

Integrated Due Process and Public Interest Framework (PIF) Operating Procedures

At its April 2025 meeting, the Public Interest Oversight Board (PIOB) accepted the Integrated Due Process and Public Interest Framework Operating Procedures as reflecting the current practice of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), which updates the extant Due Process in the context of the Monitoring Group Recommendations.

The PIOB anticipates further evolution of the Integrated Due Process and Public Interest Framework to, inter alia,

- benchmark against relevant international standard-setting processes,
- integrate learning over time about the application of the Public Interest Framework's steps and criteria, and
- undertake public consultation in 2026, prior to PIOB's consideration for approval.

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INTEGRATED DUE PROCESS AND PUBLIC INTEREST FRAMEWORK (PIF) OPERATING PROCEDURES

In promulgating their international pronouncements,¹ including international standards, the International Ethics Standards Board for Accountants (IESBA) and the International Auditing and Assurance Standards Board (IAASB) (SSB) adhere to:

- The Public Interest Framework (PIF), as agreed by the Monitoring Group, Public Interest Oversight Board (PIOB) and SSB; and
- Due Process, as approved by the PIOB.

The **Matters of Due Process** are identified by numbered paragraphs in this publication and are built on the principles of transparency, appropriate consultation, independence, evidence-informed decisions and accountability.

The **PIF Operating Procedures** are identified separately and are presented in boxed text.

Due Process Working Procedures, shown separately, are steps adopted by the SSB to facilitate due process but are not themselves part of the due process.

PIF Operating Procedures and Due Process Working Procedures may be modified in practice based on experience or in response to changes in circumstances and shall be periodically reviewed by the SSB and PIOB.

Regular and Timely Dialogue Between the SSB and PIOB

The principle of regular and timely dialogue between the SSB and PIOB, in support of successful certification of new or revised standards, underlies the SSB and PIOB interactions.

The **Appendix** of this document summarizes the agreed interactions among the SSB and PIOB.

¹ The term "international pronouncements" refers to the SSB's authoritative documents that are indicated in the SSB's Terms of Reference as being subject to due process for their development.

INTEGRATED DUE PROCESS AND PIF OPERATING PROCEDURES

April 2025

General

1. SSB meetings to discuss the development, and to approve the issue, of international pronouncements are open to be observed by the public. Matters of a general administrative nature or with privacy implications may be dealt with in closed sessions of the SSB. (Ref: Para. A1)
2. Meeting agenda papers, including issues papers and draft international pronouncements prepared for the SSB's review and debate and minutes of the immediately preceding meeting of the SSB, are published on the SSB website in advance of each SSB meeting. (Ref: Para. A2–A4)
3. Meetings and agenda papers are in English, which is the official working language of the SSB.
4. In developing agenda papers, Staff undertakes information gathering, research and outreach activities, including seeking advice from SSB members and incorporating the SSB views in development of issues.

Project Identification and Prioritization

5. The SSB is responsible for developing a comprehensive and integrated strategy and work plan for standards and related agenda priorities. Without prejudicing their independence, the SSB engage in strategic and technical coordination with each other to enable the Boards to work closely on key projects that impact their respective mandates and the interoperability of their international pronouncements.
6. The SSB identifies potential new projects based on a review of international and relevant national developments, findings from post-implementation reviews of new and revised international pronouncements, and on input from those who have a legitimate interest² in the international pronouncements issued by the SSB. To facilitate this process, the SSB periodically develops and approves, based on public consultation, a strategy and work plan. (Ref: Para. A5–A7)
7. The SSB consults with the Stakeholder Advisory Council (SAC) on the development of the SSBs strategy and work plan, including in relation to the SSB's project or work priorities to assist in establishing their appropriateness. In addition, the SSB may consult the SAC on any matter at any time, recognizing the strategic advisory role and objective of the SAC. Input received through consultation with the SAC is communicated with the SSB. (Ref: Para. A8)
8. In setting its strategy and work plan, the SSB obtains the PIOB's conclusion as to whether the SSB's strategy and work plan has been developed in a manner consistent with agreed due process and whether the strategy and work plan is responsive to the public interest. Concurrently, the SSB also obtains the PIOB's further conclusion on the appropriateness of the items in the work plan, and the completeness of the strategy and work plan from a public interest perspective. The SSB adds to its work plan those items that the PIOB resolves should, from a public interest perspective, form part of the SSB's work plan. Annually, the SSB discusses the SSB's up-coming year's work plan with the PIOB.

² See the PIF.

9. The SSB consults with the PIOB on any planned substantial departure from the agreed strategy and work plan and priorities therein. This includes significant new standard-setting priorities not contemplated in the work plan or a decision to significantly defer or remove a project or initiative included in the work plan.

Project Commencement

10. A proposal to start a new project is prepared taking into account the strategy and work plan and upon further research and consultation within the SSB.
11. Project proposals identify the public interest objectives of the development of a new, or revisions of an existing, international pronouncement. SSB members, the PIOB and others with a legitimate interest in the adequacy of any proposed pronouncement are thereby provided with a benchmark against which the project can be measured. In developing project proposals, consideration is given to the public interest responsiveness of the anticipated output of the proposed project. (Ref: Para. A9–A10)
12. A project proposal of a SSB is circulated to the senior Staff of the other SSB to identify matters requiring coordination or of possible relevance to the project.

PIF Operating Procedure

13. In identifying the objectives of the project and explaining how their achievement would serve the public interest, project proposals:
 - Identify the varying perspectives and needs of groups with legitimate interests in relation to the proposed standard; (Ref: Para. A11)
 - Define the desired goal that would allow the standard to best serve users' needs; and (Ref: Para. A12)
 - Having due regard to the qualitative characteristics that standards should exhibit, as set out in the PIF, identify the characteristics relevant to the new or revised standard as criteria to assess the standard's responsiveness to the defined goal, and the manner in which the project plan will address them. (Ref: Para. A13)
14. The SSB considers and prioritizes the project proposal having regard to the public interest. The SSB approves, amends or rejects the project proposal in a meeting open to the public.

Development of Proposed International Pronouncements

15. Staff develops public agenda papers with recommendations and supporting analysis for deliberation by the SSB. The objective of the agenda papers is to provide sufficient information for the SSB to make informed decisions during the entire standards development process. Where applicable, public agenda papers include information about coordination with the other SSB, including how significant matters have been considered by the other SSB. (Ref: Para. A14–A15)

16. To facilitate the deliberative process, Staff provides the SSB with analysis and recommendations. In addition to other relevant matters, such analysis and recommendations address and support the SSBs deliberations and decisions on:
- Further understanding and assessments of the merits of varying perspectives and needs of groups with legitimate interests to the proposed standard in relation to the desired goals of the standard;
 - Adequacy of consultation with stakeholders, including the interests of users³ in particular; and (Ref: Para. A16)
 - The adequacy of the proposed standard in achieving the desired goals of the standard and exhibiting the qualitative characteristics relevant to the new or revised standard (Ref: Para. A13).
17. The SSB considers whether to hold a public forum or roundtable, or issue a consultation paper, in order to solicit views on a matter under consideration. The SSB also considers the appropriateness of conducting a field test of the application of its proposals for a new or revised international pronouncement. The decision to undertake any of these steps may be made at any stage before or after a draft international pronouncement is issued for public exposure. The rationale for the SSB's decision in relation to these steps is discussed at a SSB meeting and the decision minuted. Comments received through a public forum or roundtable, or the issue of a consultation paper, are considered in the same manner as comments received on an exposure draft. (Ref: Para. A17–A18)
18. Where Staff or the SSB is not satisfied that adequate consultation with stakeholders has been undertaken, Staff takes additional steps, and in doing so make reasonable efforts, to gather information and consult with particular under-represented stakeholder groups, as necessary. (Ref: Para. A16)
19. When Staff is satisfied that it has a proposed draft international pronouncement that is ready for exposure, including matters that required coordination with the other SSB as applicable, it presents the draft to the SSB for approval. (Ref: Para. A19)
20. The SSB votes on the approval of an exposure draft of the proposed international pronouncement in accordance with the SSB's terms of reference. In voting in favor of the release of an exposure draft, a member of the SSB is confirming that he or she is satisfied that the draft sets out acceptable proposals on all significant areas which seek to achieve the SSB public interest objective(s) in developing the new, or revising the existing, international pronouncement.⁴ (Ref: Para. A20)

Public Exposure

21. Approved draft international pronouncements are exposed for public comment. Exposure drafts are

³ See the PIF.

⁴ Comments on exposure includes comments on matters and questions on which stakeholder attention and input has been requested in the explanatory memorandum. It is inevitable that the final pronouncement will include changes from those originally proposed as a result of comments on exposure.

made available on the SSB's website where they can be accessed free of charge by the general public. (Ref: Para. A21)

22. Each exposure draft is accompanied by an explanatory memorandum that highlights the public interest objective(s) of, and the significant proposals contained in, the draft international pronouncement, as well as the SSB's views on the main issues addressed in the development thereof. (Ref: Para. A22)

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23. The explanatory memorandum includes the SSB's determinations from its application of the PIF, with emphasis on the qualitative characteristics relevant to the proposed standard, and stakeholders are explicitly invited to comment on these matters.
24. The exposure period will ordinarily be no shorter than 90 days. (Ref: Para. A23–A24)
25. Comments made by respondents to an exposure draft are a matter of public record and are made available on the SSB website after the end of the exposure period. (Ref: Para. A25–A27)

Consideration of Respondents' Comments on an Exposure Draft

26. To facilitate the deliberative process, Staff provides the SSB, as part of the SSB's public agenda papers, with an analysis that summarizes the significant comments and issues raised by respondents on exposure, outlines their proposed disposition and, as appropriate, explains the reason(s) significant changes recommended by a respondent(s) are, or are not, to be accepted. (Ref: Para. A28)

PIF Operating Procedure

27. Post-exposure material brought to the SSB for deliberation includes an assessment of:
 - The adequacy of consultation with stakeholders, including the interests of users in particular (Ref: Para. A16);
 - Input from stakeholders against the identified criteria, in terms of the qualitative characteristics that the standard should exhibit, to assess the standard's responsiveness to the defined goal(s); and (Ref: Para. A29)
 - The expected contribution of the standard to users' needs given the defined goal(s), and whether it is responsive to the public interest according to the PIF. (Ref: Para. A30)
28. Notwithstanding respondents' comments on an exposure draft or consideration of the need for a public forum or roundtable to solicit views, if Staff and the SSB are not satisfied that adequate consultation with stakeholders has been undertaken, Staff considers taking additional steps, and in doing so make reasonable efforts, to gather information and consult with particular under-represented stakeholder groups, as necessary. (Ref: Para. A16)
29. Members of the SSB familiarize themselves with the issues raised in comment letters on exposure drafts such that they are able to make well informed decisions as they finalize an international pronouncement. The SSB deliberates significant matters raised in the comment letters received, with

significant decisions recorded in the minutes of the meeting of the SSB. (Ref: Para. A31–A32)

30. At the meeting in which the SSB deliberates significant matters raised in the comment letters received, members of the SSB are asked whether there are any issues raised by respondents, in addition to those summarized by Staff, that they consider should have been discussed by the SSB. This does not, however, preclude a member of the SSB from raising a matter for discussion at a later time.

Approval of an International Pronouncement, Related Considerations and Certifications

31. When Staff is satisfied that it has a proposed final international pronouncement that is ready for approval, including matters that required coordination with the other SSB as applicable, it presents the revised content of the exposed international pronouncement to the SSB for approval.
32. The senior Staff member of the SSB is responsible for advising the SSB on whether due process has been followed effectively and with proper regard for the public interest before a final international pronouncement is approved for issue. (Ref: Para. A33–A34)

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33. Before a final international pronouncement is approved for issue, the senior Staff member of the SSB is responsible for advising the SSB, on whether adherence to the requirements of the PIF has been followed in the development of the new or revised international pronouncement. (Ref: Para. A33–A34)
34. The SSB votes on the approval of the final revised content of an exposed international pronouncement in accordance with its terms of reference. Approval of the final revised content of an exposed international pronouncement is an approval for its issue as a final international pronouncement, unless the SSB subsequently votes in favor of re-exposure as described below. (Ref: Para. A35–A36)
35. For each final international pronouncement, the SSB reviews a draft Staff-prepared Basis for Conclusions document, including sections of such document that address conclusions arising from the application of the PIF, and provides Staff with instruction to finalize such document. A Basis for Conclusions document explains the objectives of the new or revised international pronouncement, the key issues the standard intended to address, and the SSB's viewpoints, including on the applicability and public interest implications of the standard and how the SSB considered and responded to input received during the consultation process. A Basis for Conclusions document also records the outcome of SSB member voting on the final international pronouncement, including reference to the recorded reasons for dissents or abstentions. (Ref: Para. A37)
36. After approving the final revised content of an exposed international pronouncement, the SSB votes on whether re-exposure of the final pronouncement, or part thereof, is necessary. Re-exposure is generally warranted as a result of substantial matters not previously contemplated by the SSB in developing the exposure draft or aired in the accompanying explanatory memorandum that impact on the public interest objectives of the international pronouncement, or if there has been fundamental change to the substance of the proposed international pronouncement. An affirmative vote in accordance with the SSB's terms of reference that re-exposure is necessary is required to issue a re-exposure draft. The basis of the SSB's decisions with respect to re-exposure is recorded in the minutes of the SSB meeting at which the related project is discussed. (Ref: Para. A38–A40)

37. When an exposure draft is re-exposed, the explanatory memorandum accompanying the re-exposure draft includes the reasoning for re-exposure and sufficient information to allow an understanding of the changes made as a result of the earlier exposure.
38. The SSB will set an effective date for the application of the final international pronouncement. (Ref: Para. A41)
39. For significant standard setting projects, the SSB assesses the need and, as relevant, priority for undertaking a post-implementation review, including the aspects of the new and revised international pronouncement that should be addressed by such a review. (Ref: Para. A42–A44)
40. Once the above matters are determined, the SSB acknowledges that the international pronouncement has been duly approved and authorized, and such written certification can be submitted to the PIOB and published. (Ref: Para. A45)

Withdrawal of an International Pronouncement

41. The SSB votes on the withdrawal of an international pronouncement, whether that withdrawal is due to the issue of a new or a revised international pronouncement that incorporates or covers the subject matter of the existing international pronouncement or any other reason, in accordance with the SSB's terms of reference.

Release of a Final International Pronouncement

42. The senior Staff member of the SSB is responsible for advising the PIOB on the SSB certification of an international pronouncement and the basis thereof. (Ref: Para. A46)
43. Before release of a final international pronouncement, the senior Staff member of the SSB obtains the certification of the PIOB. If in the very unlikely circumstance the PIOB is unable to issue its own certification in accordance with the PIF, the PIOB will publicly state its reasons, along with the evidence for reaching its conclusions. In this circumstance, the SSB will consider the issues and basis thereof identified by the PIOB in determining the best way to resolve the matter, including whether revisions to the standard are appropriate. Notwithstanding the certification process described above, the SSB has the ultimate responsibility and accountability for the approval and withdrawal of standards. (Ref: Para. A47)

Matters of Due Process

44. If an issue over adherence to due process is raised formally with the SSB (other than an issue that is clearly frivolous or vexatious), whether by a third party or otherwise, the SSB assesses the matter and seeks an appropriate resolution. The SSB's decision on the matter is communicated to the party raising the matter. Alleged breaches of due process and the resolution thereof are communicated by the SSB to the PIOB. The results of investigations of alleged breaches of due process are reported at a SSB meeting open to the public. (Ref: Para. A48–A49)

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Due Process Working Procedures

General

SSB Meetings (Ref: Para. 1)

- A1. Unless impracticable, SSB meetings are broadcast over the Internet and recorded and archived on the SSB website.

Publishing Meeting Materials (Ref: Para. 2)

- A2. Meeting agenda papers are published on the SSB website ordinarily no later than two weeks in advance of each SSB meeting. Draft meeting minutes are published on the SSB website in a timely manner after each SSB meeting.
- A3. Agenda papers are retained on the SSB website for at least three years from the date of the meeting. Final minutes are retained on the website indefinitely.
- A4. Updated project summaries and meeting highlights are posted to the website after each meeting.

Project Identification and Prioritization

Strategy and Work Plan (Ref: Para. 6)

- A5. The development of the SSB's strategy and work plan includes the issue of a consultation paper for public comment, made available on the SSB website where it can be accessed free of charge by the general public, for ordinarily no less than 60 days. The SSB considers the results of the public consultation in formulating, as necessary, a revised strategy and work plan.
- A6. In advance of the SSB's strategy review, the SSB may undertake a survey of its key stakeholders to obtain views about issues that they believe should be addressed by the SSB in the immediate or near-term future.
- A7. The SSB's strategy reviews and consultations are not anticipated to be an annual process.

Interaction with the SAC (Ref: Para. 7)

- A8. The SSB may consult with the SAC on a broad range of strategic matters, for example:
- Substantial departure from the agreed strategy and work plan and priorities therein. This may include significant new standard-setting priorities not contemplated in the work plan or a decision to significantly defer or remove a project or initiative included in the work plan.
 - The scoping of standard-setting projects. This may include strategic considerations related to the objectives, scope, key public interest issues, impact on stakeholders, coordination considerations, and project deliverables and timelines.
 - When seeking to more fully understand or assess user needs and expectations.

Project Commencement

Project Assignment and Input from Post-Implementation Reviews (Ref: Para. 11)

- A9. A project proposal includes the estimated Staff assignment and any proposed assignment of specific areas of expertise that may be needed on the project. The project assignment may also consider representation of SSB members to provide input as necessary in the development of an international

pronouncement, for example through the use of a working group; or the use of external experts who are not members of the SSB but have experience relevant to the subject matter, for example through a reference or consultative group. The identification of individuals to be assigned to the project focuses on finding the best persons for the task in a manner that brings the right balance of technical expertise and public interest perspectives to the project discussion. Assignments on a project are identified in the project summaries contained on the SSB website and in the relevant project agenda papers for a SSB meeting.

- A10. In developing project proposals, the SSB may also consider findings of relevant post-implementation reviews or consider whether a post-implementation review is to be part of the project development.

Matters Addressed by a Project Proposal (Ref: Para. 13)

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- A11. Different classes of stakeholders can have legitimate interests in any proposed international pronouncement, such as users of financial statements or sustainability reports, practitioners, those charged with governance, those in charge of adoption, implementation and enforcement of standards, preparers, and other users. The public interest of standards cannot be ensured through a mere aggregation of all stakeholder interests. Such interests may be mutually inconsistent and different stakeholders may have different capacities to convey their views. While the importance of all stakeholders is recognized in project proposals, the SSB is primarily focused on developing international pronouncements to meet the needs of users.
- A12. Standards are more likely to respond to users' needs when developed primarily with a view to building trust in the financial and non-financial reporting process. Such goal could be defined in terms of a required outcome or a project objective to enhance practice or modify behavior, for example to:
- Promote consistent practice and behaviors by auditors and assurance providers, other professional accountants in public practice, professional accountants in business, and others who perform similar professional activities or services as professional accountants across jurisdictions;
 - Drive effective measures to respond to related risks in areas most relevant to the business of an entity being audited or for which assurance is provided;
 - Reinforce the professional accountant's role and mindset and the auditor's professional skepticism needed in gathering evidence, challenging assumptions, and developing conclusions; and
 - Ensure transparent, independent, rigorous and balanced reporting that prompts the adoption of appropriate measures by those charged with governance, as well as corrective action by oversight bodies, including prudential and market authorities, and to address any potential threat to financial stability.
- A13. Project proposals identify a non-exhaustive list of qualitative characteristics that are considered of most relevance to the judgments needed for the development of an international pronouncement.⁵ As

⁵ As an example, if reinforcing the auditor's exercise of professional skepticism was considered a goal to be pursued through a particular standard, ensuring that auditors remained professionally skeptical in the wake of changes in measurement bases would be key to determining the standard's responsiveness to the public interest, and hence the qualitative characteristics of *timeliness* and *relevance* would be important assessment criteria.

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changes are being considered to an international pronouncement, Staff provides the SSB its professional judgments regarding the progress against the qualitative characteristics that the international pronouncement should exhibit and balances between the various qualitative characteristics (for example, between relevance or comprehensiveness and enforceability and implementability) that ought to be considered.

Development of Proposed International Pronouncements

Meeting Agenda Papers and Joint Projects (Ref: Para. 15)

- A14. Staff identifies issues, and proposes recommendations, relevant to the development of the proposed international pronouncement on which SSB input is appropriate. These agenda papers, which are accompanied by a draft version of the proposed pronouncement at the appropriate development stage, are developed based on research and consultation, which may include: seeking SSB member advice and incorporating SSB views, conducting research; consulting with the SSB, the SAC, investors or other users, practitioners, regulators, national standard setters and other interested parties; and reviewing professional pronouncements issued by other parties.
- A15. The SSB may carry out projects in cooperation, or conduct projects jointly,⁶ with a national standard setter(s) or other organizations with relevant expertise. Where practicable, joint projects are conducted on a multi-national basis whereby two or more national standard setters or national organizations are involved in the joint project.

Adequacy of Consultation with Stakeholders (Ref: Para. 16, 18, 28)

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- A16. Particular stakeholder groups may be under-represented in submitting comment letters, such as creditors, investors or other users. The additional steps undertaken to gather information and consult with such under-represented groups may include surveys, private meetings, webcasts and meeting with representative groups. Feedback from this consultation is summarized in agenda papers and is considered and assessed along with comment letters to the SSB's consultation paper or exposure draft.

Public Forum or Roundtable, or Consultation Paper (Ref: Para. 17)

- A17. In deciding upon the need to hold a public forum or roundtable or to issue a consultation paper, the SSB considers whether the subject of the international pronouncement, the level of interest among stakeholders, the likely or actual existence of a significant and controversial divergence of views, the

⁶ Joint projects are subject to the due process of the SSB. If exposed separately both internationally and by the national standard setter(s) with whom the project is being jointly developed, and where applicable, the SSB may additionally have regard to comments received by the national standard setter(s), where relevant internationally, and to the extent the process does not result in unnecessary delay in the finalization of the pronouncement. The final pronouncement approved by SSB becomes a final international pronouncement in the normal way. It may differ from the corresponding document(s), if any, approved by the collaborating national standard setter(s).

need for additional information in order to further the SSB's deliberative process, or some other reason indicates that wider or further consultation would be appropriate.

- A18. The outcome(s) of a public forum or roundtable, or the issue of a consultation paper, is summarized and reported to the SSB, as part of the SSB's public agenda papers, for purposes of the SSB's deliberation on the subject under consideration.

Proposed Draft International Pronouncement (Ref: Para. 19)

- A19. Staff recognizes the importance of appropriate liaison between the SSBs. Staff raises proactively any amendments proposed in an international pronouncement by the SSB that may have implications for the other SSB.

Approval of Draft International Pronouncement (Ref: Para. 20)

- A20. Where applicable, the SSB will set a proposed effective date for the application of the pronouncement as part of the exposure draft.

Public Exposure

Exposure Drafts (Ref: Para. 21–22)

- A21. Notice of the issuance of exposure drafts is widely distributed to organizations that have an interest in the pronouncements issued by the SSB and the press. The SSB considers whether there are any additional broad stakeholder groups to whose attention a proposed pronouncement should be drawn.
- A22. The explanatory memorandum may also direct respondents, including those representing specific constituencies such as investors or other users, preparers, developing nations, small- and medium-sized practices or the public sector, to aspects of the draft international pronouncement on which specific comments are sought.

The explanatory memorandum of each exposure draft may, in addition to highlighting the public interest objective of the standard, also invite respondents, including from constituencies such as firms, professional bodies, and national standard-setters, to provide insight on the implications of implementing the proposed standard, including the reasonable expected minimum period for effective implementation.

Exposure Period (Ref: Para. 24)

- A23. Although the exposure period for a draft international pronouncement will ordinarily be no shorter than 90 days, a shorter or longer exposure period may be set when considered appropriate. A longer exposure period may be set, for example, to make wider consultation possible on complex or pervasive changes. A shorter exposure period may be set, for example, where in the public interest there is a need to conclude on a matter more quickly, the exposure draft is relatively simple or short, or where the SSB decides to re-expose all or only part of a draft international pronouncement.
- A24. Exposure drafts indicate that the SSB cannot guarantee to consider comments and suggestions received after the close of the exposure period.

Comments Received (Ref: Para. 25)

- A25. An acknowledgement of receipt is sent to every respondent to an exposure draft.

- A26. Where applicable, reference or consultative group members who are not members of the SSB, are notified when comment letters have been made available on the SSB website.
- A27. The exposure draft and comment letters are made available for the reference purpose of SSB members at the SSB meeting in which the project is scheduled for discussion.

Consideration of Respondents' Comments on an Exposure Draft

Comments Received on Exposure (Ref: Para. 26)

- A28. Project agenda papers also contain a cumulative summary of the significant decisions made by the SSB on matters relating to the project, including its position on the significant issues raised in comment letters.

Post Exposure-Material (Ref: Para. 27)

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- A29. The input from stakeholders is assessed with a primary focus on whether the outcomes or public interest objectives established for the project will be achieved, having due regard to the qualitative characteristics set out as criteria to assess the public interest responsiveness of the proposed international pronouncement. Such assessment requires the exercise of professional judgment to weigh and balance all stakeholder views, beyond a mere aggregation of number of respondents and irrespective of whether such views are a minority or majority, and when considering the overall effect of the balance of qualitative characteristics, for example between relevance or comprehensiveness and enforceability and implementability.
- A30. To facilitate the deliberative process, agenda papers provided to the SSB include Staff's analysis of whether the expected contribution of a proposed international pronouncement is responsive to the identified project outcomes or objectives that serve the public interest.

Deliberation of Significant Matters (Ref: Para. 29)

- A31. The SSB does not enter into debate with respondents on individual comment letters. The SSB may decide, however, to discuss a letter of comment with the respondent to seek clarification on a matter.
- A32. For comments received from members of the Monitoring Group,⁷ if and as requested, the SSB will explain to them the reason(s) for not having accepted their proposals. The nature and outcome of such discussions are reported and recorded in the minutes of the SSB meeting at which the related project is discussed.

Approval of an International Pronouncement, Related Considerations and Certifications

Adherence to Due Process (Ref: Para. 32–33)

- A33. The senior Staff member provides a written report in the agenda papers of the meeting outlining the basis for concluding whether due process has been followed with respect to actions up to the date of

⁷ The Monitoring Group includes the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Forum of Independent Audit Regulators, the International Organization of Securities Commissions, and the World Bank.

the meeting and summarizing adherence to the PIF.

- A34. The senior Staff member also reports to the SSB whether due process has been followed during the meeting at which a final international pronouncement is approved for issue. The substance of this report is recorded in the minutes.

Approval (Ref: Para. 34)

- A35. The results of voting, including dissenting votes and the reason(s) therefore, on the approval of the revised content of an exposure draft are recorded in the minutes of the meeting.
- A36. The agenda paper containing the draft proposed revised content of an exposed international pronouncement is updated for changes agreed by the SSB during the course of the meeting and is posted to the SSB website after the meeting at which the SSB approves the final international pronouncement. The updated agenda paper posted to the SSB website is for information purposes only and is not the final pronouncement. The final pronouncement is that approved and authorized by the SSB and published after the certification of the PIOB.

Basis for Conclusions (Ref: Para. 35)

- A37. The final document explaining the SSB's basis for conclusions is issued after clearance by the Chair and senior Staff member of the SSB, the timing of which may vary based on circumstances.⁸ The basis of any dissent or abstention on the voting of a final pronouncement is recorded in the minutes of the SSB meeting at which the related project is discussed. The issue of the document is not subject to voting approval by the SSB and therefore does not constitute part of the final international pronouncement and is non-authoritative. The document is published and retained for an indefinite period on the SSB website.

Re-Exposure (Ref: Para. 36)

- A38. When an exposure draft has been subject to many changes, a summary comparative analysis is presented to the SSB. This analysis shows, to the extent practicable, the significant differences between the exposure draft and the proposed final international pronouncement, which assists in identifying changes as a result of substantial matters not addressed in the exposure draft. However, the fact that there were changes from the proposals originally exposed for public comment does not necessarily compel the SSB to vote that re-exposure is required.
- A39. The senior Staff member of the SSB, in consultation with the Chair of the SSB, advises the SSB on whether there are grounds for re-exposure. Substantial matters not addressed in the exposure draft or aired in the accompanying explanatory memorandum result in commentators not having an opportunity to make their views known. At the same time, the SSB considers whether anything new will be learned through re-exposure. If the SSB is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it may proceed to finalize the international pronouncement.
- A40. In considering the need for re-exposure, the SSB also weighs the costs of delaying implementation of an international pronouncement against the relative urgency for the need for change and what

⁸ As a transitional measure, adjustments on the timing of the issuance of the final basis for conclusions document will be determined based on experience.

additional steps it has taken to consult with stakeholders since the exposure draft was published. The use of targeted consultation can give the SSB information to support a decision to finalize the revised proposals without the need for re-exposure. The SSB may also consider whether any implementation support, for example, the issuance of non-authoritative implementation guidance material, would address concerns.

Effective Date (Ref: Para. 38)

A41. In setting the date for the application of an international pronouncement, the SSB considers the reasonable expected minimum period for effective implementation, including the need for translation into national languages.

Post-Implementation Review (Ref: Para. 39)

A42. The assessment of the need to undertake a post-implementation review takes into account the level of significance of the new or revised international pronouncement. Relevant factors include whether the pronouncement is intended to make a substantial change to practice, the importance of the public interest issues being addressed, and the degree of technical complexity of the pronouncement.

A43. In assessing the priority for undertaking a post-implementation review, the SSB may consider, among other matters, how pervasive the public interest benefits of the standard will be at the global level to various stakeholders, and the time period necessary for practical implementation to occur across jurisdictions.

A44. The scope and form of a post-implementation review, including information gathering and research, may range depending on the aspects of the new or revised international pronouncement that are being addressed. Post-implementation activities may include periodic landscape assessments undertaken as part of the strategy and work plan development, desktop literature reviews, surveys, undertaking outreach with stakeholders or public consultation.

SSB Certification of a Final International Pronouncement (Ref: Para. 40)

A45. Once a final international pronouncement is approved, the SSB will provide a public written statement certifying that the SSB developed the new or revised international pronouncement in accordance with agreed due process, and that the new or revised international pronouncement is responsive to the public interest, in accordance with the PIF.

Release of a Final International Pronouncement (Ref: Para. 42–43)

A46. The senior Staff member of the SSB provides the PIOB with a written report outlining the basis for the SSB certification of a final international pronouncement.

A47. As applicable, the final published international pronouncement contains written certifications by the SSB and PIOB.

Matters of Due Process (Ref: Para. 44)

A48. Staff assesses issues raised over due process and obtains relevant information from all parties involved. Staff brings the issue to the attention of the SSB with a recommendation on whether the alleged breach has merit and, if so, an appropriate resolution.

A49. The SSB reports periodically to the PIOB on whether it has complied with due process.

SSB and PIOB Interactions

General

1. The principle of regular and timely dialogue between the SSB and PIOB, in support of successful certification of new or revised standards, shall underlie SSB and PIOB interactions. This dialogue will respect the respective independence of SSB and PIOB.

This principle includes regular and timely dialogue between the SSB and PIOB Chairs, and at other appropriate levels of the SSB and PIOB organizations levels where flow of information and clarifications as necessary are essential.

2. SSB and PIOB dialogue shall take into account the key milestones of project inception and exposure draft approval, in addition to final approval, of the standards development cycle.

The SSB Chair shall furnish the PIOB with a yearly plan of SSB standard-setting activities in regard to the above, to facilitate PIOB oversight planning.

Public Interest Matters

3. Summaries of PIOB meeting minutes, public interest issues, PIOB briefing and observation memos (or any future document that will encapsulate this information in an enhanced format), which are shared with the SSB Chairs for information after the meetings and available on the PIOB website, shall be promptly distributed to SSB members.
4. Where the PIOB has communicated recommendations or concerns around how the public interest is being addressed in the work of the SSB in accordance with the PIF, the SSB shall review the issue and basis thereof provided by the PIOB.

Where not apparent and to the extent necessary to resolve differences of views, the SSB Chair or senior Staff shall request in writing clarification or elaboration by the PIOB of the basis of the recommendation or concern.

The SSB Chair shall communicate to the PIOB the SSB conclusion and basis thereof, including any action the SSB concludes is appropriate to respond to the matter raised by the PIOB.

5. The SSB Chair and senior Staff and PIOB shall convene in a timely manner to discuss any matter that may impact on the ability of the SSB or PIOB to issue a certification of a final standard, and the proposed way forward to resolve the matter.
6. In addition to the reports ordinarily provided to the PIOB, SSB submissions to the PIOB requesting approval of a new or revised standard and the required PIOB certification shall include a written report detailing adherence to the requirements of the PIF.

PUBLIC INTEREST FRAMEWORK⁹

The Framework's Context

All parties who have interest in international audit-related standards recognize that the public interest is best served when the standards are developed *by independent, transparent and publicly accountable* boards that set standards *with the relevant expertise focusing on the public interest* and are subject to *direct oversight* by an independent oversight body, which is equally focused on the public interest, ensuring that the standards appropriately address all stakeholder needs and that no undue influence is exercised by any stakeholder.

This Framework sets out the way development and oversight of international audit-related standards are responsive to the *public interest*.¹⁰

The Framework has been developed in the context of the Monitoring Group recommendations presented in the previous sections. The Monitoring Group also contemplates that in order to maintain its relevance, the Public Interest Framework should periodically be evaluated and refreshed as deemed necessary by the PIOB and the standard-setting Boards. Changes to the Public Interest Framework shall be made in accordance with normal due process requirements.

The Framework sets out considerations essential to the judgments needed by the Boards when developing their standards and by the PIOB in its oversight of the responsiveness of the standard setting process to the public interest. The Framework, together with due process,¹¹ articulate the public interest responsiveness of international audit-related standard-setting.

The Framework recognizes the criticality of well-functioning, competent and authoritative standard-setting boards, and a competent, alert, and well-informed oversight body, with clarity around their respective roles. A public interest mindset must permeate both. Transparency, monitoring and continuous dialogue are essential.

The Framework's Goal, Approach and Structure

The goal of the Framework is to ensure that standards are responsive to the public interest, through:

- Reinforcement of the importance of independence in a standard-setting process benefitting from deep technical expertise and diversity of perspectives;
- A common understanding by the Boards and PIOB about the meaning of responsiveness to the public interest and which judgments are required for achieving that objective;
- Focus by the Boards on the public interest in their development of the standards;

⁹ Public Interest Framework (Framework) for the Development of International Audit Related Standards.

¹⁰ This would include standards for audit, review, and related services engagements. This would also include standards on quality control for those engagements along with ethical and independence requirements for accountants.

¹¹ The Boards follow due process as approved by the PIOB and subject to Monitoring Group oversight. Adherence to, and oversight of, due process by the Boards ensures that all necessary procedures for the development of high-quality international standards have been executed, thereby enabling the appropriate evaluation, balancing and weighing of evidence and diverse stakeholder viewpoints.

- Independent PIOB oversight, giving stakeholders confidence that the two Boards set standards that are in the public interest; and
- Appropriate accountability of the PIOB and the two Boards in fulfilling their mandates.

The Framework is developed with the view that the public interest is observed throughout the full cycle of a standard's development: this includes the standard-setting planning, structure and process level, as well as the PIOB's independent oversight.

The Framework is structured around responses to the following questions:

- For whom are standards developed?
- What interests need to be served?
- How are the interests of users best served?
- What qualitative characteristics should the standards exhibit?
- How is the public interest responsiveness of a standard assessed?
- What special considerations are required for international audit-related standards, given their particular public interest relevance?

For whom are standards developed?

Different classes of stakeholders can have legitimate interest in the adequacy of any given standard. For the purposes of this Framework, five broad groups of stakeholders are considered:

- *Users of financial statements* ("the users") – mainly investors, lenders, and other creditors, who rely on the audited financial statements to make resource allocation decisions.
- The *profession* – all auditors and assurance providers, and other professional accountants in public practice and business who apply the standards.
- Those in charge of *adoption, implementation and enforcement* of the standards as well as monitoring of the capital markets who rely on such standards– including national standard setters, regulators and audit inspectors, market authorities, public sector bodies, and professional accountancy organizations.
- *Preparers* – management and professional accountants in business, for entities of all sizes, in either the public or private sectors, as well as those charged with governance (e.g., audit committees who oversee the audit process), the latter group being relevant to addressing the information asymmetries among different parties involved in the functioning of companies, and who also provide the basis for the auditor's work.
- *Other users* – the reliability of financial and non-financial information affects a very wide range of interests in society, including consumers, taxpayers, employees, competition and prudential authorities, central banks and bodies in charge of financial stability oversight, and those granting public contracts.

The public interest of standards cannot be ensured through a mere aggregation of all stakeholder interests. Such interests may be mutually inconsistent; some will reflect a stakeholder group's ability and resources to access the information necessary to protect their interests, while others may have limited capacity to do

so; and different stakeholders have different capacities to convey their views. The public interest therefore requires weighing and balancing all stakeholder views.

While the Framework recognizes the importance of all of the above stakeholders, it focuses primarily on the interests of users, and more specifically the longer-term interests of creditors and investors and the protection of those interests. Creditor and investor decisions are key to the correct functioning of financial markets, but there are creditors and investors who may not always be equipped to contribute effectively to the standard-setting process. These include direct shareholders, debt holders, and those indirectly holding a company's equity or debt, for instance through investment funds or pension funds.

What interests need to be served?

Standards are more likely to respond to users' needs when developed primarily with a view to building trust in the financial and non-financial reporting process. This compels standard setters to carefully consider input from stakeholders seeking standards that:

- Promote consistent practice and behaviors by auditors and assurance providers, other professional accountants in public practice, and professional accountants in business across jurisdictions;
- Facilitate identification of areas most relevant to the business of an audited company, and drive effective measures to respond to related risks;
- Reinforce the professional accountant's role and mindset and the auditor's professional skepticism needed in gathering evidence, challenging assumptions, and developing conclusions; and
- Ensure transparent, independent, rigorous and balanced reporting that prompts the adoption of appropriate measures by those charged with governance, as well as corrective action by oversight bodies, including prudential and market authorities, also to address any potential threat to financial stability.

How are the interests of users best served?

In order to address those interests, the development of standards requires:

- A permanent *structure* that commits explicitly to pursuing the public interest through: i) independence of the Boards in making decisions concerning the standards, ii) balanced, diverse and global participation of stakeholder groups while preventing undue and dominant influences; iii) stable funding, adequate resources, and appropriately skilled and experienced staff; iv) mechanisms to ensure adherence to sound governance and operating procedures; v) meaningful accountability; and vi) appropriately diverse expertise in board members.
- A standard-setting *process* to ensure that the defined structure: i) considers all stakeholder input and identifies the different stakeholder interests that affect the public interest; ii) defines relevant public interest criteria to consider how to appropriately weigh the input received in terms of the public interest impact of the relative interests; and iii) appropriately balances alternative outcomes and interests in terms of their expected responsiveness to the public interest. This process should recognize the importance of all stakeholders referred to previously but it should focus primarily on the interests of users.
- *Independent, direct oversight* by the PIOB of the Boards' adherence to their agreed strategies, due process, and responsiveness to the public interest, during the development of a standard and, on reflection, upon the final outcome of the process.

User needs, and therefore the public interest, are dynamic, societal concepts that evolve over time. The entire system comprising independent standard-setting and oversight therefore must also remain alert to shifting needs and perceptions and be capable of flexibility of responses; the system must, however, also maintain fundamental stability and the long-term validity and credibility of principles-based standards in order to ensure continuity and inspire confidence.

What qualitative characteristics should the standards exhibit?

A set of qualitative characteristics are to be used as criteria by the Boards and PIOB to assess a standard's responsiveness to the public interest. A non-exhaustive list of such characteristics includes a standard's:

- *Consistency* with priorities established through a strategic planning process, based on the assessment of public interest and stakeholder needs;
- *Coherence* with the overall body of standards, including that requirements addressing the same subject matter are not in conflict;
- *Appropriate scope* to address the identified key issues, and to clearly specify to whom the standard applies;
- *Scalability*, including the proportionality to the standard's relative impact on different stakeholders, e.g., how a standard addresses the audit or assurance needs of small and medium sized enterprises (SMEs) as well the needs of complex, listed entities;
- *Timeliness* in addressing identified needs without sacrificing quality;
- *Relevance*, through recognizing and responding to emerging issues, changes in business or public practice environments, developments in accounting practices, or changes in technology, and developing principles-based requirements that enable the objectives of those requirements to be achieved in differing circumstances;
- *Completeness*, in reflecting the results of broad consultation and in balancing stakeholder priorities;
- *Comprehensiveness*, through limiting the extent to which there are exceptions to the principles set out;
- *Clarity and conciseness*, to enhance understandability and minimize the likelihood of differing interpretations, and thus supporting proper intended application and facilitating implementation;
- *Implementability*, and ability of being *consistently applied and globally operable* across entities of all sizes and regions, respectively, as well as considerations of the different conditions prevalent in different jurisdictions. Standards that cannot be adopted, or cannot be implemented by practitioners are not of much use; and
- *Enforceability*, through clearly stated responsibilities that make it possible to ascertain the extent to which an auditor or professional accountant has complied with the standards.

How is the public interest responsiveness of a standard assessed?

The public interest responsiveness of any new or revised standard is assessed through the Boards considering the qualitative characteristics discussed above and the following steps:

- Identify the varying perspectives and needs of groups with legitimate interests in relation to each standard, throughout the full cycle of its development;

- Define the desired goal that would allow the standard to best serve users' needs. Such goal could be defined in terms of a required audit or assurance practice or auditor/professional accountant behavior, or the introduction of guidance informing the application of practice or behavior already agreed upon;
- Identify criteria to assess the standard's responsiveness to the defined goal, in terms of the qualitative characteristics that the standard should exhibit;¹²
- According to the criteria, reasonably weigh input from the different groups; and
- Given the defined goal, assess the expected contribution of the standard to users' needs, and consider whether it is responsive to the public interest according to this Framework.

Assessing whether standards are in the public interest requires careful application of judgment, which this Framework seeks to guide both for the Boards and for the PIOB. This judgment is best informed when the standards' development and consultation process elicits all stakeholder views and focus is placed on assessing the merits of the various views, irrespective of whether the views are a minority or majority.

The PIOB should provide oversight of the standard-setting process, by ensuring that due process has been followed by the Boards in developing a standard and that the standards respond to the public interest in accordance with steps and qualitative characteristics set out above. For that purpose, the PIOB has full access to all necessary information of the Boards.

The PIOB communicates its views and the basis thereof to the Boards, in a timely manner throughout the standard-setting process and works collaboratively with the Boards to understand the input received, how decisions were made and then to resolve any remaining differing views.

What special considerations are required for international audit-related standards, given their particular public interest relevance?

External audit is intended to provide reasonable assurance around management's fair representation of a company's financial position and performance in all material respects, in the context of the applicable financial reporting framework and taking account of its business model and risk profile. It improves transparency, mitigating the risks of particular information being obscured to the detriment of users of financial statements, and thus enhancing their confidence and ability to make efficient resource allocation decisions. High quality external audit supports the smooth functioning of capital markets, overall economic performance and financial stability.

The Framework assumes that external audits should contribute to mitigating the information asymmetries among different parties involved in the functioning of companies, thus enhancing the reliability of financial information and contributing to more efficient resource allocation decisions. This contributes to the efficient functioning of capital markets, improving overall economic performance and financial stability. This Framework seeks to ensure high quality and relevance through internationally recognized and accepted standards that are consistently applied, and considers the interests of users of financial statements, particularly a broad range of creditors and investors irrespective of their size and sophistication, as those

¹² As an example, if reinforcing the auditor's exercise of professional skepticism was considered a goal to be pursued through a particular standard, ensuring that auditors remained professionally skeptical in the wake of changes in measurement bases would be key to determining the standard's responsiveness to public interest, and hence the qualitative characteristics of timeliness and relevance would be important assessment criteria.

most likely to contribute to such goal. Giving those interests prominence when developing a standard is in accordance with the remit of the Monitoring Group member organizations.

Standards setting out the appropriate requirements and guidance, and promoting consistent audit practice across jurisdictions, are a necessary step to the development of audits that reassure the confidence of users in the reliability of financial statements. When appropriately implemented and enforced, standards contribute to ensuring the high quality of external audits. International audit-related standards promote the integrity and consistency of practices in capital markets, and encourage mobility of auditors between different jurisdictions.

In the long term, standards also enhance the confidence in, and reputation of the global auditing and assurance profession, promoting trust in the decisions of those tasked with enforcement, and contributing to the recognition of management's stewardship role.