



# Due Process Oversight Committee

IFRS Foundation Trustees

**13 October 2011**

**Agenda paper 3A-appendix**

---

Due Process Oversight Committee's draft operating protocol

## Framework for ensuring an effective IASB Due Process

A full and effective due process is an essential element of developing high-quality IFRSs that serve the investors and other users of financial information. The IASB's due process is based on the principles of transparency, full and fair consideration of the perspectives of those affected by IFRSs globally, and accountability.

The purpose of this paper is to set out a framework for the Trustees, through the Due Process Oversight Committee (DPOC), for reviewing the effectiveness of the due process, and the IASB's compliance with these principles. This paper first explains the general principles. Then using the formal due process as set out in the Due Process Handbook as a basis, the paper describes metrics for the IASB to evidence due process compliance and effectiveness and a protocol for the DPOC to follow in its oversight of the IASB's due process.

In light of the lengthy lifecycle of a new IFRS from being added to agenda to issuing a final standard, it is essential that the due process followed by IASB in developing its standards cover all aspects of this lifecycle. The DPOC will review the due process being followed for each standard over this time period and importantly before a final standard is issued, will review with IASB steps taken throughout each stage of the standards development

### General principles applied to the IASB's standard-setting activities

**Transparency:** The IASB conducts its standard-setting process in a transparent manner, using a formal and extensive due process. This includes:

- Considering potential topics for the IASB's agenda, including topics following the three-yearly public consultation. With the benefit of public consultation, an agenda decision also requires research from IASB staff and extensive consultations with constituents. Potential agenda items are discussed in IASB meetings. Those meetings, as well as meetings of the IFRS Advisory Council, the IFRS Interpretations Committee and the IASB's working groups, are open to the public for observation. IASB provides transparency about decisions regarding the agenda and its decisions to add or not to add a project. Consideration of staffing and other capacity constraints in setting priorities should be clear.
- Soliciting views and suggestions through consultations with a wide range of interested parties and a formal due process of inviting public comment on discussion papers and exposure drafts.
- Adopting the 'comply or explain' approach, where the IASB will explain its reasons for deciding against any non-mandatory steps of its consultative process.
- Utilizing working groups and other means of engaging relevant, knowledgeable parties.
- Publishing a feedback statement for critical projects to make transparent its decision making process.

**Full and fair consideration of the perspectives of those affected by IFRSs globally:** As part of the formal due process, the IASB must undertake activities specifically to ensure that it understands the views of a broad range of global stakeholders. The IASB does this by carrying a full series of consultations, including:

1. Attending public events to exchange views with constituents.
2. Holding meetings with stakeholders to test proposals and to understand concerns raised by affected parties.

3. Holding public round tables.
4. Establishing working groups.
5. Actively encouraging investor participation:
  - a. Facilitating engagement with investors through a dedicated investor outreach programme that builds on current IASB's outreach activities.
    - a. 'Investor Perspectives' blog.
    - b. Face-to-face meetings.
6. Regular consultation with the IFRS Foundation Trustees, the IFRS Advisory Council, and the IFRS Interpretations Committee.
7. Fully embracing online activities.
8. Meeting with regional and national standard-setters.
9. Encouraging the broad range of stakeholders globally to contribute to the standard setting process.
10. Developing targeted activities for special interest groups or sectors.
11. Holding public IASB meetings, conferences and seminars.
12. Using outreach tools such as the website, project summaries and feedback statements to inform the public of its position on major points raised in the comment letters received.
13. Meeting with the technical partners of global accounting firms to identify issues of concern.
14. Holding regular consultations with regulators, including IOSCO, the Basel Committee, and the Financial Stability Board, among others.

**Accountability:** The Trustees review and ensure compliance with the IASB's procedures and mandate, and conduct annual reviews of the IASB's performance.

- The Trustees have established the DPOC to manage their oversight of the IASB due process.
- The DPOC has established a protocol for reviewing the IASB's compliance with its due process.
- The DPOC meets regularly with the IASB and periodically with the IFRS Advisory Council and the IFRS Interpretations Committee to help ensure the effectiveness of the due process.
- The DPOC benchmarks the IASB's due process against other comparable organizations and approves enhancements to the due process to help ensure that the IASB's due process remains 'best practice'.
- The DPOC responds to letters and other feedback from interested parties concerning IASB due process.

### The six stages of standard-setting

The IASB's standard-setting process comprises six stages, with the Trustees having the opportunity to ensure compliance at various points through the process.

<b>Stage 1: Setting the agenda</b>			
<b>General IASB requirements:</b> <i>IASB evaluates the merits of adding an item to its agenda. Factors that are taken into consideration include: the relevance to users and reliability of information; whether guidance presently exists; the quality of the IFRS to be developed; and resource constraints. Staff are asked to identify, review and raise issues that might warrant the IASB's attention. The IASB will raise and discuss potential items in the light of comments from other standard-setters and other interested parties, the IFRS Advisory Council (AC) and the IFRS Interpretations Committee, and staff research and other recommendations. Based on this thorough process, the IASB will decide whether to add an item to its agenda. In addition, the IASB every three years must review its agenda through a process including extensive public consultation.</i>			
<b>DPOC objective:</b> To satisfy the DPOC that, before adding a project to the agenda, the IASB has assessed the project against the agenda criteria, weighed the project against other potential priorities, and consulted appropriately. The DPOC should satisfy itself that every three years the agenda is reconsidered by the IASB with extensive public consultation.			
<b>Transparency: due process requirements and optional steps</b>			
<b>Step</b>	<b>Required/Optional</b>	<b>Metrics or evidence</b>	<b>Protocol for and evidence provided to DPOC (including papers posted, meetings held, other activities) and dates of review</b>
<b>Public consultation occurs every three years</b>	Required	<ul style="list-style-type: none"> <li>Evidence of compliance with 3 year cycle of agenda review and selection</li> <li>Publication of agenda consideration document with broad dissemination</li> <li>Comment period set at an appropriate length to ensure fair and full consultation.</li> <li>Evidence of extensive outreach and public consultation</li> </ul>	<ul style="list-style-type: none"> <li>DPOC reviews the consultation document before publication with IASB and ensure timely publication</li> <li>DPOC reviews process for extensive outreach and public consultation of IASB , including informal steps with difficult to reach stakeholders</li> </ul>
<b>Formal consultation with the Trustees and the IFRS Advisory Council</b>	Required	<ul style="list-style-type: none"> <li>Number of discussions held with both bodies on agenda selection</li> </ul>	<ul style="list-style-type: none"> <li>Discussions on agenda consultation scheduled on Trustee agenda with the IASB</li> <li>DPOC meets with IFRS Advisory Council to ensure discussions are scheduled on their agenda and occur</li> <li>IASB chair reports regularly to DPOC and Trustees on how comments received through extensive outreach and public consultation are taken into account</li> <li>DPOC respond to any letters or other communications</li> </ul>

			received in connection with IASB process for agenda setting
<b>Research projects can be undertaken by the IASB or in collaboration with other bodies</b>	Optional	<ul style="list-style-type: none"> <li>• Scope defined for research</li> <li>• Research carried out either internally or externally with the supervision of the IASB</li> <li>• Publication of research, as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• IASB keeps the DPOC regularly informed of activities on the research agenda</li> </ul>
<b>IASB discussion of potential projects and its decision to adopt new projects take place publicly.</b>	Required	<ul style="list-style-type: none"> <li>• Papers are prepared in thorough and considered manner and posted for public to see.</li> <li>• Analysis is provided using agenda criteria</li> <li>• Account is taken of public consultation and summaries of comments received are completed for IASB use</li> </ul>	<ul style="list-style-type: none"> <li>• Without commenting on the technical analysis, DPOC receives evidence of public discussions and agenda papers including analysis of issues and comments received.</li> <li>• DPOC meets with members of the IASB to discuss its process for weighing priorities and ensures that IASB has considered comments received in adding or deleting an item to its agenda.</li> <li>• DPOC meets with IFRS Advisory Council to discuss views on the agenda-setting process.</li> <li>• DPOC meets with IASB on agenda decisions for adding or deleting agenda items presented by IASB</li> </ul>
<b>Feedback statement provided</b>	Required	<ul style="list-style-type: none"> <li>• Feedback statement published with work plan to discuss priorities and how stakeholder views taken into account</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives a copy of each feedback statement.</li> </ul>
<b>Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation</b>			
<b>Meetings with stakeholders to facilitate targeted discussions between the IASB and individual organisations or small groups</b>	Required	<ul style="list-style-type: none"> <li>• Number of outreach meetings held, consistent with the categories described in introduction</li> <li>• Webcast meetings held</li> </ul>	<ul style="list-style-type: none"> <li>• Summary of meetings held provided to DPOC</li> <li>• Webcasts posted to Internet for public to review</li> </ul>
<b>Public discussions with representative groups</b>	Optional	<ul style="list-style-type: none"> <li>• Number of meetings held</li> </ul>	<ul style="list-style-type: none"> <li>• Summary of meetings held provided to DPOC and how issues raised have been cleared</li> </ul>
<b>Outreach meetings, educational sessions and conferences with interested parties</b>	Optional	<ul style="list-style-type: none"> <li>• Number of meetings held</li> <li>• Articles on items published</li> </ul>	<ul style="list-style-type: none"> <li>• Summary of meetings held provided to DPOC</li> </ul>

<b>Targeted efforts to reach investor groups</b>	Required	<ul style="list-style-type: none"> <li>• Process for outreach with difficult to reach groups</li> <li>• Special materials provided to facilitate investor outreach</li> <li>• Number of targeted meetings held</li> </ul>	<ul style="list-style-type: none"> <li>• Outreach plan to investors discussed with DPOC</li> <li>• Materials reviewed by DPOC on a regular basis</li> </ul>
--	----------	---	---

<b>Stage 2: Project planning</b>			
<b>General requirements:</b> <i>When adding an item to its active agenda, the IASB provides a proposed project plan that describes the proposed scope of work and proposed process for consultation.</i>			
<b>DPOC objective:</b> To satisfy the DPOC that the IASB has considered the relevant steps in developing a project plan that should result in a high-quality decision-making process with extensive outreach and public consultation. DPOC responds to any comments received on due process followed by IASB during its project planning.			
<b>Transparency: due process requirements and optional steps</b>			
<b>Step</b>	<b>Required/ Optional</b>	<b>Metrics or evidence</b>	<b>Protocol for and evidence provided to DPOC (including papers posted, meetings held, other activities) and dates of review</b>
<b>Project plan considered in public board meetings.</b>	Required	<ul style="list-style-type: none"> <li>• IASB board meetings used to discuss project plan</li> <li>• Input sought from standard-setters and others in developing a workable plan</li> <li>• Materials are publically available on a timely basis</li> <li>• Final project plan is clear as to scope, timing and other critical aspects of effective planning</li> </ul>	<ul style="list-style-type: none"> <li>• The IASB meets with the DPOC to discuss the project plan or change to a project plan at the next scheduled meeting following the IASB public discussion.</li> </ul>
<b>Establishment of working group</b>	Optional	<ul style="list-style-type: none"> <li>• Argument provided for or against the use of working group</li> <li>• Proposal for scope and membership of the working group presented to and discussed with DPOC</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC reviews any decision not to have a working group on a major project</li> <li>• DPOC reviews the proposal for scope and membership of the working group for competence and balance.</li> <li>• DPOC reviews and approves working group membership.</li> </ul>
<b>Use of field tests/visits</b>	Optional	<ul style="list-style-type: none"> <li>• Argument provided for or against the use of field tests/visits provided</li> <li>• Process used by the IASB to address effects analysis</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC reviews the argument regarding field tests/visits.</li> </ul>
<b>Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation</b>			
<b>Meetings with stakeholders to facilitate targeted discussions between the IASB and individual organisations or small groups</b>	Required	<ul style="list-style-type: none"> <li>• Proposed outreach plan for project included in work plan</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC reviews the outreach plan</li> </ul>

<b>Targeted plan for outreach to investor groups</b>	Required	<ul style="list-style-type: none"><li>• Outreach plan specifically for investors outlined</li></ul>	<ul style="list-style-type: none"><li>• DPOC reviews the outreach plan</li></ul>
--	----------	---	--

DRAFT



<b>Stage 3: Development and publication of a discussion paper</b>			
<b>General IASB requirements:</b> <i>Although not a mandatory step in the due process, the IASB often publishes a discussion paper as its first publication on any major new topic as a vehicle to explain the issue and solicit early comment from constituents. It may result either from a research project being conducted, or as the first stage of an active agenda project carried out by the IASB. The IASB normally allows a period of 120 days for comment on a discussion paper, but it may allow a longer period on major projects.</i>			
<b>DPOC objective:</b> To satisfy the DPOC that the decision to develop (or not) a discussion paper was appropriately considered and that a thorough process was followed in the development of such a paper if published. DPOC responds to any comments received on due process followed by IASB in development and publication of a discussion paper or decisions not to issue such a paper.			
<b>Transparency: due process requirements and optional steps</b>			
<b>Step</b>	<b>Required/Optional</b>	<b>Metrics or evidence</b>	<b>Protocol for and evidence provided to DPOC (including evidence of relevant papers being posted, meetings held, other activities) and dates of review</b>
<b>IASB holds public board meetings in deciding whether to develop and the process of developing a discussion paper.</b>	Required	<ul style="list-style-type: none"> <li>Analysis presented in considering the need for a discussion paper.</li> <li>Explanation of why a discussion paper is or is not warranted.</li> </ul>	<ul style="list-style-type: none"> <li>DPOC meets with members of the IASB to discuss the decision on whether to develop a discussion paper.</li> <li>IASB reviews with DPOC its rationale for not issuing a discussion paper</li> </ul>
<b>Decision on comment period made</b>	Required, if DP issued	<ul style="list-style-type: none"> <li>Length of time set, with 120 days as norm</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives an explanation if a comment period of less than 120 days is being sought.</li> </ul>
<b>Project teams analyse and summarise DP comment letters for the IASB's consideration. Summary of the comments is posted on the IASB's website as observer notes.</b>	Required, if DP issued	<ul style="list-style-type: none"> <li>Comment analysis presented to IASB in public meeting</li> <li>Letters received posted on IASB Website</li> <li>IASB in public meeting considers comments and weighs them in approach to project</li> </ul>	<ul style="list-style-type: none"> <li>IASB makes the DPOC aware of contentious issues arising from the DP and discusses approaches for handling these issues</li> </ul>
<b>Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation</b>			
<b>Email alerts to registered users on project specific update.</b>	Optional	<ul style="list-style-type: none"> <li>Frequency of alerts provided</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives report of consultation undertaken.</li> </ul>
<b>Online survey to generate evidence in support of or against a particular approach.</b>	Optional	<ul style="list-style-type: none"> <li>Survey shown on IASB Website</li> <li>Number and diversity of respondents.</li> <li>Analysis of the response</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives report of consultation undertaken.</li> </ul>
<b>Outreach meetings to</b>	Optional	<ul style="list-style-type: none"> <li>Schedule of outreach meetings</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a schedule of outreach meeting held</li> </ul>

<b>promote debate and hear views on proposals published for public comment.</b>			and approach by IASB to all of the optional outreach activities to ensure that there is extensive outreach and public consultation
<b>Podcast to provide interested parties with high level updates or other useful information about specific projects.</b>	Optional	<ul style="list-style-type: none"> <li>• Number of podcasts</li> <li>• Number of participants on podcasts</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Press release to announce publication of discussion paper.</b>	Optional	<ul style="list-style-type: none"> <li>• Release announced in timely fashion</li> <li>• Amount of media coverage of release</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives advance warning of press release</li> </ul>
<b>Public discussions with representative groups.</b>	Optional	<ul style="list-style-type: none"> <li>• Meetings held.</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Regional discussion forums, where possible, with national standard-setters with the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>• Number of meetings and venues where issued discussed</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Request additional comment and suggestions by conducting field visits.</b>	Optional	<ul style="list-style-type: none"> <li>• Meetings held.</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Round tables between external participants and members of the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>• Meetings and participants in round tables, and venues for the round tables.</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Snapshot document to explain the rationale and basic concepts included in the discussion paper.</b>	Optional	<ul style="list-style-type: none"> <li>• Snapshot prepared at the time of release.</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives a copy of snapshot</li> </ul>
<b>Webcast of interactive presentations streamed in real time from the IASB's office.</b>	Optional	<ul style="list-style-type: none"> <li>• Number of webcasts held.</li> </ul>	<ul style="list-style-type: none"> <li>• DPOC receives report of consultation undertaken.</li> </ul>
<b>Working groups established depending on the nature of issues and the level of interest among constituents.</b>	Optional	<ul style="list-style-type: none"> <li>• Number of working group meetings</li> <li>• Feedback to working group provided</li> </ul>	<ul style="list-style-type: none"> <li>• Occasional survey of working group effectiveness</li> <li>• DPOC receives report of consultation undertaken.</li> </ul>

#### Stage 4: Development and publication of an exposure draft

**General IASB requirements:** *Publication of an exposure draft is a mandatory due process. Irrespective of whether the IASB has published a discussion paper, an exposure draft is the IASB's main vehicle for formally consulting the public. Unlike a discussion paper, an exposure draft sets out a specific proposal in the form of a proposed IFRS (or amendment to an IFRS). Its development is based on the consideration of issues included in staff research and recommendations, as well as comments received on any discussion paper. Suggestions by the IFRS AC, working groups and accounting standard-setters and arising from public education sessions are also taken into account. It is generally available for a period of 120 days for comment.*

**DPOC objective:** To satisfy the DPOC that the process for developing an Exposure Draft was extensive, and the IASB appropriately considers the need to re-expose changes before finalizing a standard. The DPOC responds as necessary to comments received on the due process followed by the IASB in developing and publishing an exposure draft and in responding to comments received.

#### Transparency: due process requirements and optional steps

Step	Required/ Optional	Metrics or evidence	Protocol for and evidence provided to DPOC (including papers posted, meetings held, other activities) and dates of review
<b>Board meetings held in public, with papers available for observers</b>	Required	<ul style="list-style-type: none"> <li>Meetings held to discuss topic.</li> <li>Project Website contains a full description with up-to-date information on the project.</li> <li>Meeting papers posted in a timely fashion.</li> </ul>	<ul style="list-style-type: none"> <li>Members of the IASB discuss with DPOC progress on major projects, in relation to the due process being conducted.</li> <li>DPOC reviews comments from interested parties on IASB due process as appropriate.</li> </ul>
<b>Consultation with IFRS Advisory Council has occurred.</b>	Required	<ul style="list-style-type: none"> <li>Discussions with the IFRS Advisory Council on topic.</li> </ul>	<ul style="list-style-type: none"> <li>DPOC meets with the Advisory Council to understand perspectives of stakeholders on due process of IASB.</li> <li>IFRS Advisory Council chair invited to Trustees' meetings and meetings of DPOC</li> </ul>
<b>Exposure draft published to invite public comment, with appropriate comment period.</b>	Required	<ul style="list-style-type: none"> <li>IASB sets comment period for response.</li> <li>Any period outside the normal comment period requires explanation from IASB to DPOC, and subsequent approval.</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives notice of any change in comment period length and approval if required.</li> </ul>
<b>Working groups utilised, if formed</b>	Optional	<ul style="list-style-type: none"> <li>Number of working group meetings, and evidence of substantive</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives report of working group activity from IASB.</li> </ul>

		involvement in issues <ul style="list-style-type: none"> <li>Working Group review of draft exposure draft</li> </ul>	
<b>Field visits/tests undertaken in analysing proposals</b>	Optional	<ul style="list-style-type: none"> <li>IASB describes approach taken on field visits/tests</li> <li>IASB explains why it does not believe field testing warranted, if that is the preferred path</li> <li>Number of field tests</li> </ul>	<ul style="list-style-type: none"> <li>DPOC to review the IASB's explanation if field test is deemed by IASB as not required and have the opportunity to discuss the explanation with IASB</li> <li>DPOC receives a report on field testing activities and how findings have been taken into consideration by IASB</li> </ul>
<b>[Preliminary effect analyses published with ED]</b>	<b>[Required—this not agreed]</b>	<ul style="list-style-type: none"> <li><b>ISSUE TO BE CONSIDERED</b></li> </ul>	<ul style="list-style-type: none"> <li>DPOC review with IASB process for conducting and conclusions of effect analysis</li> </ul>
<b>Project teams analyse and summarise ED comment letters for the IASB's consideration. Summaries are posted online.</b>	Required	<ul style="list-style-type: none"> <li>Analysis provided and discussion in public of comments received</li> </ul>	<ul style="list-style-type: none"> <li>IASB discusses contentious issues arising from proposals with the DPOC and to discuss strategy for addressing these items, which should include outreach to appropriate interested parties</li> </ul>
<b>Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation</b>			
<b>Press release to announce publication of exposure draft.</b>	Optional	<ul style="list-style-type: none"> <li>Press release published</li> <li>Media coverage</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a copy of the press release</li> </ul>
<b>Outreach meetings with a broad range of stakeholders, with special effort for investors</b>	Optional	<ul style="list-style-type: none"> <li>Number of meetings held and location</li> <li>Evidence of specific targeted efforts for investors</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities and IASB reviews with DPOC outreach plan for the ED and its approach to the optional steps to ensure extensive outreach and public consultation</li> </ul>
<b>Webcasts and podcast s to provide interested parties with high level updates or other useful information about specific projects.</b>	Optional	<ul style="list-style-type: none"> <li>Number of and participation in Webcasts</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Public discussions with representative groups.</b>	Optional	<ul style="list-style-type: none"> <li>Number of discussions held</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Online survey to generate evidence in support of or against a particular approach.</b>	Optional	<ul style="list-style-type: none"> <li>Number and results of surveys</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>

<b>Regional discussion forums, where possible, with national standard-setters with the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>Schedule of meetings held in these forums</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Round tables between external participants and members of the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>Number of meetings held</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Snapshot document to explain the rationale and basic concepts included in the discussion paper.</b>	Optional	<ul style="list-style-type: none"> <li>Snapshot posted on IASB Website</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>

## Stage 5: Development and publication of an IFRS

**General IASB requirements:** *The development of an IFRS is carried out during IASB meetings, when the IASB considers the comments received on the exposure draft. Changes from the exposure draft are posted on the website. The IASB will consider whether to expose its revisions for public comment, for example, a second exposure draft. The decision is made in an IASB public meeting. Due process is followed if a second exposure draft is published for comment. An IFRS has an effective date of generally one to two years from date of publication.*

**DPOC objective:** To satisfy the DPOC that the process for finalizing the standard was extensive, and the IASB appropriately considers views of stakeholders before concluding its deliberations, including as to scope of standard and its technical content. The DPOC responds to comments received on IASB due process in developing IFRS

### Transparency: due process requirements and optional steps

Step	Required/Optional	Metrics or evidence	Protocol for and evidence provided to DPOC (including papers posted, meetings held, other activities) and dates of review
<b>Board meetings are held in public session and all decisions are made in public session.</b>	Required	<ul style="list-style-type: none"> <li>Number of meetings held to discuss topic.</li> <li>Project Website contains a full description with up-to-date information on the project.</li> <li>Meeting papers posted in a timely fashion.</li> <li>Number of meetings with Working Group and confirmation that critical issues have been reviewed with Working Group</li> </ul>	<ul style="list-style-type: none"> <li>IASB discusses progress on major projects, in relation to the due process being conducted, with DPOC.</li> <li>IASB review with DPOC its due process over project life cycle, and how any issues regarding due process have been/are being addressed</li> <li>DPOC meets with the Advisory Council to understand perspectives of stakeholders.</li> <li>DPOC reviews and responds to comments on due process as appropriate.</li> <li>DPOC through its review of evidence presented by the IASB, is satisfied that before a standard is issued all aspects of the IASB due process have been completed</li> </ul>
<b>Analysis of likely effects of the forthcoming IFRS or major amendment, for example, costs or ongoing associated costs.</b>	Required	<ul style="list-style-type: none"> <li>Publication of effect analysis</li> </ul>	<ul style="list-style-type: none"> <li>IASB reviews with DPOC results of effects analysis and how it has considered such findings in proposed IFRS</li> <li>IASB provides a copy of the effect analysis to the DPOC at the point of standards publication.</li> </ul>
<b>Basis for conclusion provided with publication</b>	Required	<ul style="list-style-type: none"> <li>Publication of basis</li> </ul>	<ul style="list-style-type: none"> <li>DPOC could see the basis included with the final standard.</li> </ul>
<b>Feedback statements provided, which provide high level executive summaries of the standard and explains</b>	Required	<ul style="list-style-type: none"> <li>Publication of feedback statement</li> </ul>	<ul style="list-style-type: none"> <li>IASB provides a copy of the feedback statement to the DPOC at the point of standards publication.</li> </ul>

<b>how the IASB has responded to comments received.</b>			
<b>Need for re-exposure of standard considered</b>	Required	<ul style="list-style-type: none"> <li>An analysis of the need to re-expose is considered at a public IASB meeting, using the agreed criteria</li> </ul>	<ul style="list-style-type: none"> <li>IASB discusses its thinking on the issue of re-exposure with the DPOC</li> </ul>
<b>IASB sets an effective date for standard, considering the need for effective implementation, generally providing at least a year.</b>	Required	<ul style="list-style-type: none"> <li>Effective date set, with full consideration of implementation challenges</li> </ul>	<ul style="list-style-type: none"> <li>The IASB discusses any proposed shortening of the period for effective application with the DPOC</li> </ul>
<b>Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation</b>			
<b>Email alerts are issued to registered recipients.</b>	Optional	<ul style="list-style-type: none"> <li>Evidence that alerts have occurred</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Fatal flaw review of final standard.</b>	Optional	<ul style="list-style-type: none"> <li>An analysis of input from the fatal flaw review is provided to the IASB</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report of the fatal flaw review</li> </ul>
<b>Outreach meetings to promote debate and hear views on proposals published for public comment.</b>	Optional	<ul style="list-style-type: none"> <li>Number of meetings, including efforts aimed at investors</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities and receives confirmation from IASB that all outreach activities discussed in the review of project over its life cycle have been completed and that extensive outreach and public consultation has been completed including a summary of which optional activities were carried out</li> </ul>
<b>Podcast to provide interested parties with high level updates or other useful information about the standard.</b>	Optional	<ul style="list-style-type: none"> <li>Number of podcasts held</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Regional discussion forums organised with national standard-setters with the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>Number of meetings held</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Round tables between external participants and members of the IASB.</b>	Optional	<ul style="list-style-type: none"> <li>Number of meetings held</li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a report on outreach activities</li> </ul>
<b>Press release to announce final standard.</b>	Optional	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>DPOC receives a copy of the press release and a summary of media coverage.</li> </ul>

**Stage 6: Post-implementation—NEEDS TO BE COMPLETED BASED ON AGREED PROCESS**

**General IASB requirements:**

**DPOC objective:**

**Transparency: due process requirements and optional steps**

[illegible]

**Full and fair consideration of the perspectives of those affected by IFRSs globally: consultation**



## **Appendix**

### **Ballot process**

Before instructing staff to start drafting a document to be voted upon, the Chairman of the IASB polls IASB members during an IASB meeting to gauge the level of support on a particular issue. If there is sufficient support, the IASB instructs staff to prepare a pre-ballot draft of the document (discussion paper, exposure draft or IFRS). IASB members review the pre-ballot draft individually, and further pre-ballot drafts may be required if new issues or 'sweep issues' arise during review.

### **Basis for conclusions**

Bases for conclusions accompany proposed and final IFRSs. It provides a detailed technical description of how the IASB responded to comments received during the consultation period.

### **Board meetings**

Board meetings are open to the public for observation and provide individuals and interested parties with the opportunity to learn about current activity on the IASB's agenda. Individuals may attend meetings as observers in person or via webcast across the internet.

All papers discussed at the public meetings are available as observer notes. Additionally, details of decisions made during Board meetings are posted on the IASB's website soon after the meeting has concluded.

### **Comment letter**

Comment letters play a vital role in the IASB's formal deliberative process. To give the public timely access to the comment letters sent to the IASB, each letter is posted on the website. The IASB reviews comment letters that are received within the comment period, and it provides a summary and analysis of the comments received. These summaries are posted on the website as observer notes. Comment letters can be submitted directly to the project team at any time, and all letters will be considered by the IASB.

### **Comment letter analyses and outreach summaries**

Once a comment period has closed, the IASB will conduct an analysis of letters and opinions received on a specific project or proposal. In these analyses, broad themes are identified and details of how the IASB responded to the main issues are included in each document. The IASB also provides summaries of feedback from its outreach activities. For example, the IASB will release overviews of user input and survey results, which are all available on the IASB's website.

### **Consultation with the IFRS Advisory Council**

The IFRS Advisory Council is the formal advisory body to the IASB. It is comprised of a wide range of representatives from user groups, preparers, financial analysts, academics, auditors, regulators, professional accounting bodies and investor groups that are affected by and interested in the IASB's work. Members of the Advisory Council are appointed by the Trustees of the IFRS Foundation. The Council meets three times a year to advise the IASB on a range of issues, including the IASB's agenda and work programme.

### **Email alerts**

Registered users of the IASB's website can sign up to receive regular email alerts on IASB activity. Individuals can tailor their alerts to a particular project, or multiple projects, giving them direct access to the most relevant information for specific needs and interests.

### **Expert advisory panels**

Expert advisory panels comprise experts from a range of backgrounds to provide advice to the Board on specific points of detail. Panel members are drawn from the preparer community, and may also include users of financial statements and regulators, as well as auditors. Participants are selected on the basis of their experience and specialised technical area of expertise. The role and focus for each expert advisory panel will vary. However, the panels give expert input into the

IASB's process. For example, they may assist by reviewing best practice techniques, and formulating any necessary additional practice guidance.

### **Fatal flaw review**

At the exposure draft and final standard stage, the IASB will seek input from external parties, such as the IFRIC, preparers and paying subscribers of the website. This is designed to highlight any outstanding issues to ensure they can be worked out before the next steps in the due process are progressed.

### **IFRS**

A single set of high quality, understandable, enforceable and globally accepted international financial reporting standards (IFRSs). The IASB is the standard-setter responsible for developing IFRSs.

### **IFRS Interpretations Committee**

The IFRS Interpretations Committee meets in public and follows procedures similar to Board meetings. The Interpretations Committee debates both matters that are on its agenda and items proposed to be added to its agenda.

### **Interaction with national standard-setters**

The IASB works collaboratively with national standard-setters around the world to better understand global financial reporting issues in a regional and national context. National standard-setters consult locally in order to represent jurisdictional viewpoints to the IASB's formal consultation process, jointly host outreach activities on behalf of the IASB and frequently assist in the research and development of new accounting standards.

### **Meetings with stakeholders**

Face-to-face meetings can allow for targeted discussions between the IASB and individual organisations or small group meetings. Individual and small group meetings allow the IASB to better understand what the broader implications of proposals may be by talking and listening to feedback from a particular stakeholder group. Requests for these meetings can be made to the project staff, whose contact details are available on the website, or to the IASB outreach co-ordinator.

### **Participate in an online survey**

IASB stakeholders can engage with the organization through one of its many online surveys. These surveys are designed to generate evidence in support of or against a particular approach. Surveys supplement face-to-face meetings and the comment letter process.

### **Podcasts (Board meetings and project specific work)**

Podcast summaries of monthly Board meetings are available through the IASB's website and can be downloaded through iTunes or via RSS feed. Recorded shortly after each Board meeting, these podcast summaries provide an overview of the main topics and projects discussed and run to approximately 30 minutes in length. The IASB also publishes project-specific podcasts, which allow interested parties to receive high level updates or other useful information about specific projects.

### **Press release**

Running approximately one to two pages in length, a press release is a document that is written to announce news about the IASB, and targeted at members of the media and other interested parties. These are typically high-level descriptions to ensure information can be easily understood. Press releases are designed to raise awareness about a particular issue, project or aspect of the IASB that needs to be promoted.

### **Public discussions with representative groups**

The IASB holds formal public meetings with groups representing both the investor and the preparer communities. Members of the Global Preparers Forum (GPF) and the Analyst Representative Group (ARG) have considerable practical experience in their respective fields and meet separately with the IASB three times a year. The meetings are open to observers and are webcast live on the internet.

### **Outreach meetings**

IASB staff and Board members regularly hold educational sessions and attend meetings and conferences of interested parties. Outreach meetings give interested organisations a chance to voice and debate their views on proposals published for public comment with the IASB. Outreach meetings can be requested by contacting the project teams or the IASB's outreach co-ordinator.

### **Regional discussion forums**

Discussion forums are hosted by third-party organisations such as national standard-setters. They take place in local jurisdictions so that regionally-based constituents may meet representatives of the IASB to discuss projects that are open for comment. These meetings summarise proposals set out in exposure drafts, but allow those taking part an opportunity to discuss the proposals with the Board and IASB staff.

### **Round table meetings**

Round tables are public discussions organised by the IASB that take place between external participants and members of the IASB. They occur after the comment period has closed. During these sessions, participants can provide valuable additional insight to the IASB on comments put forward, whilst debating any issues or concerns they may have. The IASB will also use round tables as a platform to explain and clarify proposals. Details on how to register for IASB round tables can be found on the website.

### **Snapshot summaries**

Snap shots are high-level summaries that provide a non-technical overview of project or proposal, and accompany major due process documents. They are designed to explain the rationale and basic concepts included in the exposure drafts or discussion papers. Snapshots can be obtained through the IASB's website in the 'Snapshot Library'.

### **IFRS Advisory Council**

The IFRS Advisory Council provides a forum where the IASB consults individuals, and representatives of organisations affected by its work, that are committed to the development of high quality IFRSs.

### **Webcasts**

Interactive presentations are presented live from the IASB's office and are available online in real time. Participants can view slides and listen to commentary presented, and can ask questions via the web with the option of listening by telephone. Webcasts can also be downloaded once completed and are available to the public.

### **Working groups**

Working groups are established during the project planning stage and are designed to give the IASB access to additional practical experience and expertise from senior representatives of a particular stakeholder group throughout the duration of the project. Before setting up a working group, the IASB advertises for nominations and applications. The IASB normally establishes working groups for its major projects.

The IASB sets working groups a clear mandate and specific objectives. The groups do not develop formal recommendations. Once work starts, the IASB consults the groups on important decisions, and provides regular updates on the progress of the project. Working group meetings are open to the public.