

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

Consultative Advisory Group

Terms of Reference

September 2007

OBJECTIVE AND SCOPE OF ACTIVITIES

1. The objective of the IESBA Consultative Advisory Group (CAG) is to provide input to and assist the IESBA through consultation with the CAG member organizations (the Member Organizations) and their representatives (the Representatives) at the CAG meetings, in order to obtain:
 - a. Advice on the IESBA's agenda and project timetable (work program), including project priorities;
 - b. Technical advice on projects; and
 - c. Advice on other matters of relevance to the activities of the IESBA.

Chair

2. The CAG Chair is an individual, elected by the CAG from amongst the Representatives, who shall perform the roles and assume the responsibilities from time to time specified by the CAG with the approval of the IESBA and the PIOB.
3. The CAG Chair is entitled to attend IESBA meetings as an observer with privilege of the floor, or may appoint a Representative to attend with the same privilege.
4. The CAG Chair is entitled to attend meetings of the IESBA Planning Committee as an observer with privilege of the floor, or may appoint a Representative to attend with the same privilege.

Public Interest Oversight

5. The terms of reference of the CAG are approved by the Public Interest Oversight Board (the PIOB). The PIOB may periodically review the terms of reference.
6. The PIOB approves the appointment of the CAG Chair.
7. The CAG Membership Panel recommends the appointment of a proposed new Member Organization, and its nominated Representative(s), (see paragraph 13) to the PIOB for approval. The recommendation outlines the reasons why the CAG Membership Panel considers the proposed new Member Organization an important addition to the membership of the CAG. It also includes information about the nominated Representative(s). The PIOB has ongoing authority to identify any emerging public interest segments not already represented on the CAG and to bring these to the attention of the CAG Membership Panel for further consideration.
8. When an existing Member Organization changes its Representative (see paragraph 18), the CAG Membership Panel notifies the PIOB of the change and provides the PIOB with information about the new Representative.

9. The PIOB has the right to meet with any or all of the Representatives to discuss matters of interest to the PIOB. The CAG may bring to the attention of the PIOB matters which may be of interest to the PIOB. The PIOB also has the right to attend all meetings of the CAG, whether open, closed or private.¹
10. Minutes of the open and closed sessions of the CAG meetings are sent to the PIOB. Minutes, if any, of the private sessions of the CAG meetings area also sent to the PIOB.

COMPOSITION AND MEMBERSHIP

11. Apart from the Chair, the CAG comprises Member Organizations that are interested in the development and maintenance of high quality international ethical standards for professional accountants designed to serve the public interest. The membership should provide, to the extent practicable, a balance of geographical representation and between regulators, international organizations, users and preparers. Exceptionally, with the agreement of the CAG Chair, an individual might be appointed directly as a CAG member.
12. Nominations of member organizations and of their Representatives may be submitted by individuals and organizations. Representatives should be knowledgeable about ethics for professional accountants and have a recognized interest therein.
13. A panel comprising the CAG Chair, two Representatives selected by the Chair for this purpose, the IESBA Chair, and the IESBA Senior Technical Manager (the CAG Membership Panel) considers the nominations to determine whether the organizations, and the Representatives nominated, are suitable for membership and to ensure a balanced geographical spread and functional backgrounds.
14. Each Member Organization is represented at the CAG meetings by either one or two Representatives. This limitation can be relaxed by the CAG Chair, in consultation with the CAG Membership Panel, only in exceptional circumstances.

TERM OF OFFICE

15. The Member Organizations are appointed for a renewable term of three years.
16. The CAG Chair is appointed as Chair for a term of three years, renewable once.
17. Continuity of representation on the CAG is expected; however, Member Organizations, with the prior permission of the CAG Chair, may occasionally send other Representatives to a CAG meeting to be better able to contribute to discussions of the particular issues under review.
18. Where necessary, a Member Organization may replace an existing Representative by another Representative. The suitability of the proposed new Representative is considered by the CAG Membership Panel.
19. Representatives who do not attend, and Member Organizations that do not send their Representatives to, three consecutive meetings may be asked to stand down from the CAG.

¹ Open sessions of the CAG meetings are attended by the CAG Chair, Representatives of the CAG member organizations, member(s) of the PIOB, and relevant IESBA members and staff (including the IESBA Chair), and are open to other IESBA members and the public. The public is not allowed to attend closed sessions of the CAG meetings. Private sessions of the CAG meetings are attended by the CAG Chair, Representatives of the CAG member organizations and member(s) of the PIOB only.

OPERATING PROCEDURES

20. To ensure the CAG operates efficiently and effectively, the following specific operating procedures are adopted.

Meeting Details

21. The CAG Chair assumes the chairmanship of any meeting of CAG at which he or she is present. In the absence of the CAG Chair, the CAG Chair will nominate a Representative to act as chair and, if no such deputy is appointed by the CAG Chair, the Representatives will appoint a deputy from amongst themselves. Such appointment of a deputy chair is valid only for the duration of the meeting in question.
22. Generally, two CAG meetings are held each year, however, additional meetings may be convened at the discretion of the CAG Chair. The Representatives, and other meeting participants, are notified of meeting dates well in advance.
23. The IESBA Chair, Deputy Chair and IESBA Senior Technical Manager attend the CAG meetings, and IESBA staff provide administrative support for these meetings. All IESBA members have the right to attend and speak at CAG meetings, and the CAG Chair invites selected IESBA members to lead discussions at CAG meetings on IESBA projects for which they are responsible.
24. The CAG Chair may arrange for a private session at a CAG meeting, to be attended by Representatives and members of the PIOB only.

Meeting Agenda and Papers

25. The CAG Chair, in appropriate consultation with the Representatives and the IESBA Chair and IESBA Senior Technical Manager, and with reference to the IESBA agenda and project timetable, sets the agenda for a CAG meeting.
26. A typical CAG meeting agenda includes discussions of:
 - a. Emerging issues or practices, potential new projects, and the IESBA's project timetable, including project priorities;
 - b. Current IESBA projects at key stages of development; and
 - c. Other matters of relevance to the activities of the IESBA identified by the Representatives.
27. Written materials supporting CAG agenda items are ordinarily provided prior to each meeting, highlighting issues for consideration. If Representatives wish to take a proactive approach to issues to be discussed, then the relevant briefing papers will also be provided.

Confidentiality Requirements

28. Materials that have not yet been made available to the public, for example through publication on the IESBA's website, should not be provided to third parties or used as a basis for comment to the media. It is acknowledged that the Representatives may need to discuss the materials with the constituencies they represent; however, they are expected to

put in place arrangements that enable the distribution of confidential material to be confined to a small group.

TRAVEL AND ACCOMMODATION COSTS

29. Member Organizations meet the travel and accommodation costs of their Representatives.

TRANSPARENCY

30. The membership, terms of reference, including the operating procedures of the CAG, are published on the IFAC website. The membership and activities of the CAG are reported on in IFAC's annual report.
31. From 2006, the CAG meetings will be open to the public. When considered necessary, the CAG Chair will arrange closed sessions at which the public are not admitted to deal with administrative and similar matters.
32. Members of the public can access the minutes of the open sessions of the CAG meetings on the IFAC website. Minutes of the open and closed sessions of the CAG meetings are made available to the members of the IESBA. Should minutes of the private sessions of the CAG meetings be prepared, they will be sent to the Representatives.