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**International
Accounting Standards
Committee Foundation**

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

IASCF Meeting, 15-16 January 2009

Agenda Paper 6B

The Due Process Committee's review of activities in 2008 and priorities for 2009

1. As part of its conference call on 9 January, the Committee should discuss the themes that it would like to highlight as part of their annual report of activities in 2008 and priorities for 2009. (Attached is a summary of last year's report, which will serve as the basis for the 2008 report.)
2. In its report of activities in 2008, the Committee will need to make special note of:
 - How the Trustees monitored the organization's response to the financial crisis, including the Trustees' decision to suspend the IASB due process
 - The Trustees' role in reviewing the IASB's agenda and discussions related to the update of the Memorandum of Understanding with the Financial Accounting Standards Board
 - The organization's work to enhance the role and composition of the Standards Advisory Council
 - The liaison with the IASB during 2008
 - The review of working groups
 - An assessment of the role of feedback statements and effect analyses
3. The Committee will also need to determine new priorities, if any, for 2009. These could include:
 - Maintaining the organization's focus on achieving the G20 milestones
 - Reviewing the IASB's progress relative to the timeframe set out in the Memorandum of Understanding
 - Liaising with the Monitoring Board, as appropriate on issues of due process oversight

**Full draft report on effectiveness in oversight for 2007
and recommended priorities for 2008**

1. On March 14, the Due Process Oversight Committee will meet to discuss their annual report on efforts related to the Trustees' oversight responsibilities, in accordance with the framework approved in October 2006. The Committee will report on their discussions, including their setting of 2008 priorities.
2. As a basis for discussion, staff have modified the approved charts as worksheets for the conference call. The first four columns are those approved by the Trustees. The right-hand column describes progress or further action steps needed. In considering how the Trustees demonstrate the organization's accountability, the Committee should pay particular attention as to how the Trustees provide evidence these activities are occurring. For example, the Trustees have agreed to publish whom they meet on a regular basis and continue regular meetings to report on issues to relevant policymakers.
3. In reviewing the charts, the Committee should note that the Trustees now have a commitment to report on their oversight activities as part of this framework in the Annual Report. Based upon the conclusions reached at this meeting, Staff will draft a document for the Annual Report.

Part A: Constitutional Requirements				
CONSTITUTIONAL REQUIREMENT	CONST. PARA.	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2007 PROGRESS, CURRENT STATUS, AND PRIORITIES
Assume responsibility for establishing and maintaining appropriate financing arrangements	13a	Having an assured and sustainable source of funding that preserves the IASB's independence and provides necessary resources for the organisation	<ul style="list-style-type: none"> -Provide the Trustees with a package of materials that enables them to engage in fund-raising efforts. -Ensure that this material is regularly updated as required. -Ensure prospects/donors contacted to provide funding -Agree to and maintain a funding system for 2008 and beyond 	<p>2007:</p> <ul style="list-style-type: none"> - Fundraising efforts aimed at diversifying and ensuring the sustainability of resources. - Commitment to securing a broad funding base around the world thereby bringing the sources of funding to several thousand. - Country-specific efforts underway and already complete in a number of areas. - Enhance communications on funding arrangements on the IASC Foundation's Website and in the annual report. <p>2008:</p> <ul style="list-style-type: none"> -Trustees to continue to examine potential solutions to secure long term funding for the organization. An example being the possibility of an EU-wide fee-based system for 2010 and beyond and the possibility of introducing a levy system in the US as considers a possible move towards adoption of IFRSs.
Establish or amend operating procedures for the Trustees	13b	Regular review of the Constitution and by-laws to conform to organizational needs	<ul style="list-style-type: none"> -Tabulate comments from constituents on procedures and constitution on an ongoing basis. -Every 5 years, initiate a 	<p>2007:</p> <ul style="list-style-type: none"> -Identified key interested parties and organizations and formalized system of engagement to enhance the organisation's governance arrangements and reinforce

			<p>review of the Constitution</p>	<p>the organisation's public accountability.</p> <ul style="list-style-type: none"> - Trustees commenced a strategy review in anticipation of the Constitution Review to strengthen public accountability. - The Trustees' Due Process Oversight Committee (formerly the Procedures Committee) reviewed the first feedback statements and impact statements before publication. - The Due Process Oversight Committee met with the IASB and will meet with them twice a year. <p>2008:</p> <ul style="list-style-type: none"> - Initiate a full constitutional review by carrying out necessary consultation to ensure that the Trustees remain publically accountable, transparent and comply with agreed due process. To be carried out in two tranches: the first to be fast tracked will consider governance and will include proposals to: <ul style="list-style-type: none"> • create a Monitoring Group to oversee the appointments and due process of the Trustees, and • increase the size of the IASB to 16 members, composed of 4 representatives each from Europe, US/Americas, Asia-Oceania and 4 from any other area or region of the world. - The remainder of the constitutional
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				review will continue into 2009.
Determine the legal entity	13c	N/A	Review as necessary, depending upon changing regulatory requirements and strategic needs of the organisation	No action necessary
Location of IASC Foundation	13d	Review and sign leases where appropriate	N/A	2007 - Occupied offices in the west wing of the ground floor at 30 Cannon Street, following acquisition of an assignment of an operating lease in December 2006 on favorable terms.
Charitable status	13e	N/A	Prepare filings	2007 Filings completed as required
Public meetings	13f	Preparation of topics and supporting papers of sufficiently high quality well in advance to ensure Trustees are able to make sound decisions and demonstrate that they are acting in the public interest	-Have a reporting mechanism to ensure information is provided to the Trustees in an efficient manner to make assessment regarding Trustee effectiveness -Develop agendas for Trustee meetings in an appropriate manner, determining whether items are discussed in public or private	
Publish an annual report	13g	Communicating key messages, including an evaluation of how successful the IASB has been in achieving its stated goals, the role of Trustees oversight and how the Trustees are	Preparation of report, including a specific section in the Annual Report discussing the achievements of the IASB, Trustees' oversight and how the Trustees fulfill this responsibility.	Priority issue: - The Annual Report to include a separate section detailing the work of the Due Process Oversight Committee and its commitment to ensure Trustee oversight and public accountability. - The Annual Report will include greater

		fulfilling its duties		disclosure of financing.
Appoint the members of the IASB and establish their contracts of service and performance criteria	15a	<ul style="list-style-type: none"> -Maintain high standards of recruiting -Ensure an appropriate mix of backgrounds and perspectives. -Ensure that appropriate and regular review performances of board members are made according to procedures 	<ul style="list-style-type: none"> -Regular evaluation of different mechanisms for recruitment (eg use of external agencies or other outreach) -Develop a list of possible board candidates. -Undertake long-term planning on composition of Board -Review procedures for annual board performance assessments - Review and discuss as required performance evaluations/ write-ups on all board members, including the IASB Chairman 	<p>2007 and Priority issues:</p> <ul style="list-style-type: none"> -Agreed upon new performance assessments -Began to address longer-term succession planning. <p>2008</p> <ul style="list-style-type: none"> - Agree upon new performance assessments. - Consult with outside parties to identify suitable candidates for the IASB with a view to identifying a successor for the Chairman in 2011.
Appoint the members of the IFRIC and the SAC	15b	<ul style="list-style-type: none"> -Maintain high standards of recruiting -Ensure an appropriate mix of backgrounds and perspectives. 	<ul style="list-style-type: none"> -Regular evaluation of different mechanisms for recruitment (e.g. use of external agencies) -Develop a list of possible candidates. -Review whether the composition of both IFRIC and the SAC is such that these committees are benefiting from the appropriate range of views, considering the 	<p>2007</p> <ul style="list-style-type: none"> -Vacancies filled in a timely manner. - Increased the size of the IFRIC from 12 to 14 members, and include the necessary amendments to the quorum and change in voting requirements to reflect that change in size, with the intention of obtaining greater diversity of practical experience. <p>2008</p> <ul style="list-style-type: none"> - Fill the vacancies arising on the IFRIC in February and in July as the vacancies arise

			purposes for which these committees are established.	during the year. - Refine the working methods, size, composition and terms of reference of the SAC before its term expires at the end of 2008.
Review annually the strategy of the IASC Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda	15c	<ul style="list-style-type: none"> -Ensure the successful fulfillment of the strategy as laid out in the MOU with FASB and other convergence initiatives, and -Raise questions as to whether proposed IASB projects are consistent with fulfilling the organization's objectives -Consider and question if necessary, whether proposed IASB projects can be successfully concluded in the light of available and expected resources -Communicate with external parties the rationale behind IASB and IASC Foundation efforts and how they fit into the organization's objectives 	<ul style="list-style-type: none"> -Regular review of the IASB's work program -Review and discuss existing and potential convergence opportunities with the IASB -Open discussions with the IASB on proposed new agenda items and discussion with interested parties to learn their views -Establish a coherent communications strategy in conjunction with the IASB -Regular meeting with public and private officials in home jurisdictions to share common messages 	<p>2007</p> <ul style="list-style-type: none"> - First meeting of the Due Process Oversight Committee (previously the Procedures Committee) with the IASB in order to review strategy, effectiveness, due process and other matters of concern. - Effectiveness review of IASB carried out and reported to Trustees. -First successful year of new communications program, under the leadership of a Director of Corporate Communications, emphasizing responsiveness to key interested stakeholders and transparency. - Brunswick Group LLP carried out media audit showing the Foundation's good relationship with key journalists and publications. - Foundation awarded top global ranking for stakeholder participation, transparency and evaluation by One World Trust. - First use of a project summary, feedback statement and impact assessment, which was combined to give one comprehensive

				<p>document for endorsement purposes. This was well received by regulators.</p> <p>2008 and Priority issues:</p> <ul style="list-style-type: none"> - Refine the annual review of the IASC Foundation and the IASB to emphasise the organization's commitment to public accountability and due process. - Initiate the Constitution Review. - Conclude the Brand Refresh project and ensure appropriate marketing to inform all interested stakeholders of agreed changes. - To make greater use of technology and on-line communication tools, to assist in engagement, transparency and to support due process obligations. - Continue to focus enhanced communications with interested parties - Create a database of key stakeholders, a single slide deck for presentations, and information pack. - Ensure consistent communication by utilising the newly formed Communications Tool Kit. - To attempt to increase the diversity, age, gender and profession of Trustee members.
Approve budget annually	15d	Develop and approve annual budgets that provide sufficient resources within the framework of available funding to achieve the IASC Foundation's objectives	Create a budget in a timely fashion, following a strategic review of priorities	<p>2007</p> <ul style="list-style-type: none"> - Budget review, accounts and audit produced in consultation with auditors and printed in Annual Report. <p>2008</p>

		within appropriate parameters for a not-for-profit organization		- Updated budget document to ensure greater transparency and conformity to IFRSs. .
Review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work and promote the objective of rigorous application of IFRSs, provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards	15e	<ul style="list-style-type: none"> -Maintain a high degree of awareness on issues related to accounting matters -Undertake steps to preserve the consistency and quality of the application of IFRSs -Encourage and promote recognition of and convergence to IFRS by national accounting standard setters 	<ul style="list-style-type: none"> -Identify opinion formers in international and national organizations and develop program of contact. -Regular meeting with public and private officials in home jurisdictions to share common messages -Develop policies and programs (such as the education initiative) that are consistent with the Constitutional Requirement 	See points two rows above.
Establish and amend operating procedures, consultative arrangements and due process for the IASB, IFRIC, and the SAC	15f	<ul style="list-style-type: none"> -Critically review the operating procedures of the IASB on a regular basis and provide an avenue for suggestions -Ensure that dialogue with interested parties extends beyond formal due process -Require SAC and IFRIC to set forth clear and measurable operational objectives that are subject to review by the Trustees 	<ul style="list-style-type: none"> -Trustees to communicate as necessary comments from constituents on due process to the Procedures Committee on an ongoing basis -Trustees Procedures Committee to review Due Process Handbook for amendment on annual basis -Trustees should host at least one meeting annually between an IASB group and relevant parties within their home or another jurisdiction as required. -Trustees Procedures 	<p>2007</p> <ul style="list-style-type: none"> -Worked with the SAC to establish measurable objectives and understand role. -Monitored the effectiveness of the IFRIC and IASB. - See also points three rows above. <p>2008</p> <ul style="list-style-type: none"> - Update Due Process Handbook to reflect changes agreed through 2007. - Focus on improving communication between IASB and Trustees.

			Committee to review the SAC's and IFRIC's objectives on an annual basis and determine whether expectations are being met. Would require meetings with SAC and IFRIC and the Trustees	
Review compliance with the operating procedures, consultative arrangements and due process as described in (f);	15g	-Develop a culture whereby effective consultation is viewed as extending beyond formal due process -Establish where necessary, formal procedures to review compliance with due process, both in the formulation of IASB project plans and in response to complaints	-Trustees to review and assist, where appropriate, in the implementation of the IASB's communications plan (including providing necessary resources) -Procedures Committee to undertake review of complaints and respond in an appropriate manner	See constitutional point 15c.
Approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council and publication of an Exposure Draft for public comment	15h	-Determine the necessity of Constitutional amendments after consultation with the SAC and other stakeholders	-Review comments received from various consultations on a regular basis.	2007 - Constitutional change to increase IFRIC membership to 14 and quorum to 10. 2008 - See points four rows above at point 15c.
Exercise all powers of the IASC Foundation except for those expressly reserved to the IASB, the International Financial Reporting	15i	N/A	N/A	

Interpretations Committee and the Standards Advisory Council				
Foster and review the development of educational programmes and materials that are consistent with the IASC Foundation's objectives	15j	<p>Ensure that the IASC Foundation maintains high standards of quality in its educational materials</p> <p>Ensure that educational materials are subject to periodic review by the IASB or someone designated by the IASB to ensure that the material is current and reflects consistency with applicable standards and interpretations.</p>	-Review the education program plan and ensure that the plans are consistent with the organization's objectives and operates within its financial resources	<p>2007 -Following consultation with the Trustees Education and Publication Committee, a new educational plan approved. The plan reinvests surpluses.</p> <p>2008 - XBRL team to provide a high quality IFRS Taxonomy to the market, at the same standard as the IFRS bound volume.</p>

Part B – Other Operational Responsibilities associated with Trustee duties			
RESPONSIBILITIES	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2006 PROGRESS, CURRENT STATUS, AND PRIORITIES
Appointment of Trustees	Identify and recruit motivated and well-respected candidates for the Trustees	<ul style="list-style-type: none"> -Evaluate different ways of recruiting (eg use of external agency) - Advertise for vacant positions -Contact relevant organizations and stakeholders -Consult with the Trustees Appointments Advisory Group 	<p>2007</p> <ul style="list-style-type: none"> - Advertised for new Trustees to replace those retiring. - Engage Spencer Stuart to find new Chairman. Gerrit Zalm appointed as new Chairman. Phil Laskawy appointed Vice Chairman. <p>2008</p> <ul style="list-style-type: none"> - To utilize a Monitoring Group, if constitutional proposal approved. <p>To ensure greater diversity by age, gender, career and background when seeking to appoint new Trustees.</p>
Assign Trustees to Committees	Identify Trustee area of interest and expertise and assign Trustees accordingly	<ul style="list-style-type: none"> -Document the specific skill sets/knowledge needed on each committee. -Ensure Committees have a full complement of members 	Members assigned to committees.
Orientation of new Trustees	Ensure Trustees have necessary information to perform duties as soon as possible following appointment	<ul style="list-style-type: none"> -Meet with new Trustees in a timely fashion -Emphasize independence requirements and the separation of roles between the IASCF Trustees and the IASB -Provide materials related to the organization's operating 	<ul style="list-style-type: none"> -T. Seidenstein meets with new Trustees and provides relevant materials. T. Seidenstein raises issues raised in the oversight framework.

		procedures and guidelines.	
A clear understanding of Committee roles and responsibilities	Charters or Terms of reference for Trustee Committees, if appropriate	Determine whether Charters or Terms of Reference to be developed where these do not exist and/or updated for each standing Trustee committee, and approved by the Trustees	-Committee Charters approved and updated. Committee membership and roles are posted on the Website.
Establish personnel and hiring policies	Establish rules that help to attract and retain staff, comply with the latest regulations, and are consistent with the organization status as a charity	-Review employee handbook and terms and conditions on a regular basis	-Management has reviewed policies with assistance of a HR professional
Review compensation of management, IASB, and staff	Have a process for an annual review of compensation following performance reviews and benchmarking	Decision by Trustees in March/April for IASB (now annually) and staff (annually)	-Compensation Subcommittee met to review compensation matters. The Trustees implemented agreed policies regarding annual reviews and per diems.
Appointment of external auditors	Reputable audit firm	<ul style="list-style-type: none"> - Discussion with auditors regarding the quality of accounting policies and internal financial controls at least once a year -Review and pre-approve on type and nature of services to be provided by auditors -Review auditors independence - Review quality of service provided by auditors. -Audit opinion 	-Audit Committee carries out all tasks in accordance with the Audit Committee Charter and works closely with appointed Auditor, BDO Stoy Hayward.
Management accounts	Timely and accurate financial	Preparation of monthly	-Tasks accomplished and evidenced by

	information to manage the organization	management accounts and quarterly accounts. Review critically the quarterly accounts together with the Audit Committee prior to presentation to the Trustees	signatures on accounts and Trustee minutes.
Establishment of a disaster recovery policy	A disaster recovery plan that would minimize the disruption to the organization's work	Creation and updating of a disaster recovery plan	2007 -Policy approved and reviewed Audit Committee.
Filing of statutory accounts and tax information	-Compliance with US and UK requirements in order to maintain good standing -Awareness that IASB's reputation & public profile means the IFRS accounts should display 'best in class' attributes in terms of application of IFRS, as well as in presentation and disclosure.	-US 990 and relevant state tax forms -UK Companies House filing -UK HM Revenues and Customs taxes -VAT requirements -Appropriate and correct use of IFRS	-All activities accomplished, evidenced by compliance checklist.
An active communications and public affairs program	A communications program that conveys key messages to the relevant parties, fosters support for and provides thought leadership of the IASC Foundation's objectives, and enables the IASB to hear the views of affected parties	-Identification and development of key messages -Identification of key parties and administration of program that reaches these groups -Effective utilization of Trustees and IASB members	2007 and 2008 - Communications program consolidated and augmented. - see points at constitution point 15c above. established - The Trustees must consider the appropriate amount of time that they as individuals are able to devote to communications activities. - Ensure consistent messaging and feedback provided to central HQ.

Part C – 2008 Trustee Schedule				
Duty	January	March/April	June/July	October/ November
Maintain adequate financing arrangements	X	X	X	X
Discuss and approve an annual report		X		
Appoint the members of the IASB	X (or previous mtg)			X (or 1 st meeting of next year)
Review of IASB's agenda and strategy	X	X	X	X
Approval of annual budget				X
Review progress related to the adoption, application, and interpretation of IFRSs – Reports of the Chairman of the IASB, IFRIC, and/or SAC	X	X	X	X
Review of education and publications programs	X	X	X	X
Appointment of Trustees				X
Trustee committee assignments	X			
Introduction for new Trustees	X			
Compensation review		X		
Appointment of external auditors		X		
Review of accounts		X	X	X
Review of Communications Program	X	X	X	X
Review of financial situation and quarterly financial information	X	X	X	X