

Voting Procedures and Recording of Dissenting Views

At the November 2007 meeting in Beijing members requested information relating to voting policies and procedures particularly related to documentation of voting records and dissenting views. The IPSASB now records dissenting views in the minutes.

This information was accumulated for the other IFAC standard setting Boards, IASB and several national standard setters. Agenda item 3.4.1 provides a summary of this information.

Summary of information

The procedures now implemented for the IPSASB are consistent with those for other IFAC standard setting boards, which are all under the oversight of the PIOB. IFAC's goal has been to have the IPSASB's operating procedures identical to the other Boards despite the lack of oversight by the PIOB currently.

For the IASB dissenting opinions are prepared and presented as alternative views without attribution in Exposure Drafts. They are also included in final draft standards prior to final voting.

Thirteen other standard setting bodies were also reviewed and the results were mixed. Of these, two (China, France) are not independent standard setters and no voting occurs. Therefore the sample of 11 national standard setting bodies was considered. For 1 of these bodies (Japan) the information on dissenting views was not available or could not be obtained.

Of the remaining 10 in the sample, 5 do not publish dissenting views either in the minutes or in publications. One allows for dissenting views to be recorded in the minutes but these are not published in the final standard. Two (UK ASB, CIPFA) do not make specific reference to dissenting views but practice appears to be that they are not published.

Two accounting bodies (FASAB, GASB) publish dissenting views in final standards. These are published as part of the final pronouncement.

Analysis

The information accumulated demonstrates that there is some diversity in practice. However, the IPSASB's practices are consistent with those of the other IFAC standard setting Boards. This is a salient point since any proposed change to this would need to be addressed at the IFAC governance level.

The fact that the IASB records dissenting views may be construed by some to be important. However, in the analysis this is secondary to the practices of the other IFAC Boards.

The majority of national standard setting bodies do not publish dissenting views, even in the minutes. In Canada for example, the view is that once a standard is approved by the Board it has the support of the Board as a whole regardless of those who dissented. Members are entitled to vote against a standard but they support the due process that lead to the development of that standard.

The FASAB and GASB both have processes more similar to the IASB in terms of publishing dissenting views. At this point in time they are arguably in the minority.

Conclusion

At this stage staff sees little reason to vary from the current practice of recording dissenting views in the minutes. Minutes are public documents and therefore the record of dissents is made public in this way. It would take strong persuasive evidence that this is broadly inconsistent with most of the world for IFAC to consider a change in these procedures. Any such change would have to be applied to all standard setting boards at IFAC under the current model.

Therefore staff proposes no change to current practice and an ongoing monitoring of the situation to report any significant changes that occur in the future.

Summary of Voting Rules/Procedures and Recording of Dissenting Views

Standard Setter	Voting Rules	Dissenting Views
IFAC		
International Auditing and Assurance Standards Board (IAASB) 18 Members	<ul style="list-style-type: none"> • A quorum of twelve members actually present or participating via simultaneous telecommunications link is required for meetings. • A two-thirds majority of all members present, but not less than twelve, is required to approve or withdraw Standards and Practice statements, and to approve exposure drafts. 	<ul style="list-style-type: none"> • Dissenting views are recorded in the minutes to the meeting.
International Accounting Education Standards Board (IAESB) 18 Members	<ul style="list-style-type: none"> • A quorum of twelve members actually present or participating via simultaneous telecommunications link is required for meetings. • A two-thirds majority of all members present, but not less than twelve, is required to approve or withdraw Standards and Practice Statements, other pronouncements and to approve exposure drafts. 	<ul style="list-style-type: none"> • Dissenting views are recorded in the minutes to the meeting.
International Ethics Standards Board for Accountants (IESBA) 18 Members	<ul style="list-style-type: none"> • A quorum of twelve members actually present or participating via simultaneous telecommunications link is required for meetings. • A two-thirds majority of all members present, but not less than twelve, is required to approve changes to the Code of Ethics, issue or withdraw Interpretations, and to approve exposure drafts. 	<ul style="list-style-type: none"> • Dissenting views are recorded in the minutes to the meeting.
IASB		
International Accounting Standards Board (IASB) 14 Members	<ul style="list-style-type: none"> • Simple majority of members in favour: <ul style="list-style-type: none"> • Agenda and topic decisions • Discussion paper • Other discussion documents (such as those prepared by other standard-setters) • Administrative decisions • Nine votes in favour (of 14 members) <ul style="list-style-type: none"> • Exposure drafts (including revised proposals and proposed amendments of existing standards and the conceptual framework) • IFRSs • Interpretations of IFRSs 	<ul style="list-style-type: none"> • IASB members who propose to dissent from publication of an exposure draft or IFRS make their intentions known during the poll at the IASB meeting. Dissenting opinions are prepared by the IASB member concerned in collaboration with the staff. In exposure drafts, dissenting opinions are presented as non-attributed alternative views. Dissenting opinions and alternative views are incorporated in the pre-ballot and ballot drafts for the other IASB members to see before balloting.

Standard Setter	Voting Rules	Dissenting Views
<i>National Standards Setters</i>		
<p>Australian Accounting Standards Board (AASB) 13 Members</p>	<ul style="list-style-type: none"> • A quorum for a meeting is seven members. The approval of an Accounting Standard and an Urgent Issues Group Interpretation, whether voted on in a meeting or out-of-session requires the affirmative votes of nine members. A high level of consensus is sought in the making of standards • The voting on the making of an Accounting Standard or UIG Interpretation may be done out of session by providing voting papers to all AASB members, provided at least seven members agree to hold an out-of-session vote on the proposed standard or interpretation. Members must be advised of the results of such out-of-session voting no later than the next subsequent Board meeting. 	<ul style="list-style-type: none"> • Members may ask that their dissenting views on an accounting standard be recorded in the minutes of meetings of the AASB, such individual member views are not published in the explanatory material in the resultant Accounting Standard. • The fact that alternative views were considered in the AASB’s deliberations on a Standard and were rejected by the majority may be included in the “Development of the Standard” explanatory material published with the Standard. The minority views will not, however, be attributed to the particular AASB member or members concerned.
<p>Canadian Public Sector Accounting Board 12 Voting Members 2 ex-officio members</p>	<ul style="list-style-type: none"> • Voting members are all PSAB members excluding any ex-officio members. The Chairman has a vote as a regular member. For matters requiring only a simple majority of all voting members, the Chairman has an additional vote if required to break a tie. A quorum is half the voting members plus one. • Project Proposals require a positive vote of two-thirds of all voting members • Statement of Principles – Individual principles require at least two thirds of voting members present at the meeting. Statement as a whole requires at least two-thirds of all voting members. To forego an exposure draft requires at least two-thirds of voting members present at the meeting with at least a simple majority of all voting members of the PSAB. • Exposure Draft – Individual recommendations require at least two-thirds of voting members present at the meeting. Draft as a whole requires at least two-thirds of all voting members. • Re-Exposure Draft – after approving material amended as a result of comments on an ED, the PSAB votes on whether there has been a significant change from the ED – a simple majority decides this issue. If a majority decides that there has been significant change, re-exposure is automatic unless two-thirds of all voting members vote not to re-expose for a stated reason or reasons. • Standards – Standard as a whole requires at least two-thirds of all voting members in writing. Other affected Handbook Sections 	<ul style="list-style-type: none"> • Dissenting views are not published.

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	<p>require two-thirds of voting members present at the meeting. Material as a whole requires at least two-thirds of all voting members in writing. Other material requires at least two-thirds of voting members present at the meeting.</p> <ul style="list-style-type: none"> • Discontinuing Project – At any stage of the project two-thirds of all voting members. • Guidelines – Project proposals, final guidelines and discontinuation require two-thirds of all voting members, for final guidelines this must be in writing. • Studies and Reports – Project proposals and discontinuation require two thirds of voting members present at the meeting. Publication of a study or report requires two-thirds of a specially appointed six person ad-hoc review group. • Other Matters – at least a simple majority of all voting members. 	
<p>Chinese Accounting Standards Committee 23 Members</p>	<ul style="list-style-type: none"> • Exposure drafts and Standards are prepared by the Accounting Department of the Ministry of Finance. The CASC reviews drafts and provides comments. The Accounting Department incorporates comments and submits proposed standards to the leadership of the Ministry of Finance for approval. 	N/A
<p>Conseil National de la Comptabilité De France 16 Members</p>	<ul style="list-style-type: none"> • The CNC advises the Minister for Finance and the Economy on the appropriate accounting standards to be issued. 	N/A
<p>Accounting Standards Board of Japan 14 Members</p>	<ul style="list-style-type: none"> • Standards must be approved by a majority of members present. 	Information not available
<p>New Zealand Accounting Standards Review Board 8 Members</p>	<ul style="list-style-type: none"> • The ASRB approves by simple majority, a standard submitted by the FRSB. 	<ul style="list-style-type: none"> • As with the FRSB, meetings are not held in public, the outcome of votes is recorded in the minutes, but not the votes of individual members. • There is no provision for the publication of dissenting views.
<p>New Zealand Financial Reporting Standards Board (FRSB) 13 Members</p>	<ul style="list-style-type: none"> • The FRSB submits a standard to the ASRB after a positive vote of not less than two thirds of the appointed members. 	<ul style="list-style-type: none"> • Meetings are not held in public, the outcome of votes is recorded in the minutes, but not the votes of individual members. There is no provision for the publication of dissenting views.

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<p>South African Accounting Practices Board (APB) 17 Members</p>	<ul style="list-style-type: none"> • The quorum for any meeting shall not be less than 80% of the members of the APB present personally or represented by their alternates. • Statements of Generally Accepted or Recommended Accounting Practice require unanimous approval of all members of the board, either at a meeting or subsequent to a meeting in writing. A statement can also be published if it was approved by a resolution passed by a majority vote of those present at a meeting of the APB and it was thereafter approved with or without amendment by a resolution passed with not less than 80% of the members of the APB voting in favor of it at a meeting of the APB held not later than three months after the original meeting. Urgent statements can be approved out of session by a resolution in writing (including electronic media) passed unanimously by the members of the APB. 	<ul style="list-style-type: none"> • Dissenting views are not published.
<p>South African Accounting Standards Board (ASB) 8 Members</p>	<ul style="list-style-type: none"> • For the purposes of approving a discussion document, an exposure draft of a Standard of Generally Recognized Accounting Practice (GRAP), each ASB member has one vote. A quorum of six members is required. • A Standard of GRAP requires approval by at least three quarters of the total voting rights present at a meeting before the pronouncement is published and released. • Discussion documents and exposure drafts are approved by at least a majority of the total voting rights present at a meeting. 	<ul style="list-style-type: none"> • Dissenting views are not published.
<p>United Kingdom Accounting Standards Board 10 Members (11 maximum)</p>	<ul style="list-style-type: none"> • Decisions must be supported by 7 of 10 members (6 if membership falls below 10) 	<ul style="list-style-type: none"> • No formal public record of voting; some allowance to set out dissenting view if desired but this is an exception.
<p>United Kingdom CIPFA LASAAC 14 Members</p>	<ul style="list-style-type: none"> • Decisions to be ratified by a majority of members present with the Chair having the casting vote if there is a 50/50 split • Approval for amendments to local authority SORP must be majority of all members 	<ul style="list-style-type: none"> • No formal public record of voting; some allowance to set out dissenting view if desired but this is an exception.

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<p>United States Federal Accounting Standards Advisory Board (FASAB) 10 Members</p>	<ul style="list-style-type: none"> • The FASAB will not issue any exposure draft or final pronouncement, or other document in which the Board takes a position on accounting issues without the approval of a majority of members casting a vote (that is, members abstaining are not included in determining majority). • Generally, publications that do not establish a Board position – Technical Releases of the Accounting and Auditing Policy Committee or Technical Bulletins issued by FASAB staff – are issued if a majority of members do not object. <p>Following are detailed provisions regarding voting:</p> <ul style="list-style-type: none"> • <u>Eligibility to vote.</u> Only the members are eligible to vote; no substitutes may be designated. Unless s/he abstains, a member of the FASAB may vote even if s/he was not a member or for some other reason did not participate during the research, discussion, or deliberative periods. A FASAB member may continue to participate in public hearings and other meetings during the research, discussion, and deliberative periods even though s/he plans to abstain on a particular vote. • <u>Quorum.</u> A majority of FASAB members serving constitutes a quorum necessary for a meeting to be held. • <u>Board Approval.</u> The agreement of a majority of FASAB members voting is required to approve all matters. In the case of vacancy, or if disability of any duration or character prevents any member from voting, or in the event that a member disqualifies himself or herself from voting, the approval of a majority of the remaining members of the FASAB voting will be sufficient. • <u>Ballots - Form.</u> Where any action of the FASAB requires a vote of its members, such vote is by written ballot of its members. Ballots may be via electronic means. In this case, the electronic ballots returned by members serve as written ballots. • <u>Record-keeping.</u> Votes of each Board member regarding the publication of any document shall be retained as part of the public file of the FASAB, including any dissents by individual Board members. • <u>Timing.</u> The Chairman will poll the Board members on most issues at a meeting of the Board. Members’ oral expressions of views constitute a “sense of the Board” but are not votes. Following oral approval at a meeting, the Staff • Director will arrange for written ballots to be conveyed to 	<ul style="list-style-type: none"> • <u>Dissents and Alternative Views.</u> Individual members may offer dissents to any final publication other than an exposure draft and alternative views to any proposals in an exposure draft. Any dissents shall be published as part of the final pronouncement. Any alternative views will be published as an appendix to the exposure draft and should solicit input from respondents. • The minutes and the publications shall include the name of any member who dissents to a Statement, proposes an alternative view, or abstains from voting.

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	<p>members along with a final draft of the document. Written ballots will indicate a due date for votes. Generally, due dates will afford the members at least 10 working days to consider the ballot. Any member not submitting a vote within four working days after the deadline will be considered to have abstained. The Chairperson may determine that a later or earlier due date is warranted after consulting with the Board members regarding the urgency of the matter and their own availability to address the matter.</p>	
<p>United States Governmental Accounting Standards Board (GASB) 7 Members</p>	<ul style="list-style-type: none"> • At least four GASB members must approve: <ul style="list-style-type: none"> a. Issuance of any Statement of Governmental Accounting Standards, Statement of Governmental Accounting Concepts, Interpretation, Exposure Draft, or Preliminary Views document b. Closure of a meeting to public observation (see Section IV-J) c. Amendment of the Rules of Procedure. • At least four GASB members must not object to: <ul style="list-style-type: none"> a. issuance of any Technical Bulletin or Implementation Guide or release of an Invitation to Comment or a proposed Technical Bulletin for comment b. Clearance of any technical document submitted for clearance by the American Institute of Certified Public Accountants. • A member of the GASB may vote even if he or she was not a member or otherwise was unable to or did not participate in any public hearing or otherwise during the research, discussion, or deliberative periods, and a GASB member may continue to participate in public hearings or otherwise during the research, discussion, and deliberative periods even though the member has disqualified or may disqualify himself or herself on a particular vote. 	<ul style="list-style-type: none"> • Each Statement of Governmental Accounting Standards, and each Exposure Draft of a proposed Statement, will include: <ul style="list-style-type: none"> ...The basis for the GASB's conclusions, including its reasons (conceptual or otherwise) for accepting certain alternatives and rejecting others, and a summary of the more significant and relevant points of view communicated to the GASB at public hearings and in written comments and position papers • Each Statement of Governmental Accounting Standards will identify those members of the GASB who voted for or against its issuance and will include comments of dissenting members in support of their dissents.