAASB) sets standards for quality management, audit, other assurance and related services, and Practice Notes (referred to as “International standards”). The AASB is committed to adopting International Standards on Quality Management (ISQMs) and International Standards on Auditing (ISAs) set by the IAASB as CSQMs and CASSs. The AASB may make amendments to ISQMs or ISAs, including changing the effective date of application of ISQMs or ISAs in accordance with criteria that the AASB has developed for ensuring that amendments to standards are made on an appropriate and consistent basis (the “amendment criteria”). When the AASB makes amendments, they are clearly identified in the CPA Canada Handbook – Assurance by adding an explanation at the beginning of the standard and by adding the letter “C” at the start of the amended paragraph or footnote number. New paragraphs or footnotes are also uniquely identified. Appendix 2 of the *Preface to the CPA Canada Handbook – Assurance* lists the assurance standards that include amendments the AASB made when adopting the respective International standards.
5. The AASB also develops:
 - OCSs, which include engagement standards and association standards;
 - Assurance and Related Services Guidelines; and
 - Practice Notes.
6. The AASB may develop an OCS, Guideline or Practice Note referring to existing International standards or standards of another national standard setter as a basis for the OCS, Guideline or Practice Note, or may develop an OCS, Guideline or Practice Note that is not based on another source.

7. The due process the AASB follows depends on the nature of the assurance standard and timing of the project.

Nature of assurance standard	AASB is developing or revising an assurance standard concurrently with the IAASB	AASB is developing or revising an assurance standard on its own timeline
CSQMs and CASs	Paragraphs 37-47; Canadian amendment criteria apply	N/A
Other International standards that the AASB chooses to adopt	Paragraphs 37-47; Canadian amendment criteria apply	Paragraphs 49-71; Canadian amendment criteria apply
Canadian-developed standard, which may leverage from an International standard or standard of another national standard setter	N/A	Paragraphs 49-71; Canadian amendment criteria do not apply

8. Although this Due Process Manual sets out a number of factors that the AASB may consider in certain circumstances, it is not meant to be a checklist. The Board uses professional judgment in making decisions.

Involvement of AASOC

9. AASOC is involved in the AASB's due process throughout a project. When the AASB approves an assurance standard, AASOC reaches a conclusion about whether the AASB followed due process with proper regard for the public interest. The following activities help to inform this conclusion.
10. At each AASOC meeting, the AASB reports on its activities. Such reports keep AASOC updated on the AASB's progress on projects.
11. At each AASB meeting, any feedback from AASOC is relayed back to the AASB. In addition, any AASOC member has the right to attend AASB meetings as an observer, to receive any meeting material and to provide comments to the AASB.
12. Following approval of an assurance standard, the AASB provides AASOC with documents including the detailed due process steps completed, with explanatory comments, if necessary.

13. The AASB's interactions with, and accountability to, AASOC are further described in the AASB's [Terms of Reference](#). AASOC's responsibilities are set out in its [Terms of Reference](#).

Interactions with the IAASB

14. In its commitment to meet stakeholders' needs for assurance standards and to act as thought leaders on assurance issues, the AASB contributes to the development of International standards. This is done by raising awareness by developing a communication plan, providing opportunities for Canadian stakeholders to express their views on IAASB proposals, responding to documents for comment on the IAASB's proposals and leveraging consultations. The AASB also:
- (a) identifies and discusses key issues arising from monitoring procedures that take place over the course of an IAASB project; and
 - (b) provides input on key issues to any IAASB member(s) from Canada.
15. The IAASB issues International standards according to its own due process, which the AASB monitors as part of its procedures. The extent of AASB monitoring depends on whether the AASB is committed to, has chosen to or will not adopt the International standard.
16. The AASB responds to all the IAASB's ISQM and ISA documents for comment; and generally responds to other documents for comment. The AASB response letters consider comments received from Canadian stakeholders and are posted to the AASB's webpage.

Due Process Principles

17. The AASB's due process is built on its [Terms of Reference](#) and [Statement of Operating Procedures](#), and is based on the following principles:
- (a) transparency: conducting its standard-setting process in a transparent manner;
 - (b) consultation: considering the perspectives of those affected by Canadian assurance standards;
 - (c) accountability: ensuring that obligations to stakeholders are met; and
 - (d) objectivity: ensuring AASB members remain independent from special interest groups, political pressures and personal interests.

Committees

18. The AASB may choose to use committees to provide assistance when conducting its projects. Committees are key sources of input and advice for the AASB on a variety of matters and contribute to the development of assurance standards. For example, a committee may:
- (a) identify key issues related to the subject matter;

- (b) review draft agenda material and provide views for the AASB's consideration;
- (c) assist the AASB staff in consultations with stakeholders; and
- (d) assist the AASB staff in analyzing input and feedback received to documents for comment.

However, a committee is not required for every AASB project.

19. In deciding whether a committee is needed to support the AASB's work on a project, the AASB considers:
- the nature of the project, including:
 - the nature and complexity of the issues being addressed; and
 - industries or practitioner groups that will be particularly affected by the project;
 - where the Board needs to obtain a broader view, including from stakeholders that will be particularly affected, or by individuals with specialized knowledge;
 - the nature and extent of Canadian involvement in an IAASB project, for example, as members on an IAASB working group or task force or as staff support;
 - whether there is an existing industry group or group of stakeholders with expertise in the subject matter that may be able to assist the AASB in the same manner as an AASB committee; and
 - whether forming a committee would help the AASB meet timelines or deal with a large volume of material.
20. Committee members may represent different communities, such as academia, practitioners and users. Over the course of a project, the AASB provides direction to its committees.
21. The AASB Chair and Director approve the appointments of members and chairs of committees.
22. A committee may be an advisory group, a task force or a standing committee, depending on the nature of the project.
23. An advisory group provides the AASB with input and analysis on projects to adopt an International standard as a Canadian assurance standard. The AASB uses an advisory group when it is developing or revising an assurance standard concurrently with the IAASB.
24. A task force supports the AASB in projects to develop a Canadian assurance standard or to adopt an International standard when the AASB is not following the same timeline as the IAASB.
25. A standing committee provides advice to the AASB on a specific subject matter.
26. Each committee has terms of reference, which detail the committee's:
- (a) purpose and objectives;

- (b) roles and responsibilities;
- (c) size and composition, including the optimum mix of members' backgrounds; and
- (d) term of appointment, including the proposed project timeline.

Consultation and Communication

27. The AASB's [Terms of Reference](#) and [Statement of Operating Procedures](#) provide more information on consultation, communication and translation.

Consultation

28. In the context of a specific project, the AASB develops a plan for stakeholder outreach. Input and feedback are obtained from stakeholders through various activities, including in-person and virtual consultations and field-testing the proposals.
29. Letters received from stakeholders responding to AASB documents for comment (i.e., exposure drafts, discussion papers, etc.) play an important role in the AASB's deliberation process because they provide public responses to a formal consultation. When considering comments received, the AASB reviews all issues and related explanations that respondents raise. All written feedback the AASB receives is available on its webpage shortly after the comment deadline unless a respondent requests confidentiality.
30. The analysis of input and feedback may result in the AASB doing additional outreach and analysis.

Communication

31. The AASB develops communication plans for its activities to increase awareness and inform stakeholders. The AASB uses various communication methods to reach stakeholders.

Translation

32. The AASB issues all its published materials simultaneously in both English and French. Translation is completed in accordance with established policies.

Strategic and Annual Planning

33. The AASB's standard-setting due process begins with its strategic plan. This plan sets out the AASB's multi-year objectives and is established after stakeholder consultation, including being exposed for comment.
34. The AASB develops a work plan annually that takes into consideration the AASB's strategic plan, ongoing projects, public interest issues and the IAASB's work plan.

Due Process Specifically Related to Assurance Standards Adopted from International Standards

35. The AASB is committed to adopting ISQMs and ISAs as CSQMs and CASs. The AASB's projects related to CSQMs and CASs are performed concurrently with the IAASB's projects for ISQMs and ISAs.
36. The AASB may decide to adopt an International standard as an OCS, Guideline or Practice Note concurrently with the IAASB project to develop the International standard.
37. In making the decision to adopt, the AASB considers:
 - (a) whether the International standard would substantively address the public interest issues raised by Canadian stakeholders, including the nature and extent of Canadian amendments expected and whether these may conform with the amendment criteria;
 - (b) whether Canadian stakeholders believe that alignment with the International standard is important; and
 - (c) whether the IAASB's timing will meet the needs of Canadian stakeholders.
38. The AASB completes the following due process procedures to fulfill its responsibilities under its Terms of Reference:
 - (a) reviews the IAASB's project proposal and considers whether the project will address Canadian public interest issues;
 - (b) approves a project proposal (see paragraphs 52-53) when the AASB decides to adopt an International standard as an OCS, Guideline or Practice Note;
 - (c) monitors the IAASB's progress on developing or revising International standards, including reading the IAASB's meeting agenda papers, monitoring its meeting discussions and reviewing other project-related material on its website;
 - (d) establishes an advisory group at an appropriate time, if deemed necessary (see paragraphs 18-26);
 - (e) identifies and discusses key issues arising from monitoring procedures that take place over the course of an IAASB project;
 - (f) provides input on key issues to any IAASB member(s) from Canada;
 - (g) considers whether any Canadian amendments are necessary to meet the needs of Canadian stakeholders, using amendment criteria;
 - (h) approves for issuance a Canadian exposure draft (or re-exposure draft) when the IAASB issues an exposure draft (or re-exposure draft), (see paragraph 40);
 - (i) considers whether the length of the exposure or re-exposure period is appropriate;

- (j) conducts consultations with Canadian stakeholders and considers input and feedback received (see paragraphs 39-41);
- (k) submits a written comment letter to the IAASB, informed by any input and feedback received from Canadian stakeholders;
- (l) considers input and feedback received related to proposed Canadian amendments;
- (m) approves the final assurance standard when the IAASB approves a final International standard and the Public Interest Oversight Board concludes that the IAASB approved the International standard in accordance with due process and with proper regard for the public interest (see paragraphs 42-46);
- (n) reviews a due process checklist outlining the due process steps that have been followed up to the date of the approval of the final assurance standard and supporting the certification from the Director, Auditing and Assurance Standards Board, that the AASB followed its due process in approving the final standard;
- (o) considers whether a fatal-flaw review of the French translation of the exposure draft, re-exposure draft or final assurance standard by a French-speaking AASB member is necessary;
- (p) provides fatal-flaw comments on staff-prepared basis for conclusions documents (see paragraph 47);
- (q) obtains confirmation from AASOC that, in its view, the AASB followed due process with proper regard for the public interest (see paragraphs 9-13); and
- (r) submits the final assurance standard to CPA Canada for publication in English and French in the CPA Canada Handbook – Assurance, and a basis for conclusions document.

Consultations with Canadian stakeholders on IAASB documents

39. The IAASB sometimes issues a discussion paper to consult stakeholders and solicit their comments on proposals. The AASB promotes awareness of IAASB discussion papers in Canada and asks stakeholders for input. The AASB may also issue a discussion paper that references the IAASB discussion paper.
40. When the IAASB has issued an exposure draft (or re-exposure draft), the AASB normally issues a corresponding exposure draft (or re-exposure draft). The AASB informs stakeholders that it proposes to adopt the International standard as a Canadian assurance standard, identifies the public interest issues considered and identifies proposed Canadian amendments, if any. The AASB reviews responses to its exposure draft (or re-exposure draft) and other feedback received, to identify any particular circumstances that might justify a Canadian amendment to the International standard. In very rare circumstances, the AASB may decide, by vote, not to issue an exposure draft (or re-exposure draft). Such a circumstance may occur if the IAASB

exposure draft (or re-exposure draft) does not result in a change to Canadian standards, for example, if the IAASB exposure draft (or re-exposure draft) affects a requirement to which a Canadian amendment has previously been made and such amendment will not change.

41. The AASB also monitors IAASB post-implementation reviews of International standards. The AASB responds to IAASB post-implementation review requests for information on International standards that it has adopted as Canadian assurance standards. As part of its due process, the AASB promotes awareness of IAASB post-implementation reviews in Canada, and consults stakeholders, asking them for input.

Approving a final assurance standard, including voting

42. When the IAASB issues a final International standard, the AASB determines, by vote, whether to re-expose any new or revised Canadian amendments. The AASB does not re-expose any aspects of the International standard. A favourable vote of two-thirds of members is required not to re-expose. When making this decision the AASB considers:
- (a) whether the Canadian amendment would affect the ability of a practitioner conducting an engagement in accordance with the assurance standard from also expressing compliance with the equivalent International standard;
 - (b) whether the Canadian amendment relates to a requirement or to application and other explanatory material;
 - (c) whether the Canadian amendment is required to comply with Canadian legal and regulatory requirements;
 - (d) whether respondents have not had the opportunity to comment on new or revised Canadian amendments because they were not contemplated or discussed in the exposure draft;
 - (e) whether the AASB will learn anything new through re-exposure (i.e., whether it is unlikely that re-exposure will reveal any new concerns);
 - (f) whether the benefit of delaying improvements to assurance standards outweigh the immediate need for change to current practice; and
 - (g) what additional steps the AASB took to consult on the changes (e.g., in some cases, the AASB may conduct additional targeted consultations with Canadian stakeholders who will be affected by the changes) that may negate the need for re-exposure.
43. When voting in paragraph 42 results in no re-exposure, the AASB approves, by vote, the final assurance standard, including any Canadian amendments to the International standard, any conforming amendments to other assurance standards, and the withdrawal of any related existing assurance standard which the new or revised assurance standard supersedes.

44. A favourable vote of two-thirds of members is required to approve:
 - (a) a project proposal when the AASB decides to adopt an International standard as an OCS, Guideline or Practice Note;
 - (b) a discussion paper;
 - (c) an exposure draft or re-exposure draft, or a decision not to issue an exposure or re-exposure draft;
 - (d) issuing a final assurance standard and any conforming amendments; and
 - (e) withdrawing an assurance standard.
45. When the AASB decides not to issue an exposure draft or re-exposure draft, it provides AASOC with the reasons for this decision, including the public interest issues considered, which are described in the basis for conclusions document.
46. The results of voting are set out in the decision summary for the relevant AASB meeting posted on the AASB's webpage. When the AASB decides not to issue an exposure draft or re-exposure draft, the decision summary sets out those matters that led the AASB to make this decision, including the public interest issues considered.

Basis for conclusions documents

47. The IAASB issues a basis for conclusions document for final new or revised International standards. The AASB issues its own basis for conclusions document that:
 - (a) includes a link to the IAASB basis for conclusions document;
 - (b) summarizes the significant matters arising from comments received in response to the exposure draft and matters particular to Canada;
 - (c) identifies the consultation and other due process activities it undertook, including the public interest issues considered, to determine that the new or revised International standard is suitable for adoption in Canada;
 - (d) discusses Canadian amendments, if any, to the final International standard in adopting it as a Canadian assurance standard; and
 - (e) describes the reasons the AASB decided not to re-expose any new or revised Canadian amendments.

Due Process Specifically Related to Assurance Standards Not Adopted from International Standards

48. When the AASB is developing a new or revised OCS, Guideline or Practice Note, it may refer to an existing International standard or an existing standard of another national standard setter as the basis for the OCS, Guideline or Practice Note. Alternatively, the AASB may develop a new OCS, Guideline or Practice Note that is not based on another source.
49. The AASB completes the following due process procedures to fulfill its responsibilities under its Terms of Reference:
- (a) gathers information (see paragraphs 50-51);
 - (b) approves a project proposal (see paragraphs 52-53);
 - (c) establishes a task force at an appropriate time, if deemed necessary (see paragraphs 18-26);
 - (d) discusses key issues;
 - (e) approves for issuance a discussion paper, if deemed appropriate (see paragraphs 54-56);
 - (f) reviews drafts of the proposed new or revised OCS, Guideline or Practice Note;
 - (g) approves for issuance an exposure draft (or re-exposure draft) (see paragraphs 57-64);
 - (h) considers whether the length of the exposure or re-exposure period is appropriate;
 - (i) conducts consultations with Canadian stakeholders on the exposure draft (or re-exposure draft);
 - (j) considers input and feedback received;
 - (k) approves the final OCS, Guideline or Practice Note (see paragraphs 65-69);
 - (l) reviews a due process checklist outlining the due process steps that have been followed up to the date of the approval of the final OCS, Guideline or Practice Note and supporting the certification from the Director, Auditing and Assurance Standards Board, that the AASB followed its due process in approving the final OCS, Guideline or Practice Note;
 - (m) considers whether a fatal-flaw review of the French translation of the exposure draft, re-exposure draft or final OCS, Guideline or Practice Note by a French-speaking AASB member is necessary;
 - (n) provides fatal-flaw comments on staff-prepared basis for conclusions documents (see paragraphs 70-71);
 - (o) obtains confirmation from AASOC that, in its view, the AASB followed due process with proper regard for the public interest (see paragraphs 9-13); and

- (p) submits the final OCS or Guideline to CPA Canada for publication in English and French in the CPA Canada Handbook – Assurance, and the Practice Note and a basis for conclusions document.

Information gathering and research

- 50. The first step in considering whether to develop a new or revised OCS, Guideline or Practice Note is to gather information and perform research to identify, assess and define the public interest issue(s). The AASB typically consults with its committees and stakeholders to inform this process. The AASB also considers its strategic and annual planning, and factors such as:
 - (a) relevance and importance to stakeholders;
 - (b) existing Canadian, International or other assurance standards or guidance;
 - (c) the possibility of developing other feasible approaches to address the issues;
 - (d) whether the expected benefits to stakeholders will justify the costs of implementation; and
 - (e) constraints on its resources and those of stakeholders.
- 51. If the AASB decides that some issues require additional research, such issues may be considered as research projects.

Approving a project proposal

- 52. A project proposal highlights key project issues to be addressed. It outlines:
 - (a) the subject of the project, whether a new OCS, Guideline or Practice Note or a revision to an OCS, Guideline or Practice Note;
 - (b) the AASB's objective in undertaking the project, including the public interest considerations;
 - (c) the project scope, including key issues to be resolved;
 - (d) the implications for any specific persons or group and other implications, including potential costs and benefits, if any;
 - (e) key project risks;
 - (f) project planning issues, including whether the AASB plans to leverage an existing International standard or a standard of another national standard setter, the communications plan, availability of staff resources and whether a task force or standing committee will be used; and
 - (g) estimated timelines to meet project milestones.
- 53. After considering the nature of the issues and the level of interest among stakeholders, the AASB reviews and approves the project proposal.

Issuing a discussion paper

54. A discussion paper may be issued prior to developing an exposure draft of a proposed OCS, Guideline or Practice Note.
55. A discussion paper can take many forms and may include the following elements:
- (a) definition of the issues and the scope of a project;
 - (b) identification of relevant public interest considerations;
 - (c) discussion of research findings and relevant literature;
 - (d) inclusion of alternative solutions to the issues being considered;
 - (e) presentation of the arguments and implications relevant to each; and
 - (f) preliminary AASB views and the rationale for them, including, where appropriate, a statement of principles.
56. Once approved, by vote, the discussion paper is open for a comment period that is normally at least 90 days. When the comment period ends, staff and the task force, if one has been established, analyzes and summarizes the feedback received. The AASB might consult further with stakeholders to get more input. The AASB reviews the analysis and summary to understand the feedback.

Issuing an exposure draft

57. An exposure draft is the AASB's main mechanism for consulting stakeholders and soliciting comments through consultation activities. It reflects specific proposals in the form of a proposed or revised OCS, Guideline or Practice Note. An exposure draft also includes consequential amendments to other OCSs, Guidelines or Practice Notes to maintain internal consistency of the CPA Canada Handbook – Assurance, and identifies the public interest issues considered. Insignificant changes to cross-references, terminology and other matters that are administrative in nature may be omitted from the exposure draft.
58. When the AASB has completed its deliberations and all mandatory due process requirements, it approves the proposals in an exposure draft.
59. The AASB normally allows a minimum 90-day comment period. When the comment period ends, the task force, supported by staff, analyzes the feedback received and the results of other consultations. The AASB reviews:
- (a) written feedback received;
 - (b) a summary of the comments received;
 - (c) input and advice from the task force;
 - (d) feedback from other consultations; and

- (e) an analysis of the major points.

To seek further comments and suggestions, the AASB may conduct further consultations.

60. When the AASB decides to issue a re-exposure draft, the public comment period is normally a minimum of 60 days.

Situations when a comment period is longer or shorter than normal

61. In situations that are expected to be rare, the AASB may set a different comment period than what is set out in this Manual. This may be the case, for example, when the matter is sufficiently urgent to address in a shorter timeframe. In other situations, the AASB may determine that a longer comment period will provide more opportunity for stakeholders to respond.
62. When the AASB chooses a longer or shorter comment period, the AASB states the reasons, including the public interest issues considered, in the exposure draft or re-exposure draft.

Circumstances when an exposure draft is not issued

63. In rare circumstances the AASB may decide, by vote, not to issue an exposure draft. These circumstances include the following:
- (a) when the proposed revision is being made in response to changes in accounting standards or law or regulations and the required change does not involve significant alternative choices in approach by the AASB;
 - (b) when the proposed revision relates to the correction of an error or oversight in an existing OCS, Guideline or Practice Note;
 - (c) when the OCS, Guideline or Practice Note being revised relates to services performed by a limited number of practitioners serving a particular type of entity, where these practitioners and entities have been the key driver behind the proposed changes;
 - (d) when the proposed change is being made to reflect the prevailing accepted practice and it is highly unlikely any stakeholder (e.g., practitioner, reporting entity, or user) would object to the change; or
 - (e) when the AASB is proposing to withdraw an OCS, Guideline or Practice Note because:
 - (i) it is no longer relevant, or
 - (ii) it is clearly out of date and the subject matter is not a significant public interest issue.
64. When the voting in paragraph 63 results in no need to issue an exposure draft, the AASB follows the voting procedures in paragraph 66.

Approving a final OCS, Guideline or Practice Note, including voting

65. Before approving a final OCS, Guideline or Practice Note, the AASB decides, by vote, whether to re-expose the OCS, Guideline or Practice Note. A favourable vote of two-thirds of members is required to not re-expose. When making this decision, the AASB considers:
- (a) the volume of changes made to the exposure draft;
 - (b) whether changes relate to a requirement or to application and other explanatory material;
 - (c) whether respondents have not had the opportunity to comment on changes because they were not contemplated or discussed in the exposure draft;
 - (d) whether the AASB will learn anything new through re-exposure (i.e., whether it is unlikely that re-exposure will reveal any new concerns);
 - (e) whether the benefit of delaying improvements to standards outweigh the immediate need for change to current practice; and
 - (f) what additional steps the AASB took to consult on the changes (e.g., in some cases, the AASB may conduct additional targeted consultations with stakeholders who will be affected by the changes) that may negate the need for re-exposure.
66. When the voting in paragraph 65 results in no need to re-expose, or the AASB votes not to issue an exposure draft, as discussed in paragraph 64, the AASB approves, by vote, the final OCS, Guideline or Practice Note, any conforming amendments to other assurance standards, and the withdrawal of any related existing OCS, Guideline or Practice Note which the new or revised OCS, Guideline or Practice Note supersedes.
67. A favourable vote of two-thirds of members is required to approve:
- (a) a project proposal;
 - (b) a discussion paper;
 - (c) an exposure or re-exposure draft, or a decision not to issue an exposure or re-exposure draft;
 - (d) issuing a final OCS, Guideline or Practice Note and any conforming amendments; and
 - (e) withdrawing an OCS, Guideline or Practice Note.
68. When the AASB decides not to issue an exposure draft or re-exposure draft, it provides AASOC with the reasons for this decision, including the public interest issues considered, which are described in the basis for conclusions document.
69. The results of voting are set out in the decision summary for the relevant AASB meeting posted on the AASB's webpage. When the AASB decides not to issue an exposure draft or re-exposure draft, the decision summary sets out those matters that led the AASB to make this decision, including the public interest issues considered.

Basis for conclusions document

70. The AASB issues a basis for conclusions document on final new or revised OCSs, Guidelines or Practice Notes.
71. The AASB explains the rationale behind its decisions in developing a new or revised OCS, Guideline or Practice Note. The basis for conclusions document includes:
- (a) background information, which identifies the OCS, Guideline or Practice Note that the new or revised OCS, Guideline or Practice Note replaces, and summarizes the due process activities the Board took in developing the OCS, Guideline or Practice Note;
 - (b) the AASB's objectives in developing the new or revised OCS, Guideline or Practice Note, including the public interest issues the project addresses;
 - (c) a summary of the significant matters stakeholders raised on proposals and the reasons for the Board's decisions on these matters;
 - (d) a discussion of the reasons the AASB decided not to re-expose; and
 - (e) other relevant information including, if applicable:
 - (i) a list of respondents to the exposure draft and, if applicable, the re-exposure draft;
 - (ii) a summary of participants in webinars;
 - (iii) a summary of participants in consultations; and
 - (iv) a summary of relevant academic research.

Making Amendments to Assurance Standards

72. From time to time, the AASB may determine that revisions to an assurance standard are necessary and such changes were not contemplated when the AASB developed its work plan for the year. To determine whether a project should be undertaken immediately, as opposed to including it in a subsequent annual work plan, the AASB considers factors, such as the following, holistically:
- The situation is imminent (i.e., urgent) and the AASB is able to respond on a timely basis.
 - A revision is necessary for a practitioner to be able to comply with a law or regulation.
 - A revision to a requirement is necessary to resolve an implementation concern.
 - A revision is necessary to address new conditions or circumstances not contemplated when the assurance standard was issued.
 - Non-authoritative material would not appropriately address the situation.

73. In some cases, the AASB may identify the need to make a new or revised Canadian amendment to an assurance standard adopted from an International standard, where the IAASB does not have a concurrent project.
74. When the AASB's decision in paragraph 72 or 73 is to undertake a project, the AASB follows the procedures set out in paragraphs 49-71, regardless of whether the assurance standard is adopted from an International standard. Most of the procedures in paragraphs 37-47 would not be applicable because the IAASB would not also have a current project. However, the AASB considers whether any revisions meet its amendment criteria. This includes considering the factors in paragraph 42(a)-(c) in determining the significance of any new or revised Canadian amendments.
75. From time to time, there may also be a need for an editorial correction to revise minor inaccuracies or inconsistencies, including misspellings, mistranslations, numbering and grammatical mistakes. Such corrections do not alter the technical meaning of the text. These corrections are made without exposure and with the approval of the Director, Auditing and Assurance Standards Board.

Due Process Specifically Related to Non-authoritative Material, Other than Practice Notes

76. Non-authoritative material includes Practice Notes. However, because of their nature, Practice Notes are developed following the same due process as assurance standards.
77. The AASB may be involved in monitoring and supporting the development of non-authoritative material aimed at:
 - (a) helping to raise practitioners' awareness of significant new or emerging issues or other noteworthy circumstances relevant to engagements addressed by assurance standards;
 - (b) directing practitioners' attention to relevant provisions of assurance standards; or
 - (c) providing clarification on emerging questions by referring to existing requirements and application material, contributing to the consistent application of assurance standards.
78. The AASB may undertake the following activities:
 - (a) performing fatal-flaw reviews of material that the AASB has identified as being of particular importance;
 - (b) discussing matters on an as-needed basis to help those developing non-authoritative material properly apply assurance standards to contentious issues;
 - (c) commissioning the development of non-authoritative material, including approving the terms of reference of the party (e.g., volunteer task force, staff) who will develop the material;

- (d) having one or more AASB members directly participate in developing non-authoritative material; or
- (e) developing non-authoritative material.

Due Process Followed in Responding to Complaints

79. If an issue over adherence to due process (other than an issue that is clearly frivolous) is raised formally with the AASB, the AASB assesses the matter and seeks an appropriate resolution. The AASB communicates its decision on the matter to the party who raised the matter. The AASB reports all issues raised formally with the AASB and how the matter was addressed and resolved with AASOC.

Copyright ©2021 Financial Reporting & Assurance Standards, Chartered Professional Accountants of Canada

All rights reserved. This publication is protected by copyright and written permission is required to reproduce, store in retrieval system or transmit in any form or by any means (electronic, mechanical, photocopying, recording or otherwise).

For information regarding permission, please contact info@frascanada.ca.