

Due Process Policy

November 2013



Committee for Auditing Standards

Due Process Policy for the Development, Adoption and Issue of Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements

Independent Regulatory Board for Auditors
PO Box 8237, Greenstone, 1616
Johannesburg

This *Due Process Policy for the Development, Adoption and Issue of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*, (the “Due Process Policy”) was prepared by the Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) and was approved for issue in November 2013.

This *Due Process Policy* is issued to serve the public interest by facilitating an understanding of the objectives and operating procedures of the Committee for Auditing Standards (CFAS) in the development, adoption and issue of high-quality standards on *Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements* issued by the IRBA, which are relevant and internationally comparable.

The IRBA’s legislative mandate

The objects of the Auditing Profession Act, 2005 (Act No 26 of 2005) (the “Act”) are set out in section 2 and include, inter alia:

- (c) *“to approve the development and maintenance of internationally comparable ethical standards and auditing standards for auditors that promote investment and as a consequence employment in the Republic; and*
- (d) *to set out measures to advance the implementation of appropriate standards of competence and good ethics in the auditing profession;”*

To give effect to the objects of the Act, section 4 of the Act sets out the general functions of the Regulatory Board (the “IRBA”), including that *“the Regulatory Board must, in addition to its other functions provided for in this Act”* take steps to meet certain specific requirements. These include section 4(1) which specifies that the IRBA must:

- (c) *“prescribe standards of professional competence, ethics and conduct of registered auditors;” and*
- (e) *“prescribe auditing standards”.*

To enable the IRBA to meet these requirements, section 4(2)(a) states that *“the IRBA may participate in the activities of international bodies whose main purpose it is to develop and set auditing standards and to promote the auditing profession;”*.

The Committee for Auditing Standards

The statutory responsibility of the CFAS is set out in section 22(2) which requires that *“the CFAS must assist the IRBA to:*

- (a) *develop, maintain, adopt, issue or prescribe auditing pronouncements;*
- (b) *consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and*
- (c) *promote and ensure the relevance of auditing pronouncements by:*
 - i. *considering the needs of users of audit reports;*
 - ii. *liaising with other committees of the Regulatory Board on standards to be maintained by registered auditors and by receiving feedback from such committees on areas where auditing pronouncements are needed;*

- iii. *ensuring the greatest possible consistency between auditing pronouncements and accepted international pronouncements; and*
- iv. *consulting with professional bodies on the direction and appropriateness of auditing pronouncements.”*

The CFAS Due Process Policy may be downloaded free of charge in PDF format from the IRBA website at <http://www.irba.co.za>.

The IRBA does not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in the IRBA auditing pronouncements, whether such loss is caused by negligence or otherwise.

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**DUE PROCESS POLICY FOR THE DEVELOPMENT, ADOPTION AND ISSUE OF
QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED
SERVICES PRONOUNCEMENTS**

(Effective from 1 December 2013)

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Introduction

1. This *Due Process Policy for the Development, Adoption and Implementation of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*, (this “Due Process Policy”) is issued to serve the public interest by facilitating an understanding of the objectives and operating procedures of the Committee for Auditing Standards (CFAS) in the development, adoption and issue of high-quality standards on *Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements* issued by the IRBA, which are relevant and internationally comparable.

The Committee for Auditing Standards

2. Sections 4(1)(c) and (e) of the Auditing Profession Act, 2005 (Act 26 of 2005) (the “Act”) requires the IRBA to prescribe standards of professional competence with which auditors must comply in performing their duties as auditors, and to prescribe auditing standards.
3. Section 20(2) of the Act establishes the CFAS as a “permanent committee in terms of section 22 of the Act” which sets out the composition of the CFAS and its primary responsibilities. The composition and detailed responsibilities of the CFAS are embodied in paragraphs 9.3 to 9.6 of the IRBA Resolution dated 20 June 2006 as amended from time to time (“the Resolution”) (Appendix A). The Resolution sets out the “*Delegation of Powers and Assignment of Duties to the CFAS*” and effectively establishes the Terms of Reference of the CFAS.
4. Sections 22(2) and 22(3) of the Act set out the powers and duties of the CFAS and are addressed in paragraph 9.4 of the resolution, extracts of which are included in (Appendix A).

Membership of the Committee for Auditing Standards

5. The Composition of the CFAS is provided for in section 22 (1) of the Act and must consist at least of the following persons appointed by the IRBA:
 - a. Five registered auditors;
 - b. One person with experience of business;
 - c. An incumbent of the office of the Auditor-General, or a person nominated by that incumbent;
 - d. An incumbent of the office of the Executive Officer of the Financial Services Board, or a person nominated by that incumbent;
 - e. One person with experience in the teaching of auditing at a University recognised or established under the Higher Education Act, 1977 (Act No 101 of 1977);
 - f. One person nominated by any stock exchange licensed under the Securities Services Act (Act no 36 of 2004)
 - g. The Commissioner of the South African Revenue Services Act, 1977 (Act No 34 of 1977), or a person nominated by the Commissioner; and
 - h. An incumbent of the office of the Registrar of Banks, or a person nominated by that incumbent.

6. The CFAS may co-opt and appoint additional members onto the CFAS to address user needs of identified constituencies.
7. The CFAS members act in the common interest of the public at large and the worldwide auditing and assurance profession. This could result in their taking a position on a matter that is not in accordance with current practice in their firm, nor in accordance with the position taken by those who nominated them for membership of the CFAS, and /or may be in conflict with the IRBA's public interest mandate. Members should communicate any conflict of interest at the commencement of a CFAS meeting and refrain from voting on a matter on the Agenda of a CFAS meeting that is the subject of that conflict.

Chairman of the CFAS

8. If a chairman is not appointed by the IRBA Board¹ the CFAS must annually elect a chairman from among its members (section 20(3)(d)). If the chairman of the CFAS is absent or for any reason unable to perform his or her functions, the members present must elect a chairman from those present for the meeting concerned.²

Term of appointment of members

9. Paragraph 9.9 of the Resolution provides that the term of office of the CFAS members will be three years, renewable twice only, for no more than two further terms of three (3) years each, provided that:
 - a. if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) serves on the CFAS, he or she shall serve on the CFAS for as long as he or she remains an incumbent of that office; and
 - b. if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) nominates a person to serve on the CFAS, he or she shall serve on the CFAS until the incumbent of that office withdraws his or her nomination.
10. The CFAS members who absent themselves from two meetings in any twelve month period may be requested to resign from the CFAS.

Nominations process

11. When a member's term of appointment comes to an end, the IRBA issues a call for nominations for members of the CFAS, other than Regulator's Representatives, as provided for in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) (refer paragraph 5 above).
12. Nominations received are shortlisted and candidates interviewed by a small committee comprising at least two directors of the IRBA and two members of the CFAS Steering Committee to identify those persons having the appropriate knowledge, experience, skills and time to serve on the CFAS and any of its standing committees or task groups as provided for in sections 22(1)(a), 22(1)(b), 22(1)(e) and 22(1)(f) (refer paragraph 5 above).

¹ The "IRBA Board" means the "Regulatory Board" comprising the non-executive members appointed by the Minister of Finance in terms of section 11 of the Auditing Profession Act, 2005, for the governance of the IRBA and is the Accounting Authority of the IRBA.

² Refer to Appendix A - paragraph 9.6.1

13. The nominations received and recommendations of the interviewing committee are considered by the Operations Committee (OPSCOM), a sub-committee of the IRBA Board, which recommends the successful nominees to the IRBA Board that approves their appointment to the CFAS (section 23(1)).
14. The nominees of the incumbents of the office of the regulators identified in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) that nominate a person to serve on CFAS, shall serve on the CFAS until the incumbent of that office withdraws his or her nomination (section 23(2)). The IRBA may request the incumbent of any of the regulators to replace a nominated representative who is absent from two meetings in a 12 month period.
15. In terms of section 23(3), a member of the CFAS whose term has expired continues to serve until a successor has been appointed.

Technical advisors

16. Each CFAS member has the right to appoint one technical advisor who may participate in discussions at the CFAS meetings, with the permission of the Chairman, but may not vote on any matter before the CFAS.

Public observers

17. The CFAS holds quarterly statutory meetings to discuss the development of, and to approve or recommend the issuance of, auditing pronouncements. These meetings are open to the public. Public observers may participate in discussions, with the permission of the chairman, but have no vote on any matter before the CFAS. Attendees must complete a **Public Observer's Form** that can be downloaded from the IRBA website: www.irba.co.za.

Subcommittees and task groups

18. Paragraph 9.4.7 of the Resolution³ provides that the CFAS shall have the power to constitute subcommittees and task groups which it deems necessary to assist it in the carrying out of its functions and duties, and to appoint the members thereof.
19. Subcommittees have a continuing role and function and are established as CFAS "standing committees". The chairman of a standing committee is to be appointed by the CFAS and is preferably a CFAS member, or such other person regarded as having the necessary technical expertise. The standing committees (refer Appendix B) may draw on the technical expertise of various individuals or regulators, as appropriate, who are appointed as members of the standing committees, but who are not necessarily members of the CFAS.
20. Task groups may be established by the CFAS or standing committees to assist with specific projects and may include individuals having specialised knowledge, experience and skills, who are not members of the CFAS.
 - a. Where task groups are established by the CFAS, the chairman of the task group is accountable to the CFAS on projects undertaken by that task group; and

³ Refer to Appendix A.

- b. Where task groups are established by a standing committee, the chairman of that standing committee is accountable to the CFAS for the projects of individual task groups.
21. The chairman of a task group is to be elected by the task group and is preferably a CFAS member, the chairman of the relevant standing committee, or such other person, regard being had to the necessary technical expertise required for projects undertaken.
 - a. The chairman of a task group established by CFAS is accountable to CFAS;
 - b. The chairman of a task group established by a CFAS Standing Committee is accountable to that Standing Committee; and
 - c. Chairmen of individual task groups are to be elected by the task group members.

Voting

Quorum for the CFAS meetings

22. A quorum for a meeting of the CFAS requires the presence in person, or by simultaneous telecommunication link, of at least 50% of the members.

Recommendation for approval for issue of standards

23. The approval of the IRBA Board is required for the issue and prescribing of standards developed by the CFAS, and for the authoritative IAASB International Standards to be adopted and prescribed for use by registered auditors in South Africa.
24. Following completion of this due process and consideration by the CFAS, the meeting approves a recommendation to the IRBA Board for approval to issue and prescribe the relevant standards for use by registered auditors. The CFAS recommendation is usually achieved by consensus, but if not, the recommendation to the IRBA Board shall to be put to a vote and requires agreement by **three quarters (75%) of the members**, present in person at the CFAS meeting, or participating by way of simultaneous telecommunication link for it to be recommended to the IRBA Board.
25. Dissenting opinions will be recorded in the minutes of the CFAS meeting. Each member of the CFAS, including the chairman, has one vote.

Approval of exposure drafts, practice notes, practice statements and guides for issue

26. The CFAS may approve and issue the following pronouncements, with such approval and issue being noted at the subsequent meeting of the IRBA Board:
 - a. Exposure drafts developed by the CFAS and issued for public comment;
 - b. Non-authoritative international practice notes issued by the IAASB, adopted for use in South Africa, and issued as guidance for registered auditors; and

- c. Pronouncements comprising practice statements and guides⁴ developed by CFAS and to be issued as guidance for registered auditors.
27. Such approval follows due process and is ordinarily achieved by consensus of the CFAS members, but if not, shall be put to a vote and requires the agreement by **two thirds (66 2/3%) of the members**, present in person at the CFAS meeting, or participating by way of simultaneous telecommunication link for the pronouncement to be issued.
28. Dissenting opinions will be recorded in the minutes of the meeting. Each member of the CFAS, including the chairman, has one vote.

Process for adoption and development of pronouncements

International Developments

29. The CFAS keeps abreast of global developments affecting the auditing profession. Sources monitored include, inter alia, the agendas of: the International Consultative Advisory Group (CAG); the International Federation of Audit Regulators (IFIAR) – Standards Working Group; communications from IFAC regarding guidance or global developments of relevance for the auditing profession; and communication of the International Integrated Reporting Council. Developments and trends identified inform the CFAS agendas and projects undertaken.

Adoption of international pronouncements developed by the IAASB

30. The CFAS closely monitors and tracks the strategy and standard setting activities of the IAASB and its Task Forces by considering the content of the IAASB Agendas at its quarterly meetings.
31. The CFAS contributes to standard setting activities of the IAASB, when the opportunity arises, in the development of proposed auditing, review, other assurance and related services standards providing insights from South Africa's experience in the implementation of the IAASB's International Standards.

Proposed International pronouncements and consultation papers

32. The IAASB's proposed international pronouncements and consultation papers issued on exposure internationally are exposed simultaneously in South Africa. A communiqué is issued to registered auditors, for all IAASB's proposed international pronouncements, requesting comments to be submitted to the IRBA, fourteen (14) days before the comments are due to be submitted to the IAASB, or to submit them directly to the IAASB by the due date. All comments received are considered by a task group of the CFAS or its subcommittees that assists in preparing the comments to be submitted, regard being had to the views of the IRBA as the audit regulator, before being submitted to the IAASB.

⁴ Including Guides developed with the AGSA (or other parties, such as the SAICA) and issued jointly by the IRBA and AGSA, or issued jointly by the IRBA and the SAICA.

International Standards issued

33. The Public Interest Oversight Board (PIOB) oversees the work of the IAASB, and its Consultative Advisory Group, to ensure that authoritative pronouncements developed by the IAASB have followed due process and are responsive to the public interest, prior to approving them for issue. The IAASB International Standards comprise the authoritative pronouncements of the IAASB.
34. The CFAS considers the final new or revised IAASB International Standards issued, and the related Basis of Conclusions, prepared in response to comments received on exposure, at a subsequent CFAS meeting, following the issue of the IAASB International Standard. An issues paper is prepared for consideration of the CFAS setting out the process followed and possible implementation issues affecting adoption in South Africa and if there are any, determines how they are to be addressed. If satisfied, the CFAS members approve a recommendation to the IRBA Board to adopt and approve an International Standard for issue and prescribe for registered auditors in South Africa (refer paragraphs 25 and 28 above).

International Practice Notes issued

35. When a non-authoritative IAASB International Practice Note is issued, it is considered at the CFAS meeting following its issue. The CFAS has regard to possible implementation issues affecting adoption in South Africa and if there are any, determines how they are to be addressed. Thereafter the CFAS approves the International Practice Note for use by registered auditors in South Africa and communicates its issue (refer paragraphs 24 to 26 above). The adoption and issue is reported at the subsequent IRBA Board meeting for noting. Non-authoritative International Practice Notes are available for use on issue.

Copyright permission and communication of adoption

36. Copyright permission is applied for from IFAC for new editions of the *IAASB Handbooks of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* (the IAASB Handbooks) that incorporate the authoritative and non-authoritative pronouncements issued by the IAASB since the preceding edition of the IAASB Handbooks previously adopted and are prescribed by the IRBA. Once copyright permission is received, a Board Notice is gazetted by the IRBA, formally adopting and prescribing the new latest edition of the IAASB Handbook for use by auditors in South Africa.
37. Individual International Pronouncements issued by the IAASB in between issue of a revised edition of the IAASB Handbooks, are considered individually at the CFAS meeting following its issue. The CFAS has regard to possible implementation issues affecting adoption in South Africa and if there are any, determines how they are to be addressed. Thereafter the CFAS recommends the International Pronouncement to the Board for approval to adopt and prescribe. Once approved, a CFAS Communiqué is issued to advise registered auditors of the issue of the revised or new International Pronouncement and its adoption and prescription by the IRBA.

Pronouncements developed by the CFAS

38. When a need for the development of local guidance is identified, a project proposal is prepared for consideration by the CFAS Steering Committee to recommend to the CFAS for approval to proceed. The project proposal must set out:

- a. The purpose of the pronouncement to be developed and its priority;
- b. Research conducted and other similar guidance already developed globally (where relevant);
- c. The nature of the pronouncement to be developed namely, a standard, a practice statement or guide; and
- d. The technical and other resources available for the project; and
- e. The anticipated timeframe for development.

The CFAS Steering Committee considers the proposal, the priority and available resources to work on the proposed pronouncement and either supports or declines to support the proposal at the CFAS meeting, or refers it back to the relevant standing committee for further consideration of issues raised or suggestions made.

39. Once the proposal is approved by the CFAS, the pronouncement, comprising a standard, practice statement or guide is included in the CFAS Work Programme and developed by the relevant standing committee or task group.

40. When the proposed standard, practice statement or guide is ready, an issues paper is prepared for the next CFAS meeting and the proposed standard, practice statement or guide is presented by the chairman of the relevant standing committee responsible for its preparation.

41. The CFAS meeting considers the issues and the proposed standard, practice statement or guide to be issued on exposure for public comment and determines whether:

- a. the proposed standard, practice statement or guide should be referred back to the task group for further consideration; and
- b. the proposed document is to be issued as a standard, a practice statement or guide.

Proposed standards, practice statements or guides will be exposed for 90 days from date of issue, or such shorter period as CFAS considers appropriate in the circumstances, but not less than 30 days (as provided in paragraphs 23 to 27).

42. Once the exposure period is over, all comments received are analysed by the Standards Department and considered at a meeting of the relevant standing committee and / or task group, which:

- a. recommends changes to the proposed pronouncement in response to comments received;
- b. prepares, the *Analysis of comments* reflecting the proposed amendments and basis for conclusions regarding comments received, together with the relevant standing committee or task group's recommendation and responses to each comment; and

- c. prepares an *Issues Paper* for the CFAS, setting out the significant matters raised and recommendations made for consideration by the CFAS.

Comments received on the CFAS exposure drafts are uploaded to the IRBA website.

43. The final pronouncement developed, comprising a standard, practice statement or guide, together with the *Analysis of comments* and *Issues Paper* is presented to the CFAS by the chairman of the standing committee and / or task group. The significant matters are debated and agreed by consensus or voted on (as provided in paragraphs 23 to 27). The CFAS may then:
 - a. agree on final changes to be made to the pronouncement;
 - b. refer the pronouncement back to the standing committee or task group for further consideration, research of specific aspects and further changes proposed;
 - c. approve the pronouncement comprising a standard with such amendments as may be agreed, for recommendation to the IRBA Board for approval to issue and determine the effective date for implementation; or
 - d. approve the pronouncement comprising a practice statement or guide for issue by the IRBA, and for noting by the Board.
44. A final language, formatting and editorial review is conducted by the IRBA staff in order to ensure consistent quality for the type and nature of pronouncement to be issued. A *Basis for Conclusions* regarding significant matters is prepared for South African Standards developed by the CFAS. Final changes are circulated by "round robin" to the CFAS members and relevant CFAS standing committee or task group members before submission to the IRBA Board for approval and subsequent issue by the IRBA.
45. The approval and communication of a non-authoritative IAASB practice note issued or the issue of a CFAS practice statement, guide or exposure draft does not require prior IRBA Board approval, and is communicated to registered auditors and others, by means of a Communiqué that is simultaneously uploaded to the IRBA website: www.irba.co.za and made available for download therefrom in a word or PDF format free of charge.

Process for approval by the IRBA Board

46. The CFAS recommendation is submitted to the next IRBA Board meeting, setting out:
 - a. the background to the authoritative IAASB's international pronouncement issued, or the IRBA pronouncement developed by the CFAS for issue;
 - b. the due process followed in South Africa, and motivation for the authoritative IAASB international pronouncement to be adopted, or the IRBA pronouncement developed, to be issued and prescribed, for registered auditors in South Africa; and
 - c. the proposed effective date of the relevant pronouncement.
47. All new pronouncements comprising standards, and any substantive changes to existing pronouncements revised, are issued under the authority of the IRBA Board.

48. IRBA pronouncements approved by the IRBA Board for issue and prescribed for use by registered auditors from the effective date are published by means of a Communiqué and uploaded to the IRBA website.
49. A Board Notice is issued to inform registered auditors of the adoption and issue of IAASB international pronouncements that are approved by the IRBA Board and prescribed for use by registered auditors, from the effective date and uploaded to the IRBA website.
50. **Effective Date:** unless otherwise stated, registered auditors may apply an IAASB international pronouncement or IRBA pronouncement before the effective date specified therein.
51. All pronouncements issued are uploaded to the IRBA website: www.irba.co.za and are available for download, free of charge, in a word or PDF format.

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Appendix A

Extracts from the resolution of the Board dated 20 June 2006

9.4 Powers and duties

CFAS shall perform the following powers and duties in terms of sections 22(2) and 22(3):

- 9.4.1 The duty to assist the Board to develop, maintain, adopt, issue or prescribe auditing pronouncements [section 22(2)(a)], including a review and proposed amendment of the current auditing pronouncements issued by the Public Accountants' and Auditors' Board;
- 9.4.2 The duty to assist the Board to consider relevant international changes by monitoring developments of other auditing standard-setting bodies and sharing information where requested [section 22(2)(b)];
- 9.4.3 The duty to assist the Board to promote and ensure the relevance of auditing pronouncements by –
 - 9.4.3.1 considering the needs of users of audit reports;
 - 9.4.3.2 liaising with the other committees of the Board on standards to be maintained by registered auditors and by receiving feedback from such committees on areas where auditing pronouncements are needed;
 - 9.4.3.3 ensuring the greatest possible consistency between auditing pronouncements and accepted international pronouncements; and
 - 9.4.3.4 consulting with professional bodies on the direction and appropriateness of auditing pronouncements [section 22(2)(c)];
 - 9.4.3.5 promoting debate through appropriate forums
- 9.4.4 the power to assist the Board to influence the nature of international auditing pronouncements by preparing comment on exposure drafts or discussion papers and replies to questionnaires prepared by the International Auditing and Assurance Standards Board or a successor body [section 22(3)(a)]; and
- 9.4.5 the power to assist the Board to influence the nature of international auditing pronouncements by nominating representatives to committees of the International Auditing and Assurance Standards Board or a successor body when requested to do so by the Board [section 22(3)(b)].
- 9.4.6 the power to consider and promote relevant changes in other assurance pronouncements in South Africa and internationally by:
 - 9.4.6.1 monitoring developments by other auditing standard-setting bodies and sharing information where requested; and
 - 9.4.6.2 making recommendations on other assurance services that can be provided by registered auditors.
- 9.4.7 CFAS shall have the power to constitute subcommittees and task groups which it deems necessary to assist it in the carrying out of its functions and duties, and to appoint the members thereof. The following subcommittees are standing subcommittees of CFAS.
 - 9.4.7.1 Steering Committee
 - 9.4.7.2 Regulated Industries and Reports Committee

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- 9.4.7.3 Public Sector Committee
- 9.4.7.4 Sustainability Committee
- 9.4.7.5 Broad-Based Black Economic Empowerment (B-BBEE) Advisory Committee
[Amended at Board meeting 29 January 2013 pg ..]

It is acknowledged that CFAS and certain of these subcommittees need to constitute ad hoc task groups from time to time to assist them in the carrying out of their functions and duties. These are constituted on whatever terms and conditions as are decided at the time of their establishment, on the understanding that they serve an advisory purpose only.

- 9.4.8 any power or function that is incidental to the powers and functions listed in 9.3.1 – 9.3.4 and 9.4.1 – 9.4.7 above [section 9(o)].

9.5 Terms and conditions of the appointment of members CFAS

Members of CFAS, including any persons that may be appointed when a vacancy should arise, are appointed on the following terms and conditions

9.5.1 Term of office of members of CFAS

Subject to section 20(1) and section 20(3)(c), members of CFAS's term of office will be three years, renewable ~~once~~ twice only for ~~a second term~~ no more than two further terms of three (3) years each, provided that:

[Amended at Board meeting 26 March 2010 pg ...]

- 9.5.1.1 if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) serves on CFAS, he or she shall serve on the CFAS for as long as he or she remains an incumbent of that office; and
- 9.5.1.2 if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) nominates a person to serve on CFAS, he or she shall serve on the CFAS until the incumbent of that office withdraws his or her nomination.

9.6 Committee operations

9.6.1 Chairman

If a chairman is not appointed by the Board, CFAS must annually elect a chairman from among its members [section 20(3)(d)]. If the chairman of CFAS is absent or for any reason unable to perform his or her functions, the members present must elect from those present a chairman for the meeting concerned.

9.6.2 Meetings and attendance

CFAS must meet as often as circumstances require, but at least four (4) times per calendar year and at such time and place as CFAS may determine [section 15(1) read with section 20(5)]. CFAS shall regulate its meetings as it deems fit. Meetings of CFAS are open to the public, except where, in the opinion of the chairman of the meeting, any part of the meeting should be held in camera. Public observers may participate in discussions, with the permission of the chairman, but have no vote on any matter before CFAS.

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Appendix B

Standing Committees

To address demands for development of relevant pronouncements for registered auditors, the following standing committees have been established as subcommittees of the CFAS:

	Standing Committees	Main functions
1.	CFAS Steering Committee	Guides the CFAS Agenda for its meetings and considers and recommends Project Proposals to CFAS for approval to be undertaken.
2.	CFAS Public Sector Standing Committee (PSSC)	Identifies the need for and development of joint pronouncements for registered auditors performing engagements in the Public Sector in consultation with the Auditor-General South Africa to enhance the quality of public sector audits and reporting.
3.	CFAS Regulated Industries and Reports Standing Committee (RIRSC)	Develops pronouncements on: <ul style="list-style-type: none"> • Acceptable financial reporting standards applied in South Africa; • Illustrative auditors' reports, for use in the private and public sectors; and • Audit, review, other assurance and compliance reports that meet the specific needs and legislative requirements of various regulators and government departments.
4.	CFAS Sustainability Standing Committee (SSC)	Conducts research for purposes of commenting on discussion papers and international and local exposure drafts for the purpose of developing guidance in performing and reporting on subject specific assurance engagements, such as sustainability reporting, integrated reporting and corporate governance reporting.
5.	CFAS B-BBEE Advisory Committee (BAC)	Developed the <i>South African Assurance Standard (SASAE) 3502 Broad-Based Black Economic Empowerment (B-BBEE) Assurance Engagements</i> issued in November 2012, for B-BBEE Approved Registered Auditors performing such assurance engagements. Further pronouncements will be developed, as required.