

## **CONSULTATIVE ADVISORY GROUP (CAG)**

The CAG is established as an advisory group to the Auditing and Assurance Standards Board (AASB), the auditing standard-setting committee of the Public Accountants' and Auditors' Board (PAAB).

### **1. Terms of reference**

- 1.1 To consult with and advise the AASB regarding:
  - 1.1.1 the AASB's work programme and agenda for the development and issue of auditing pronouncements in South Africa,
  - 1.1.2 the prioritisation of projects for the development and issue of auditing pronouncements in South Africa,
  - 1.1.3 major technical issues, and
  - 1.1.4 CAG members view regarding other matters of relevance to the activities of the AASB.
- 1.2 Where external parties are of the view that the AASB has not complied with due process, this matter can be raised with CAG through the Chair. The Chair of the CAG, in conjunction with other members of CAG, is responsible for hearing and reaching conclusions on matters concerning the AASB's due process.
- 1.3 To ensure adequate harmonisation with the activities of the International Auditing and Assurance Standards Board (IAASB).
- 1.4 To provide a forum between the AASB and organisations representing different groups of constituents affected by auditing standards.
- 1.5 To pro-actively identify matters for the AASB's attention.
- 1.6 To receive feedback on the AASB's activities.
- 1.7 To enhance the transparency and accountability of the auditing standard-setting function.
- 1.8 A member of CAG is appointed as member of the AASB Strategy Task Force.

## **2. Membership**

- 2.1 The CAG is broadly constituted, comprising of members representative of those preparing audited financial statements, regulators of various industries as well as people otherwise interested in audit issues. Membership can be extended to an individual or an organisation.
- 2.2 Persons nominated as representatives from time to time by organisations are to be from the highest ranks within an organisation who are sufficiently knowledgeable about the problems related to auditing and assurance standards and issues.
- 2.3 Nominations for membership are approved by the PAAB.
- 2.4 Continuity of representation on the CAG is encouraged, but it is acknowledged that organisations could change their representatives to better discuss particular issues under review at a meeting. A representative may be replaced by a substitute representative, when necessary.
- 2.5 In the interest of retaining an active and interested membership, organisations that do not send a representative to three consecutive meetings may be asked to stand down from the group.
- 2.6 Members serve for a renewable period of three years. There is no limitation on the number of years for which a member may serve.
- 2.7 Membership is not limited to a specific number of organisations or individuals. This requirement is to be reviewed in future.

## **3. Chairperson**

- 3.1 Initially the chair is to be the person who is the chair of the AASB. The appointment of the chair may be revisited in the near future after the establishment of the CAG.
- 3.2 The chair serves for a renewable term of 3 years.

## **4. Reimbursement of expenses**

- 4.1 A member will be reimbursed for expenses (excluding time) reasonably incurred.

## **5. Working procedures**

- 5.1 The CAG is to meet once or twice annually.

- 5.2 The agenda for CAG meetings will be determined as follows:
- 5.2.1 Specific issues identified from the AASB agendas throughout the year;
  - 5.2.2 Items arising from the AASB work programme;
  - 5.2.3 Items submitted by CAG members for discussion;
  - 5.2.4 Specific issues on which the AASB may seek CAG input; and
  - 5.2.5 Report back on items from previous agendas.
- 5.3 Minutes of the meetings are maintained and submitted as part of the AASB agenda papers.
- 5.4 The AASB Chair, Vice Chair and Director: Auditing Standards attend CAG meetings, and PAAB secretariat provides administrative support. The AASB Chair attends as a member of CAG.
- 5.5 Written materials supporting the CAG agenda items are provided prior to each meeting. A briefing paper highlighting issues for consideration by CAG is usually prepared for each agenda item.
- 5.6 Members of CAG have access to the AASB meeting agendas and materials, and pronouncements and related media releases by the AASB.
- 5.7 Materials that have not yet been made available to the public, for example through publishing on the AASB's website, should not be provided to third parties or used as a basis for comment to the media. It is acknowledged that the members of CAG need to discuss the materials with the constituencies they represent; however, they are expected to put in place arrangements that enable the distribution of confidential material to be confined to a small group.
- 5.8 The CAG is to further tailor these working procedures as they see fit. All changes to the terms of reference are to be approved by the PAAB.

## **6. Transparency**

- 6.1 The membership, terms of reference and operating procedures of CAG are published on the PAAB website. The membership and ongoing operation of CAG are reported on in the Maneo.

6.2 CAG meetings are not open to the public. Minutes are made available to the members of the AASB.