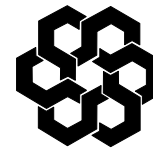




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This document is provided as a convenience to observers at the joint IASB-FASB meeting, to assist them in following the Boards' discussion. It does not represent an official position of the IASB or the FASB. Board positions are set out in Standards (IASB) or Statements or other pronouncements (FASB).

These notes are based on the staff papers prepared for the IASB and FASB.

Paragraph numbers correspond to paragraph numbers used in the joint IASB-FASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB/FASB Meeting: 23 April 2007, London

Project: Conceptual Framework

Subject: Project Processes (Agenda paper 15A)

Introduction

1. This agenda paper discusses possible changes that the staff is considering to enhance the efficiency of the processes used in the framework project, with the objective of reducing the anticipated overall project timeline and minimizing the extent of the overall time and effort required by each of the Boards.
2. During recent discussions of the quarterly technical plans, it was noted that the project timetable is slipping. Two things seem capable of reducing further slippage: (a) additional staff, and (b) more efficient processes. Another paper (Agenda Paper 15; FASB Memorandum 55) provides a brief update on the project status, discusses the near-term plans assuming no changes occur in current staff levels or current processes [words omitted].

3. Some FASB Board members asked the staff to give more thought to potential process changes that might yield efficiencies and help avoid extending the project timeline. This paper discusses the staff's thinking about potential process changes and asks Board members for feedback on that thinking, as well as for additional suggestions of individual Board members in that regard.

Discussion of Potential Process changes

4. This paper discusses the following potential changes in current processes employed on the framework project, which are not mutually exclusive:
 - a. Deal with more issues and phases concurrently
 - b. Focus all project staff on immediate priorities—for now!
 - c. Use fewer formal steps
 - d. Combine certain phases or due process documents
 - e. Coordinate better with related standards-level projects
 - f. Increase use of Board advisors

Deal with More Issues and Phases Concurrently

5. As discussed in Agenda Paper 15 (FASB Memo 55), the original project plan has several discrete milestones within phases that could be dealt with concurrently. Currently, active phases are taking longer to complete, pushing the projected completion dates of inactive phases beyond the original plan. Assigning more staff would help reduce the overall project timeline, but that alone would not necessarily reduce Board time and effort.

Focus all project staff on immediate priorities—for now!

6. One potential change in process (or practices) would be to focus **all** available framework staff **exclusively** on near-term priorities that are essential to building (improving and converging) the core framework. That is, make a more concerted effort to avoid distractions from focusing on the essential parts of the active phases.
7. For example, don't expect the framework staff to monitor activities of others that relate to inactive (out-year) phases of the framework project or milestones that are not deemed essential. Rather, responsibility for any coordination or liaison with other external groups would rest with individual members of the

Boards and staff that have liaison responsibilities for those external groups (for example, with CFA, FEI, National Standard Setters, and other professional associations). They, together with the Directors (and perhaps the Chairs), would be responsible for determining if and when the activities of others require staff support and, if so, whether that should come from the framework team, a standards-level team, or other available staff.

8. The staff notes that focusing the Boards and staff on a logical building process that begins with near-term priorities is not to suggest that inactive or out-year phases are unimportant. Rather, limits on available Board and staff time necessitate focused efforts that are designed to be efficient, as well as timely, in meeting the Boards' most immediate needs for conceptual tools. Moreover, external communications should make clear, when applicable, that a decision not to focus on a particular aspect of the framework **now** is not to say that aspect is unimportant or will not be dealt with by the Boards in the future.
9. Focusing all project staff on near-term priorities is not to suggest that the Boards not seek opportunities that would benefit one or more inactive phases or milestones. For example, during the periods that the Board and staff are not considering and deliberating issues of an inactive phase, they could perform specific research tasks that would be of use when those inactive phases are taken up. The Boards also might make greater use of outsiders in ways similar to the past use of the G4+1 group and "commissioned" research papers.¹

Use fewer formal steps

10. Some Board members have expressed concern that the Boards are placing overly burdensome due process requirements on themselves. It was suggested that we consider using less formal steps, especially for early stage consultations. One example is using web-based discussion documents that focus only on the high-level concepts and cross-cutting issues of one or more particular milestones (rather than all issues of an entire phase). That would be a way to get more timely constituent input on difficult issues.

¹ Other examples include the recently encouraged paper on Management Commentary and numerous FASB Research Reports commissioned in the 1970s and early 1980s (many of which proved to be helpful, yet some fell short of expectations).

11. More timely feedback could aid the Boards' redeliberations, since issues could be brought back sooner—while the pros and cons of particular issues are still fresh in the mind. However, such web-based milestone documents would not be efficient if the Boards get no “credit” for these discussion documents. That is, the Boards would need to be confident that they could move to an Exposure Draft for the phase. If instead the Boards thought they would still need to issue a formal, more comprehensive discussion document, the timelier and less formal web-based documents might add to, rather than reduce, the due process burdens.
12. Another example is to allow for more offline staff outreach in lieu of formal and open public roundtables (as the Boards recently agreed to do with regard to advocates of adding a “stewardship” objective).

Combine certain phases or due process documents

13. The Boards have previously agreed to remain flexible in combining due process documents if two or more phases reach a document milestone point at about the same time. It has been suggested that we take that a step further and consider combining certain phases and plan to couple some due process documents. Candidates for coupling are (a) adding the reporting entity phase (D) and its issues to the phase on objectives and qualitative characteristics (A) and (b) combining elements and recognition (Phase B) with measurement (phase C).
14. Reducing the number of formal due process documents and the related pre-ballot and ballot steps could make for more efficient use of Board and staff resources and lead to more effective consideration of interrelationships among issues. Individual roundtables might require more time to deal with more comprehensive packages of issues, but administering and conducting them in fewer and more concentrated periods should yield some reduction in Board and staff time and effort.

Coordinate better with related standards-level projects

15. The Boards have several standards-level projects that are dealing with issues and concepts that are directly related to cross-cutting issues of the active phases of the framework project. It is difficult for the framework staff to monitor other projects and stay focused. One thought is to better integrate

members of a related standards-level project with the framework team, perhaps by assigning one key staff member of the standards-level project to certain specific research tasks for the framework project.

16. [Paragraph omitted from observer notes]

Increase use of Board advisors

17. Another suggestion is that we make more effective use of Board advisors. First, we might enhance the integration and communication among framework teams and standards-level teams by establishing Board advisor groups for each phase (or particular milestones) of the framework project that draw on at least one or two Board members that also serve as advisors on a related standards-level project. Since Board advisors are involved in the strategic planning for those standards-level projects, they would already be aware of implications for the framework project and perhaps are in a better position to see those implications early on.

18. Second, we could use the Board advisory group(s) more often and save full Board time and staff time. That is, staff could meet with Board advisors even when the IASB is not scheduled to meet and staff materials could include less formal discussion. Moreover, based on what we learn from the Board advisors, the staff could also bundle more of the less contentious issues and bring them to the Boards in larger chunks. That is, by increasing the use of the few individual Board advisors we might reduce the time and effort expended by the full 21 members of the Boards. If this suggestion finds favour, we suggest that we establish a joint Board advisors group (or groups) that is made up of a combination of IASB and FASB members and seek to use electronic means of communication such as e-mail exchanges, teleconferences, and video-conferences as much as possible to discuss and obtain advice on issues.

Questions for the Boards

19. Which of the above suggestions do Board members find promising? Do you have additional ideas for enhancing or clarifying those suggestions?

20. Do you find any of the above suggestions unhelpful?

21. Do you have other suggestions to offer for consideration?