

Canadian Standard Setting Changes Ahead

Independent Review Committee on Standard Setting in Canada (IRCSS) recommendations are moving forward

IRCSS Recommendation	Results and next steps
<p>1. An independent legal entity (Standardsco) should be established to house Canadian standard-setting activities.</p>	<p>Recommendation as proposed by the IRCSS is approved with the following additions as points of emphasis:</p> <ul style="list-style-type: none"> • Independent legal entity • Administrative, not policy setting • Not-for-profit
<p>2. Standardsco should have responsibility for:</p> <ul style="list-style-type: none"> • ensuring the oversight councils and standard-setting boards have appropriate resources to fulfill their mandates; • supporting and enabling the overall activities of the Canadian standard-setting model and ensuring the ongoing integrity and effectiveness of the system as a whole (i.e., that it is working effectively and in the public interest, and that Canada continues to be a credible and relevant player in international standard-setting activities); • entering into contractual relationships and overseeing effective operations within the structure; and • the overall sustainability, integrity, and management of the proposed revised 	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as points of emphasis:</p> <ul style="list-style-type: none"> • Standardsco has no role in the nominations of oversight councils or boards. • Oversight council(s) to retain responsibilities for ensuring due process is followed. • Standardsco is the custodian of the Canadian standard-setting and oversight ecosystem.

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<p>funding model for standard-setting activities.</p>	
<p>3. The Chairs of the oversight councils should form an “eminent persons” advisory group to identify the initial members of the Standardsco board. Going forward, the Standardsco board would be self-nominating (with the advisory group assisting in recruiting/selecting candidates for the Standardsco board and the oversight councils).</p>	<p>A Nominating Committee with membership drawn from both oversight councils will be established and work with an external service provider to recruit/select candidates for the Standardsco board.</p> <p>Going forward, Standardsco board members will be appointed by the oversight councils.</p>
<p>4. Standardsco and CPA Canada should enter into an agreement for the supply of services in areas such as information technology, finance, translation, and human resources-related processes.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>5. In the near term, CPA Canada staff supporting standard-setting activities should be seconded to Standardsco through contractual arrangements that provide rigorous safeguards to preserve their independence from CPA Canada. Such arrangements would specify accountability of these staff solely to Standardsco.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>6. The agreement between Standardsco and CPA Canada should include provisions for secure and long-term funding for standard-setting activities.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>7. The agreement between Standardsco and CPA Canada should have a “fundamental change” clause to preserve and reinforce CPA Canada’s stewardship responsibilities with respect to any proposed fundamental changes to the standard-setting structure. This would also be the case for the CSA.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as points of emphasis:</p> <ul style="list-style-type: none"> • Ensure “fundamental change” is well defined. • Examples of fundamental change might be material changes in either the structure

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	<p>of the standard-setting system or the statement of purpose for Standardsco.</p> <ul style="list-style-type: none"> • Important to restrict to specific situations the ability of CPA Canada and the CSA to intervene.
<p>8. Intellectual property relating to standard setting should continue to be owned by CPA Canada, which would be impressed with stewardship responsibilities (i.e., holding/protecting standards as a public good). Access to standards should continue to be provided via the CPA Canada Handbook but at no charge to the public. The timing for removal of the existing standards “paywall” should be considered in the context of funding discussions.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as points of emphasis:</p> <ul style="list-style-type: none"> • Review of ownership to be completed by CPA Canada and Standardsco within three years from the establishment of Standardsco. • Review should include consideration of legal advice, funding and the evolving landscape.
<p>9. The Standardsco board should develop and implement a strong accountability framework that demonstrates leading practices for public accountability, including transparency of its structure, processes, activities, and results, and how they relate to those of the oversight councils and standard-setting boards.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as a point of emphasis:</p> <ul style="list-style-type: none"> • Standardsco provides a report annually on activities, including, at a minimum, engagement, nominations, and funding.
<p>10. During the transition to a fully operational CSSB, the Implementation Committee should be the oversight body for that board.</p>	<p>Recommendation was approved and is already underway.</p>
<p>11. AcSOC and AASOC should retain the services of an independent third party to assist them in conducting a joint effectiveness review of their oversight practices and activities, and in determining what would constitute optimal oversight in the future. Standardsco should monitor progress made in this regard and subsequently assess the potential merits of transitioning to a single oversight council for all the standard-setting boards within a reasonable period of time.</p>	<p>Recommendation was approved and is complete.</p>

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<p>12. The oversight councils and standard-setting boards should continue to be largely volunteer-based. Stipends should be considered in circumstances where the participation of a desirable candidate might not otherwise be feasible. Chairs of the standard-setting boards should continue to be remunerated.</p>	<p>Recommendation as proposed by the IRCSS is approved, but stipends will be revisited at a later date if circumstances warrant.</p>
<p>13. The composition of the standard-setting boards should be focused on the desired attributes and competencies for each board (including the diversity objectives outlined in this report), rather than having imposed limits on the number of CPA practitioners.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>14. Memberships of all Canadian standard-setting bodies, including the boards and councils, should reflect the diversity of Canada's population and specific interest/expertise in the relevant standards processes.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>15. The AASB should assume responsibility for setting standards for sustainability assurance services in Canada. To this end, it should enhance its expertise in this area through, for example, changes to its membership and the establishment of an expert committee on sustainability matters.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>16. The Standardsco board should closely monitor and assess developments in sustainability reporting and related assurance, both in Canada and internationally, including evaluating and deciding whether a distinct Canadian board is needed in the future to set sustainability assurance standards.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>17. The Standardsco board should monitor future developments regarding the performance of assurance engagements on sustainability</p>	<p>The IRWG proposes the joint councils support Standardsco monitoring future developments regarding the performance of assurance</p>

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<p>information by non-CPAs. Its objective should be to ensure these engagements are conducted in accordance with robust quality management, and ethics and independence, standards that are substantially equivalent to those adhered to by CPA practitioners.</p>	<p>engagements on sustainability information by non-CPAs.</p> <p>The IRWG acknowledges that Standardsco does not have regulatory oversight of non-CPAs and suggests the joint councils support Standardsco promoting and encouraging that such engagements are conducted in accordance with robust quality management and ethics and independence, standards that are substantially equivalent to those adhered to by CPA practitioners.</p>
<p>18. Independent effectiveness reviews of the overall Canadian standard-setting system should be performed every 5-10 years and criteria established to trigger an earlier review if needed. The criteria and how they are considered on an annual basis, as well as the initiation and results of these reviews, should be communicated publicly.</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>
<p>Toward a sustainable funding model</p>	
<p>19. A new funding model should be put in place for Canadian standard-setting activities. This model should apply to the standard-setting system in its entirety and should be user-agnostic, diversified, secure, national in scope, simple to apply and reflect the fact that standards are a public good.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as points of emphasis:</p> <ul style="list-style-type: none"> • Funders have no governance rights. • Independence is paramount.
<p>Fostering a mutually beneficial relationship with Indigenous Peoples</p>	
<p>20. Each constituent body within the Canadian standard-setting system should:</p> <ul style="list-style-type: none"> • be required to explore processes and mechanisms to effectively consider Indigenous perspectives and, where matters affect Indigenous Peoples, to 	<p>Recommendation as proposed by the IRCSS is approved.</p>

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<p>create effective processes for Indigenous Peoples to participate as partners; and</p> <ul style="list-style-type: none"> • strive for Indigenous representation. To the extent this objective is not fully achievable in the short term, it should be introduced on a “comply or explain” basis. 	
<p>21. The IRCSS supports the creation of an Indigenous Council on Financial Reporting and Standards Setting (ICFRSS – a provisional name) that would act nationally as an Indigenous representative intermediary and facilitate effective representation and input to standard-setting and other regulatory and policy-making bodies. The IRCSS recommends the support and participation of Standardsco in the ICFRSS.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as a point of emphasis:</p> <ul style="list-style-type: none"> • Determine the best way to get involved after/if the ICFRSS is established.
<p>Processes that are responsive to the public interest</p>	
<p>22. A dedicated stakeholder engagement team charged with managing proactive engagement processes should be formed at the Standardsco level to assist in identifying and implementing enhancements to existing practices, including initiatives to facilitate and encourage broad stakeholder awareness of and participation in the standard-setting process.</p>	<p>Recommendation as proposed by the IRCSS is approved, with the following additions as a point of emphasis:</p> <ul style="list-style-type: none"> • The team should be employed by CPA Canada, consistent with staff supporting the standard-setting boards (rather than at Standardsco).
<p>23. The standard-setting boards should actively and on an ongoing basis explore opportunities to enhance the timeliness of their standards. This includes considering the stakeholder suggestions and initiatives of other global standard setters described in this report and implementing them to the extent they are deemed relevant and appropriate. When reporting to stakeholders, the boards should make clear the enhancement options considered and their rationale for</p>	<p>Recommendation as proposed by the IRCSS is approved.</p>

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implementing some, and modifying or rejecting others.	
24. The standard-setting boards should consider how materials shared publicly could be better used to augment transparency in terms of communicating to stakeholders the key factors considered in their decision making.	Recommendation as proposed by the IRCSS is approved.
25. Standardsco, the oversight councils and the standard-setting boards should take the necessary steps to enhance the transparency of their member-recruitment processes, including but not limited to making the composition matrices used for nomination and appointment of members publicly available and engaging in more diverse and proactive outreach to solicit potential members.	Recommendation as proposed by the IRCSS is approved.
Ethics and independence standards for assurance services	
26. AASOC and Standardsco should actively monitor the recommendations of the profession's Public Trust Committee once they are released to ensure they are fit for purpose, and should be prepared to take further action if necessary.	Recommendation as proposed by the IRCSS is approved, with the following additions as a point of emphasis: <ul style="list-style-type: none"> • This is the role of AASOC, not of Standardsco.