



Auditing and Assurance
Standards Board

AASB Standard-setting Due Process Manual

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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. It should be read in conjunction with the AASB’s [Terms of Reference](#) and [Statement of Operating Procedures](#). Authoritative material includes standards for quality management, audit, sustainability assurance, other assurance, and related services engagements, 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 staff publications, AASB publications, webinars, videos, basis for conclusions documents and messages from the Chair that are published on the [AASB’s webpage](#) and/or in the [CPA Canada Standards and Guidance Collection](#). This document also informs interested and affected parties 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 Standard-setting 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 Standards on Sustainability Assurance (CSSAs) • 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 • staff publications • AASB publications • webinars or videos • messages from the Chair <p>(Note that the AASB may create, from time to time, other vehicles of communication for non-authoritative material)</p>

3. The AASB operates in an independent manner in its decision making with the authority and responsibility to set assurance standards in Canada. It is directly accountable to the [Auditing and Assurance Standards Oversight Council](#) or its successor (the Oversight Council) for its performance in fulfilling its mandate, including the adherence to due process with due regard for the public interest. This Standard-setting Due Process Manual provides the Oversight Council 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, sustainability assurance, 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 CASs.
5. 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”, see [Appendix A](#)). The approved and issued amendment criteria are published in the *Preface to the CPA Canada Handbook – Assurance*. They are included in this Standard-setting Due Process Manual to support readers’ full understanding of the AASB’s due process. 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.
6. The AASB also develops:
 - OCSs, which include engagement standards and association standards;
 - Assurance and Related Services Guidelines; and
 - Practice Notes.
7. 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.

8. 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 the AASB's timeline
CSQMs and CASs	Paragraphs 39-50 ; Canadian amendment criteria apply	N/A
Other International standards that the AASB chooses to adopt	Paragraphs 39-50 ; Canadian amendment criteria apply	Paragraphs 51-74 ; Canadian amendment criteria apply
Canadian-developed standard that may leverage from an International standard or standard of another national standard setter	N/A	Paragraphs 51-74 ; Canadian amendment criteria do not apply

9. [Appendix B](#) includes a decision tree that the AASB follows in determining which due process to follow in a project to develop a new, or revise an existing, assurance standard.
10. Although this Standard-setting Due Process Manual sets out several 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.

Strategic and Annual Planning

11. 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 engaging with interested and affected parties, including being exposed for comment.
12. 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.

Involvement of the Oversight Council

13. The Oversight Council oversees the AASB's adherence to its due process.
14. At each Oversight Council meeting, the AASB reports on its activities. Such reports keep the Oversight Council updated on the AASB's progress on projects.
15. At each AASB meeting, any feedback from the Oversight Council is relayed back to the AASB. The AASB's interactions with, and accountability to, the Oversight Council are further described in the AASB's [Terms of Reference](#).

16. Any Oversight Council member has the right to attend AASB meetings as an observer and to receive any relevant meeting materials.
17. The Oversight Council approves the Standard-setting Due Process Manual, including any amendments.

Interactions with the IAASB

18. In its commitment to meet the needs of interested and affected parties in Canada for assurance standards and to act as thought leaders on assurance issues, the AASB contributes to the development of International standards in the following ways:
 - (a) Over the course of an IAASB project, the AASB:
 - (i) identifies, discusses and forms Canadian views on key issues arising from monitoring procedures; and
 - (ii) shares Canadian views with the IAASB, including if applicable, any IAASB member(s) from Canada.
 - (b) On IAASB documents for comment, the AASB:
 - (i) raises awareness by developing a communication plan and encourages interested and affected parties to express their views to both the AASB and the IAASB; and
 - (ii) responds to the IAASB's proposals, taking into consideration feedback from interested and affected parties in Canada.
19. 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.

Due Process Principles

20. 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) engagement: considering the perspectives of those affected by Canadian assurance standards;
 - (c) accountability: ensuring that obligations to interested and affected parties are met; and
 - (d) objectivity: ensuring AASB members remain independent from special interest groups, political pressures and personal interests.

Committees

21. The AASB may choose to use committees to assist 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 engaging interested and affected parties; and
 - (d) assist the AASB staff in analyzing input and feedback received to documents for comment.
- However, a committee is not necessarily required for every AASB project.
22. 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 AASB needs to obtain a broader view, including from those parties who 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 other group 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.
23. Committee members may represent different interested and affected parties. Over the course of a project, the AASB provides direction to its committees.
24. 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.
25. A committee may be an advisory group, a task force, a reference group or a standing committee depending on the nature of the project.

26. An advisory group provides the AASB with input and analysis on projects to adopt an International standard as a Canadian assurance standard. The AASB typically uses an advisory group when it is developing or revising an assurance standard concurrently with the IAASB.
27. 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.
28. A reference group, where required, supplements the work of an advisory group or task force by providing perspectives outside of those provided by members of an advisory group or task force.
29. A standing committee advises the AASB on a specific subject matter.

Engagement and Communication

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

Engagement

31. In the context of a specific project, the AASB develops an engagement plan. The engagement plan considers the purpose of the outreach, by interested and affected party. It also includes planned outreach activities considering the purpose and timing of the engagement. Feedback is obtained through various activities, including in-person and virtual consultations, surveys and field-testing the proposals. The AASB reviews and discusses all feedback, regardless of source or form.
32. Letters 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. All written feedback the AASB receives is available on its webpage shortly after the comment deadline unless a respondent requests confidentiality.
33. The analysis of input and feedback may result in the AASB doing additional outreach and analysis.

Communication

34. The AASB develops communication plans for its activities to increase awareness and inform interested and affected parties. The AASB uses various communication methods to reach these parties.

Translation

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

Due Process When Developing or Revising an Assurance Standard Concurrently with the IAASB

36. 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.
37. 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.
38. In making the decision to adopt, the AASB considers:
 - (a) whether the International standard would substantively address the public interest issues raised by interested and affected parties in Canada, including the nature and extent of Canadian amendments expected and whether these may conform with the amendment criteria;
 - (b) whether interested and affected parties in Canada believe that alignment with the International standard is important; and
 - (c) whether the IAASB's timing will meet the needs of interested and affected parties in Canada.
39. 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 55-56) 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 a committee at an appropriate time, if deemed necessary (see paragraphs 21-29);
 - (e) identifies and discusses key issues arising from monitoring procedures that take place over the course of an IAASB project;
 - (f) forms Canadian views on key issues and shares these views with any IAASB member(s) from Canada;
 - (g) considers whether any Canadian amendments are necessary to meet the needs of interested and affected parties in Canada, 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 41](#));
- (i) considers whether the length of the exposure or re-exposure period is appropriate (see [paragraphs 42-43](#));
- (j) conducts consultations with interested and affected parties in Canada and considers input and feedback received (see [paragraphs 40-44](#));
- (k) submits a written comment letter to the IAASB, informed by any input and feedback received from interested and affected parties in Canada;
- (l) considers input and feedback received related to proposed Canadian amendments, if any;
- (m) approves the final assurance standard when the IAASB approves a final International standard (see [paragraphs 45-49](#));
- (n) reviews a due process checklist outlining the due process steps that have been followed up to the date of the approval of a Canadian exposure draft (or re-exposure draft) and the final assurance 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 50](#));
- (q) reviews an implementation risk analysis, which identifies possible implementation risks and how they may be addressed through non-authoritative material; and
- (r) submits the final assurance standard and a basis for conclusions document to CPA Canada for publication in English and French in the Handbook.

Consultations with interested and affected parties in Canada on IAASB documents

- 40. The IAASB sometimes issues a discussion paper to consult and solicit comments on proposals. The AASB promotes awareness of IAASB discussion papers in Canada and asks interested and affected parties for input. The AASB may also issue a discussion paper that references the IAASB discussion paper.
- 41. 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 interested and affected parties that it proposes to adopt the International standard as a Canadian assurance standard, identifies the public interest issues considered and identifies 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 and to inform its response to the IAASB.

42. When determining the length of the exposure or re-exposure period, the AASB considers:
 - (a) the length of the IAASB comment period;
 - (b) the urgency of the matter addressed (may warrant a shorter exposure period);
 - (c) the complexity of the subject matter (may warrant a longer exposure period); and
 - (d) whether the length and timing of the release provides sufficient opportunity for interested and affected parties to respond.
43. 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.
44. 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 with interested and affected parties, asking them for input.

Approving a final assurance standard, including voting

45. 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 those who will be affected by the changes) that may negate the need for re-exposure.
46. When voting in [paragraph 45](#) results in no re-exposure, a favourable vote of two-thirds of members is required to approve 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.
47. A favourable vote of two-thirds of AASB 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.
48. When the AASB decides not to issue an exposure draft or re-exposure draft, it provides the Oversight Council with the reasons for this decision, including the public interest issues considered, which are described in the basis for conclusions document.
49. 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

50. 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 includes:
- (a) a link to the IAASB basis for conclusions document;
 - (b) background information, which identifies the standard that the new or revised standard replaces, and summarizes the engagement and other due process activities the AASB took in developing the standard;

- (c) a summary of the significant matters interested and affected parties raised on the proposals and the reasons for the AASB's decisions on these matters;
- (d) a discussion of Canadian amendments, if any, to the final International standard in adopting it as a Canadian assurance standard;
- (e) a discussion of the reasons the AASB decided not to re-expose any new or revised Canadian amendments; and
- (f) 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.

Due Process When Developing or Revising an Assurance Standard on the AASB's Timeline

51. 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.
52. The AASB completes the following due process procedures to fulfill its responsibilities under its [Terms of Reference](#):
 - (a) gathers information (see [paragraphs 53-54](#));
 - (b) approves a project proposal (see [paragraphs 55-56](#));
 - (c) establishes a committee at an appropriate time, if deemed necessary (see [paragraphs 21-29](#));
 - (d) discusses key issues;
 - (e) approves for issuance a discussion paper, if deemed appropriate (see [paragraphs 57-59](#));
 - (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 60-66](#));
 - (h) considers whether the length of the exposure or re-exposure period is appropriate (see [paragraph 62](#));
 - (i) conducts consultations with interested and affected parties 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 67-71](#));
 - (l) reviews a due process checklist outlining the due process steps that have been followed up to the date of the approval of an exposure draft (or re-exposure draft) and 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 72-73](#));
 - (o) reviews an implementation risk analysis, which identifies possible implementation risks and how they may be addressed through non-authoritative material; and

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

Information gathering and research

- 53. 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 engages with its committees and interested and affected parties to inform this process. The AASB also considers its strategic and annual planning, and factors such as:
 - (a) relevance and importance to interested and affected parties;
 - (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 interested and affected parties will justify the costs of implementation; and
 - (e) constraints on its resources and those of interested and affected parties.
- 54. If the AASB decides that some issues require additional research, such issues may be considered as research projects.

Approving a project proposal

- 55. 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 committee will be used; and
 - (g) estimated timelines to meet project milestones.
- 56. After considering the nature of the issues and the level of interest among interested and affected parties, the AASB reviews and approves the project proposal.

Issuing a discussion paper

57. A discussion paper may be issued prior to developing an exposure draft of a proposed OCS, Guideline or Practice Note.
58. 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.
59. 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 committee, if one has been established, analyzes and summarizes the feedback received. The AASB might consult further with interested and affected parties to get more input. The AASB reviews the analysis and summary to understand the feedback.

Issuing an exposure draft

60. An exposure draft is the AASB's main mechanism for consulting interested and affected parties 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 Handbook 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.
61. When the AASB has completed its deliberations and all mandatory due process requirements, it approves the proposals in an exposure draft.
62. When determining the length of the exposure or re-exposure period, the AASB considers:
 - (a) the urgency of the matter addressed (may warrant a shorter exposure period);
 - (b) the complexity of the subject matter (may warrant a longer exposure period); and
 - (c) whether the length and timing of the release provides sufficient opportunity for interested and affected parties to respond.

63. When the comment period ends, the AASB, supported by the committee, reviews responses to its exposure draft (or re-exposure draft) and other feedback received. To seek further comments and suggestions, the AASB may conduct further consultations.
64. When it decides to issue a re-exposure draft, the AASB will determine the length of the public comment period.

Circumstances when an exposure draft is not issued

65. 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 interested and affected party 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.
66. When the voting in [paragraph 65](#) results in no need to issue an exposure draft, the AASB follows the voting procedures in [paragraph 68](#).

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

67. 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 those who will be affected by the changes) that may negate the need for re-exposure.
68. When the voting in [paragraph 67](#) results in no need to re-expose, or the AASB votes not to issue an exposure draft, as discussed in [paragraph 65](#), a favourable vote of two-thirds of AASB members is required to approve 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.
69. A favourable vote of two-thirds of AASB 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.
70. When the AASB decides not to issue an exposure draft or re-exposure draft, it provides the Oversight Council with the reasons for this decision, including the public interest issues considered, which are described in the basis for conclusions document.
71. 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

72. The AASB issues a basis for conclusions document on final new, revised or withdrawn OCSs, Guidelines or Practice Notes.
73. The AASB explains the rationale behind its decision to develop a new or revised OCS, Guideline or Practice Note or to withdraw an 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 or that is withdrawn, and summarizes the engagement and other 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, or in deciding to withdraw the OCS, Guideline or Practice Note, including the public interest issues the project addresses;
- (c) a summary of the significant matters interested and affected parties 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.

Post-implementation review

74. The AASB may conduct a post-implementation review of an OCS or Guideline. In determining whether a post-implementation review will be undertaken, the AASB considers whether:
- (a) an issue meriting further exploration was identified when finalizing the OCS or Guideline;
 - (b) evidence indicates that there are challenges implementing an OCS or Guideline or the OCS or Guideline is not being applied as intended;
 - (c) there are recent or upcoming changes that may impact an OCS or Guideline; or
 - (d) the OCS or Guideline has been in place for a long time.

Due Process on Other Matters

Withdrawing an assurance standard when there is no new or revised standard

75. From time to time, the AASB may determine that it is necessary to withdraw an OCS, Guideline or Practice Note without replacing it with a new OCS, Guideline or Practice Note. In such situations, the AASB does not follow the due process set out in [paragraph 52](#), as many of the procedures would not apply. Rather, the AASB completes the following due process procedures to fulfill its responsibilities under its [Terms of Reference](#):
- (a) gathers information (see [paragraphs 53-54](#));
 - (b) discusses key issues;
 - (c) approves for issuance an exposure draft (or re-exposure draft) that sets out the reasons for the proposed withdrawal (see [paragraph 60-66](#));
 - (d) considers whether the length of the exposure or re-exposure period is appropriate (see [paragraph 62](#));
 - (e) conducts consultations with interested and affected parties on the exposure draft (or re-exposure draft);
 - (f) considers feedback received;
 - (g) approves the withdrawal of the OCS, Guideline or Practice Note (see [paragraphs 67-71](#));
 - (h) reviews a due process checklist outlining the due process steps that have been followed up to the date of approval of an exposure draft (or re-exposure draft) and the withdrawal of the OCS, Guideline or Practice Note;
 - (i) provides fatal-flaw comments on staff-prepared basis for conclusions documents (see [paragraphs 72-73](#)); and
 - (j) submits instructions to CPA Canada to withdraw the OCS, Guideline or Practice Note from the Handbook and to publish a basis for conclusions document.
76. This Standard-setting Due Process Manual sets out circumstances when the AASB may decide not to issue an exposure draft (see [paragraphs 65-66](#)). As part of the procedure in [paragraph 75\(c\)](#), the AASB assesses whether such circumstances apply. If so, the AASB may decide not to issue an exposure draft, and the procedures in [paragraph 75\(d\)-\(f\)](#) would not apply.

Making narrow-scope amendments to assurance standards

77. The IAASB may undertake projects to make narrow-scope amendments to an International standard. Due to the urgency and narrow scope, such projects may move quickly through the IAASB's due process. Regardless of the timing and speed of the project, the AASB follows the due process steps outlined in [paragraphs 38-50](#).
78. In some cases, the AASB may decide to make narrow-scope amendments to an OCS, Guideline or Practice Note. In these cases, the AASB follows the same process for making amendments to assurance standards set out in [paragraphs 79-82](#).

Making other amendments to assurance standards

79. 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.
80. 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.
81. When the AASB's decision in [paragraph 79 or 80](#) is to undertake a project, the AASB follows the procedures set out in [paragraphs 51-74](#), regardless of whether the assurance standard is adopted from an International standard. In addition, for those cases addressed by paragraph 80, the AASB also considers whether any revisions meet its amendment criteria. This includes considering the factors in [paragraph 45\(a\)-\(c\)](#) in determining the significance of any new or revised Canadian amendments.
82. 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.

Non-authoritative material other than Practice Notes

83. Non-authoritative material includes basis for conclusions documents, staff publications, AASB publications, webinars or videos and messages from the Chair.
84. Non-authoritative material also includes Practice Notes. However, because of their nature, Practice Notes are developed following the same due process as assurance standards.
85. The AASB monitors and supports the development of non-authoritative material identified through the implementation risk analysis (see [paragraphs 39\(q\)](#) and [52\(o\)](#)) and 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.

Responding to complaints

86. If an issue over adherence to due process is raised formally with the AASB, the AASB assesses the matter and seeks an appropriate resolution. The AASB communicates its decision to the party who raised the matter. The AASB reports all such issues, including how they were addressed and resolved, to the Oversight Council.

Periodic review

87. The AASB reviews its Standard-setting Due Process Manual at least once every three years to ensure that it continues to be fit for purpose.

Appendix A

Amendment criteria used by the AASB when adopting ISQMs as CSQMs, ISAs as CASSs, ISAEs as CSAEs and ISRSs as CSRSSs

As published in the *Preface to the CPA Canada Handbook – Assurance*

With respect to the adoption of International Standards on Auditing (ISAs)¹ as CASSs, and the adoption of an International Standard on Assurance Engagements (ISAE) as a CSAE and International Standard on Related Services (ISRS) as a CSRSS, on a case-by-case basis, the AASB's overriding goal is to adopt ISAs into the Assurance Handbook without amendment. However, there may be circumstances where amendments are required. The following sets out the limited circumstances when the AASB will make amendments to ISAs:

1. The AASB will limit additions to an ISA to those required to comply with Canadian legal and regulatory requirements.²
2. The AASB will limit deletions from, or other amendments to, an ISA to the following:
 - (a) The elimination of options (alternatives) provided for in the ISA.
 - (b) Requirements or guidance, the application of which Canadian law or regulation² does not permit, or which require amendment to be consistent with law or regulation.
 - (c) Requirements or guidance, where the ISA recognizes that different practices may apply in different jurisdictions and Canada is such a jurisdiction.
3. The AASB may make amendments to an ISA with respect to requirements or guidance that do not fall within 1 or 2 above when it believes that there are circumstances particular to the Canadian environment where such amendments are required to serve the Canadian public interest and maintain the quality of auditing and reporting in Canada.
4. To the extent possible, amendments that are:
 - (a) Additions to an ISA will not be inconsistent with the current requirements or guidance in the ISA; and
 - (b) Deletions from, or other amendments to, an ISA will be replaced by an appropriate alternative that achieves the objective of the deleted requirement.

¹ Reference to ISAs in this appendix also includes reference to ISQMs adopted as CSQMs, relevant ISAEs adopted as CSAEs and relevant ISRSs adopted as CSRSSs, where applicable.

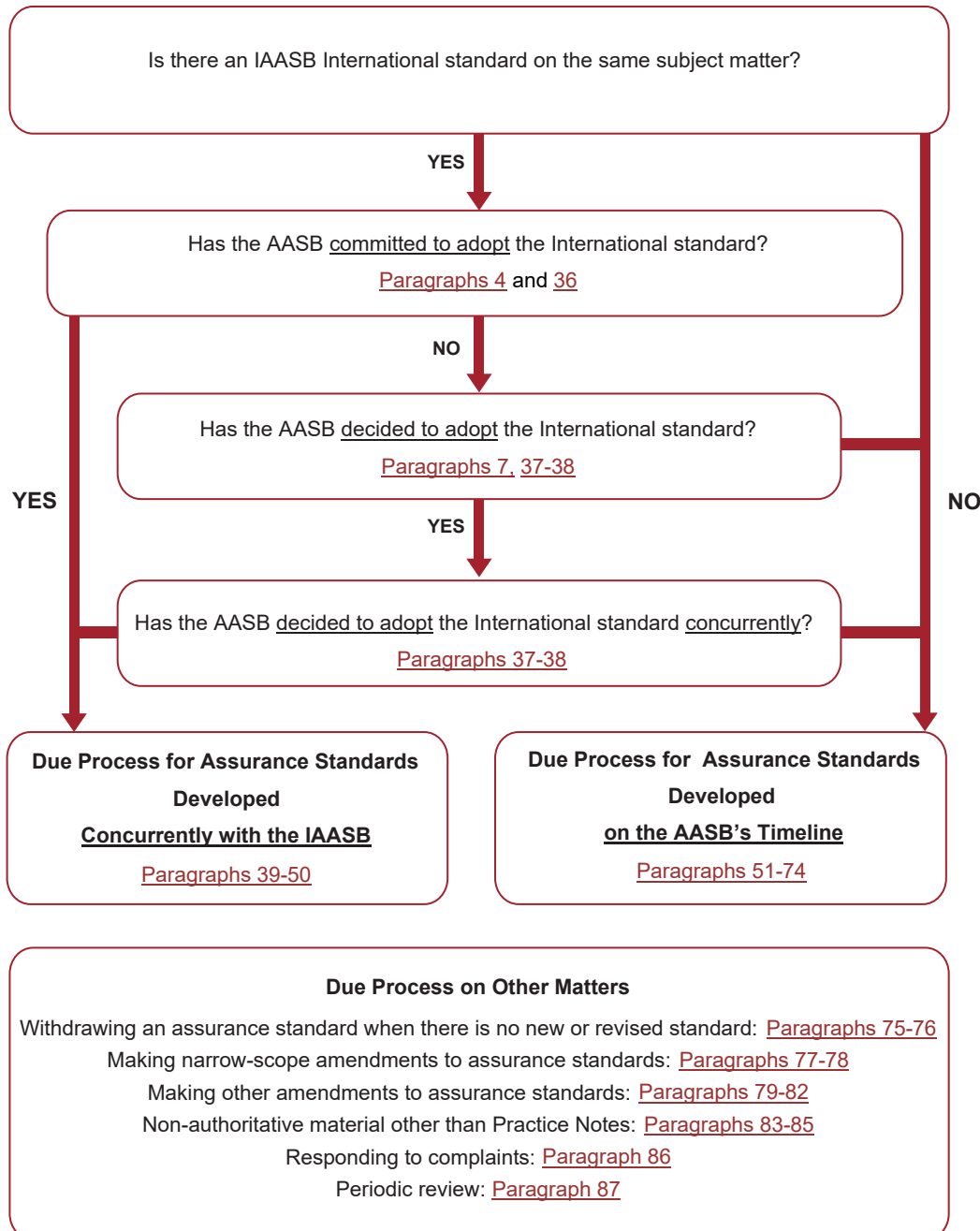
² Canadian incorporating and other governing legislation often require entities to prepare financial statements in accordance with Canadian generally accepted accounting principles (GAAP). Accordingly, if Canadian GAAP necessitates a different audit response in Canada, these differences fall within the definition of a legal or regulatory requirement.

Proposed amendments to an ISA will be highlighted in exposure drafts of proposed Canadian standards. The AASB will indicate the reasoning for the amendments and respondents will be invited to comment on them, including when the amendment will not result in convergence with the ISA in accordance with the International Auditing and Assurance Standards Board's guide for national standard setters. Amendments to ISAs will be separately identified in the final Assurance Handbook material.

Appendix B

AASB decision tree

When undertaking a standard-setting project to *develop a new standard or revise an existing standard*, the AASB considers the following questions to determine which due process steps to follow.



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