



**International
Accounting Standards
Board**

30 Cannon Street, London EC4M 6XH, England
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: <http://www.iasb.org>

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

Note: These notes are based on the staff paper prepared for the Council. Paragraph numbers correspond to paragraph numbers used in the Council paper.

INFORMATION FOR OBSERVERS

SAC Meeting: **February, London**

Project: **The Pathway to a Global Standard - Developing a vision for the IASC Foundation and the IASB**
(Agenda Paper 1)



International
Accounting Standards
Committee Foundation®

The Pathway to a Global Standard

Developing a vision for the IASC Foundation and the IASB

February 2008

Purpose of strategy review



- **Develop a vision for the organization looking out over 10 years**
- **Assess the changing environment facing IFRSs and the organization**
- **Stimulate discussion for the Constitution Review to begin in 2008**

Process for strategy review



-
- Trustee Strategy Committee established
 - Review by full Trustees
 - Consultation with IASB, SAC

The results of the review are not meant to bias an outcome of the Constitution Review, but to stimulate discussion.

Vision for IFRSs



-
- IFRSs as the universally accepted global standard for financial reporting
 - Standards based on clearly articulated principles
 - Transparency, comparability and consistency of financial reporting across companies and borders to enable investors to allocate capital efficiently

Mandate Refined?



-
- Private sector bodies, including SMEs?
 - Broader areas of financial reporting (management discussion, XBRL, valuation?)?
 - Question of not-for-profits and public sector—question for Constitution Review?

Achieving the Vision



-
- **4 elements to strategy**
 - *Independent but publicly accountable*
 - *Truly global by coverage*
 - *Protecting the IFRS brand*
 - *Efficiently operating in a non-bureaucratic, professional environment*

Independence with public accountability



- Concept of independence of the IASB's decision-making, within the agreed due process, as fundamental
- However, a need to maintain trust and respect of those affected by standard-setting activities
- Therefore, emphasis on public accountability

The challenge of accountability



- A unique international organization
- No authority to impose standards and no single regulatory oversees the IASB's work
- A need to create a new form of accountability to simulate accountability on an international basis in a manner which is not beholden to any particular jurisdiction

A new Monitoring Group



- The establishment of formal reporting to official organizations
 - *Approve Trustee appointments*
 - *Receive reports from Trustees on oversight and funding*
- Use of existing IFAC Monitoring Group: Basel Committee, Financial Stability Forum, IAIS, IOSCO, The World Bank, and European Commission

Multi-faceted, multi-layered accountability



-
- **Intensify and deepen Trustee engagement with key stakeholder groups and develop mechanisms for them to receive input outside formalised procedures**
 - **Include enhanced mechanisms for meeting with official organisations and policymakers and private sector institutions.**

Public accountability



-
- **Opportunities for public engagement—
greater Trustee role**
 - *Trustees hold annual general meetings*
 - *Continue closer and formalized Trustee engagement with IASB*
 - *Report on Trustee outreach*
 - *Clear policies for handling issues related to IASB due process*

A broad-based funding mechanism



-
- Reflective of the beneficiaries of IFRSs
 - Does not compromise the independence of the IASB's processes
 - Transparent in organization

A global organization



-
- Diversity of Trustees, IASB members and staff
 - 14 or 16 member IASB—most based in London, with a few deployed regionally
 - Communications and outreach
 - Additional resources as global spread achieved

Developing and protecting the IFRS brand



■ Steps to be taken:

- *Reinforcing IFRS as the key brand*
- *Working with IOSCO and IAASB on a consistent policy related to statements of compliance*
- *Facilitating regular surveys that identify compliance practices*
- *Reinforcing a policy aimed at creating accurate translations*

A responsive standard-setting operation



- The need to maintain transparency and opportunities for input
- Aim to have a process where IASB operates in an efficient, non-bureaucratic fashion and produces principles-based standards that are responsive to market realities
- In addition to recent due process improvements, an examination of existing working processes, IASB performance reviews (balanced scorecard), and working groups