

Project Proposal – Revision of APESB *Due process and working procedures for the development and review of APESB pronouncements*

Introduction

Accounting Professional and Ethical Standards Board (APESB) developed the *Due process and working procedures for the development and review of APESB pronouncements* document (the Due Process document) in September 2007 and subsequently revised it in May 2010. The Due Process document provides an overall framework that establishes the context in which the APESB series of standards and guidance notes are issued in Australia. The document also assists in the determination of when a professional standard is issued compared to a guidance note. It aims to ensure that the style and presentation of the APESB series of standards are consistent and provides users with an overall understanding of the context in which these pronouncements are issued.

Background

Since the revision of the Due Process document in May 2010, the APESB has issued two new pronouncements with several other standards and guidance notes currently being developed or revised. Where appropriate, the drafting style of APESB pronouncements aims for consistency and convergence with international standards and other national standard setting bodies. APESB recognises that standards and guidance notes need to be understandable, clear, and capable of consistent application. These aspects of clarity serve to enhance the quality and uniformity of practice. Accordingly, APESB Technical Staff proposed to revise and update the Due Process document.

In 2009, the IESBA completed a clarity project relating to the drafting conventions used in the IESBA Code. During this process IESBA clarified the use of terms such as “consider” contained in the international Code. The improvements made to the IESBA Code are part of the clarity project aimed to enhance consistency and clarity of the IESBA Code. Following Board approval of the Due Process project plan, Technical Staff will consider work completed by the IESBA to inform the update of the Due Process document.

IAASB also completed a Clarity Project in February 2009. The objective of IAASB’s Clarity Project was to review the drafting conventions used in IAASB International Standards and comprehensively review all of IAASB International Standards on Auditing (ISAs) and Quality Control (ISQCs) improving their clarity and leading to their consistent application by users of the standards.

As with international standards, it is important that there is some common understanding of the terms commonly used across APESB standards and guidance notes. For the revision of the Due Process document, Technical Staff will provide explanation of those common terms to assist stakeholders with an understanding of the robustness of the terms used across APESB standards and guidance notes such as “consider”, “evaluate” and “determine”. It is

intended that these drafting conventions will be consistent with the definitions of those words found in standard dictionaries. The proposed drafting conventions will accordingly create consistency in future developments and revisions of APESB standards and guidance notes.

The following table provides an explanation of the IESBA's drafting conventions:

Section/Ref	Change
Drafting conventions	<p>Use of "consider", "evaluate" and "determine": these terms are not defined in the Code itself but the ED included the following explanation:</p> <p>The IESBA has made changes to the Code consistent with the following principles of drafting:</p> <ul style="list-style-type: none"> • "Consider" will be used where the accountant is required to think about several matters; • "Evaluate" will be used when the accountant has to assess and weigh the significance of a matter; and • "Determine" will be used when the accountant has to conclude and make a decision.

As part of the Due Process document revision, Technical Staff will consider the merit of introducing an 'objective' to APESB pronouncements and will provide a recommendation for the Board's consideration.

Project Objective:	To update the <i>Due process and working procedures for the development and review of APESB pronouncements</i> issued in September 2007 and revised in May 2010 (the Due Process document)	
Project Steps:	<ul style="list-style-type: none"> • APESB Technical Staff to review the current Due Process document and consider issues to be addressed. • APESB Technical Staff to seek direction from the Board whether external consultation with stakeholders is necessary. • APESB Technical Staff to prepare a revised version of the proposed new <i>Due Process</i> document. • Present revised <i>Due Process</i> document to the Board at the May 2013 meeting. 	
Project Structure:	<ul style="list-style-type: none"> • Board – provide feedback and oversee the revision of the <i>Due Process</i> document • APESB Technical Director – principal drafting editor • APESB Secretariat – provide administrative support 	
Resource Requirements:	<ul style="list-style-type: none"> • It is estimated that the APESB Board and staff time on this project will be approximately 2 weeks. 	
Indicative Timeline:	February 2013:	Board approve project proposal
	March – April 2013:	Update <i>Due Process</i> document
	May 2013:	Present revised <i>Due Process</i> document for Board approval

Impact on other APESB pronouncements

The proposed update of due process requirements will enhance the consistency and clarity of existing and future APESB pronouncements.

Impact on accounting, auditing, or other relevant standards

None noted.

Related legislative developments

None noted.

Related international developments

Refer to comments made above in respect of IESBA's drafting conventions.