

Terms of Reference (TOR)

Accounting Standards Board

The Institute of Chartered Accountants of Pakistan

Objective

1. The Institute of Chartered Accountants of Pakistan (ICAP) is committed to serve public interest and aims to contribute towards providing high quality accounting standards.

In order to reinforce the legitimacy of the standard setting process, to increase public confidence with increased transparency and wider participation of stakeholders to ultimately strengthen financial reporting in Pakistan, the ICAP has established an independent Accounting Standards Board (ASB).

The scope of ASB's would be to contribute towards the adoption, development, implementation of high quality accounting standards, issue guidance and deal with all related matters.

Functions of the ASB

2. Following will be the function of the ASB:
 - 2.1 To consider, review and recommend to the Council the adoption of the International Financial Reporting Standards (IFRSs) after due consultation with all the stakeholders.
 - 2.2 To consider and review the International Public Accounting Standards (IPSAS) and propose to the Council to recommend adoption of the IPSAS to the Auditor General of Pakistan (AGP).
 - 2.3 To consider, develop and recommend to the Council the adoption of the Islamic Financial Accounting Standards (IFAS) after due consultation with the stakeholders.
 - 2.4 To assess the need and develop Local Accounting Standards, wherever necessary, and to recommend their adoption to the Council.
 - 2.5 To prepare and submit, with the intention to influence outcomes, comments on exposure drafts or discussion papers or any other communications issued by the IFRS Foundation structures, the International Public Sector Accounting Standards Board (IPSASB) or other bodies, taking the views of stakeholders into consideration.
 - 2.6 To develop guidance on all financial reporting matters, formats, checklists etc wherever required, guidelines and other communications.

- 2.7 To give opinion, views and work on any accounting matter referred by members, and entities, the Council, regulatory authorities or any other statutory body / Government.
- 2.8 To conduct research relating to accounting, financial reporting and other related matter.
- 2.9 To develop formats of financial statements of insurance, banks and any other specific sector in coordination with the relevant regulator.

Provided in cases of 2.1 to 2.4 the Council may refer the matter back to ASB for its reconsideration along with its reasons / observations.

Provided the ASB may form such working groups as may be required for discharge of the above functions.

Communication and Reporting

3. ASB would observe the following communication and reporting protocol:
 - 3.1 Correspondence with local and international regulators on important policy matters will be done in consultation with the President of ICAP.
 - 3.2 ASB shall prepare and submit, within three months, its annual report to the Council giving details of its work carried out during the year (July – June) including the standards adoption status and the existing gaps.

Members of the ASB

4. The ASB will comprise of twenty two members and will have the following composition:
 - 12 Members (minimum 03 representatives from Industry /business) to be nominated by the Council of the ICAP including the Chair
 - 01 representative from Academia (PhD) to be nominated by the Higher Education Commission (HEC)
 - 02 nomination by the Board of Securities Exchange Commission of Pakistan (SECP)
 - 01 nomination by the Board of State Bank of Pakistan (SBP)
 - 01 nomination by the Board of Pakistan Stock Exchange (PSX)
 - 01 nomination from Auditor General of Pakistan (AGP)

- 01 nomination by the Council of the Institute of Cost and Management Accountants of Pakistan (ICMAP)
- 01 nomination from the Audit Oversight Board (AOB)
- 01 nomination from the Ministry of Finance
- 01 nomination from the Controller General of Accounts (CGA)

Term of ASB and its members

5. The ASB shall be a perpetual board.

5.1 The standard term for ASB members shall be four years, with half of the individual nominated members retiring every two years. A member may serve up to two consecutive terms, for a maximum aggregate term of eight years.

5.2 The Chair will be appointed for a period of four years. The Chair ordinarily may serve two consecutive terms for an aggregate of eight years.

5.3 The first term nominations of eight members from ICAP shall be for a period of two years. These eight members of the first ASB, shall retire initially on the completion of two years and may be eligible for reappointment.

The remaining ASB members shall remain the members of ASB for a term of four years and shall retire on the expiration of that term and may be eligible for reappointed for a further term of four years.

Casual Vacancy

6. In case of any casual vacancy the new member shall be nominated by the respective nominating body within sixty days for remaining period of the member vacating his / her position.

Cessation of Membership

7. A member of the Board shall cease to be a member under the following circumstances:

- (i) Upon acceptance by the Board of his/her resignation, given in writing to the Secretary.
- (ii) Members who fail to attend three consecutive meetings without leave of absence from the Chair.
- (iii) He/she becomes of unsound mind.
- (iv) He/she has applied to be adjudicated as an insolvent and his/her application is pending.

- (v) He/she is an undischarged insolvent.
- (vi) He/she has been convicted by a court of law for an offence involving moral turpitude.
- (vii) He/she has displayed lack of fiduciary behavior and a declaration to this effect has been made by a court.

Secretary

- 8. The Director Technical Services – ICAP shall be the secretary of ASB.

Meetings

- 9. The procedure for meetings will be as follows:
 - 9.1 The quorum of ASB will be at least six members including the Chairperson.
 - 9.2 ASB will meet as and when required, but should meet at least once in three months.
 - 9.3 ASB meeting cannot be attended by proxy by any of its members.

Others

- 10. The ASB may also communicate between meetings by electronic or non-electronic correspondence. For example, to obtain comment on any urgent matter or new or revised proposed standards or to poll initial views on a proposed topic in order for it to be developed appropriately for future discussion.
- 11. ASB shall frame rules for its operations and procedures as and when required.