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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting: 12 December 2006, London**

**Project: Draft IFRIC Due Process Handbook  
(Agenda Paper 3)**

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1. In May 2006 the Trustees of the IASC Foundation (IASCF) published for public comment a consultation document *Due Process of the International Financial Reporting Interpretations Committee Draft Handbook*. A copy of the draft Handbook is available on the IASB website at Current Projects / IFRIC Due Process - <http://www.iasb.org/Current+Projects/IFRIC+Due+Process/IFRIC+Due+Processes.htm>.
  2. The comment period ended on 30 September 2006. The IASCF received 42 comment letters. The comment letter analysis prepared for the IFRIC is Agenda Paper 3A for this meeting.
  3. A report of the IFRIC's discussion of the comment letters is attached as Appendix 1.

4. The IFRIC Chairman and the Director of Technical Activities will be reporting to the Trustees at their next meeting. The report will include presentation of a finalised IFRIC Due Process Handbook for the approval of the Trustees.
5. The IFRIC Chairman and the Director of Technical Activities would appreciate hearing the views of the Board before finalising the IFRIC Due Process Handbook. In particular, we would appreciate the views of board members on the following questions:

***Agenda Committee***

- a. Should the Agenda Committee continue to operate as it does at present? ***OR***
- b. Rather than a formal Agenda Committee, should the current agenda recommendation process be undertaken by a working group of IFRIC members (as suggested by the IFRIC)? ***OR***
- c. In order to meet concerns about transparency, should the functions of the Agenda Committee be absorbed back into the IFRIC?
- d. Do Board members have any other comments about the Agenda Committee or the agenda recommendation process?

***Agenda decisions and criteria***

- e. Do Board members have any comments on the IFRIC agenda criteria (refer paragraph 33 of Agenda Paper 3A)?
- f. Should the IFRIC continue to publish reasons for not adding an item to its agenda?
- g. Does the Board agree that only Standards and Interpretations approved by the Board have 'authoritative' status, and that therefore agenda decisions are not authoritative?

***Other matters***

- h. Do Board members have any other comments on the IFRIC Due Process?

**Appendix 1: Report of IFRIC discussion of comment letters received on Draft IFRIC Due Process Handbook – at November 2006 IFRIC meeting**

**Comments received on the draft IFRIC Due Process Handbook**

The IFRIC considered an analysis of the forty-two comment letters received by the Trustees in response to their invitation for comments on the Draft IFRIC Due Process Handbook. (See the IASB Website under Current Projects/IFRIC Due Process.) Discussion focused on the process for accepting items onto the IFRIC agenda and the status and communication of agenda decisions.

The IFRIC agreed the need for a process to assist the staff in making recommendations to the IFRIC about which issues to add to its agenda. This might be undertaken by a working group of IFRIC members available from time to time, but does not require a formally constituted Agenda Committee. The process involves consideration of whether the issue raised is a substantive interpretative issue (as opposed to a request for application guidance), with a properly defined scope, and meets the tests for significance in the IFRIC agenda criteria. The working group would also be expected to provide relevant and practical input for the staff on current accounting practice. The staff would then recommend to the IFRIC whether to add an item to its agenda. The working group would have no fixed membership. It would comprise all members of the IFRIC participating in the meeting (in person or by telephone), subject to the number of IFRIC participants not exceeding eight (so as to be less than the IFRIC quorum of nine), together with Board, IOSCO and EC observers and the staff. The IFRIC suggested that increasing the size of the IFRIC to include more preparers might increase the possibility of at least some preparer members of the IFRIC being available to participate in each agenda working group meeting. The staff recommended that the meetings should be conducted in private in order to preserve a clear distinction between the role of the working group, to assist the staff in researching and presenting an issue for the IFRIC, and the role of the IFRIC as a decision taking body. IFRIC members asked that the Trustees should leave this matter to be determined by the IFRIC.

The IFRIC agreed that the transparency of the process could be improved. The IFRIC noted that since the Draft Due Process Handbook was published transparency had been improved by the provision of an oral report by the IFRIC Co-ordinator at each IFRIC meeting on the matters currently being considered by the Agenda Committee. The IFRIC suggested that in addition to that report, the IFRIC could publish on the IASB Website a list of the issues that the staff have under consideration for the IFRIC agenda but which have not yet been discussed by the full IFRIC.

The IFRIC acknowledged the comments of constituents about the status of agenda decisions. The IFRIC noted that the only documents that have 'authoritative' status are Standards and Interpretations approved by the Board. While agenda decisions do not have authoritative status, the IFRIC considers that agenda decisions should continue to provide more than a bald statement that the IFRIC was not adding an item to its agenda, because they help to inform constituents' understanding of IFRSs.

The IFRIC considered a suggestion for a separate level of guidance between an Interpretation and an agenda decision, but decided that this was not necessary, as the guidance would not have authoritative status.

The IFRIC confirmed its earlier decision not to monitor national interpretations of IFRSs but expressed its desire to continue to work with national standard-setters and national interpretative groups.

The staff will be preparing revisions to the IFRIC Due Process Handbook for consideration and approval by the Trustees.