

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

Singapore	11-12 January 2012	Agenda ref	3Di
Paper	Due Process Oversight Committee: Context for DPOC operating protocol (posted to public website 10 November 2011)		

DRAFT 2 November, 2011

IFRS Due Process Oversight Committee

CONTEXT FOR DPOC OPERATING PROTOCOL

MISSION

The Due Process Oversight Committee (DPOC) provides oversight of the due process of the IASB's standard-setting activities on behalf of the Trustees of the IFRS Foundation, to which the DPOC is accountable.

The IASB's due process is built on the principles of transparency and full and fair consultation—considering the perspectives of those affected by IFRSs globally—and accountability.

DUE PROCESS HANDBOOKS

A full and effective due process is an essential element of developing high quality IFRS's that serve investors and other users of financial information.

1. The formal due process procedures for the IASB are set out in the Due Process Handbooks for the IASB, IFRS Interpretations Committee and XBRL Activities.
2. The Handbooks:
 - a. Specify the minimum steps the IASB needs to take to ensure that their activities have benefited from a thorough and effective consultation process;
 - b. Identify the steps or procedures that, although not mandatory, must be considered by the IASB—ie comply or explain; and
 - c. Identify other optional steps that are available to the IASB to help improve the quality of IFRSs and related documents.
3. The DPOC is responsible for periodically reviewing these procedures to ensure that IASB due process reflects best practice among similar organisations. Improvements are made on a timely basis where considered necessary.

OVERSIGHT

The DPOC is charged with continuous oversight of the IASB's due process throughout all stages of development of IFRS's, including agenda setting and post-implementation reviews.

1. Oversight is achieved through defined and transparent steps followed by the DPOC in its on-going and regular activities as well as by responding to issues of due process raised by stakeholders to the standard setting process.
2. To provide transparency of how the DPOC performs its responsibilities, the DPOC is developing an operating protocol. (A working draft of the protocol is available on the DPOC pages of the IASB Website.)

3. Activities of the DPOC are limited to matters of due process. The DPOC does not review or consider technical financial reporting matters, which are the sole responsibility of the IASB.
4. The DPOC must operate in a manner which is timely and enhances rather than hinders the efficient operation of IASB activities.

AREAS OF RESPONSIBILITY

The DPOC is responsible for:

1. Reviewing regularly with the IASB and the staff the due process and outreach activities of the standard-setting activities of the IASB.
2. Reviewing and proposing updates to the Due Process Handbooks relating to the development and review of IFRSs, Interpretations and XBRL Taxonomies.
3. Approving the composition of the IASB's working groups to ensure an appropriate balance of perspectives.
4. Responding to correspondence from third parties regarding due process matters.
5. Monitoring the effectiveness of the IFRS Advisory Council, the IFRS Interpretations Committee and other bodies of the IFRS Foundation relevant to its standard-setting activities.
6. Making recommendations regarding Constitutional changes relating to the composition of committees integral to due process, as appropriate.

PROCESS

The DPOC must operate transparently and throughout the development of IFRSs. This is achieved through frequent dialogue with the IASB Board and Staff, Trustee support staff and active engagement in fulfilling its oversight responsibilities.

1. The IASB must report to the DPOC on a timely manner its compliance with its due process requirements for each technical project. The standard reporting package should:
 - a. include a summary of the issues raised concerning due process;
 - b. provide evidence of the process undertaken;
 - c. outline the reasons for the IASB deciding that a non-mandatory 'comply or explain' step is not necessary for a given project (such as not having a working group, proposing a comment period that is shorter than the deemed normal comment period or deciding that a proposal does not need to be re-exposed). Any such reports must be communicated to the DPOC giving it sufficient time to review and react in a timely manner.

IASB Reports to the DPOC must be posted on the DPOC website.

2. The DPOC, through compliance with its operating protocol, is responsible for reviewing and evaluating the evidence provided by the IASB of its compliance with established due process.

3. The DPOC, through its contact with stakeholders, is responsible for responding as appropriate to issues raised as regards the IASB's due process and ensuring that such issues are addressed satisfactorily.

Although the DPOC will be assisted in its activities by IFRS staff, there is currently no intention to audit the information provided by the IASB, given the transparent manner in which the Board and DPOC operate.

COMMUNICATION

The DPOC must operate transparently and with fair consideration of issues raised by stakeholders. The DPOC is required to:

1. Update the Trustees on its activities at regularly scheduled Trustee meetings and on an ad hoc basis as required;
2. Provide updates to the Monitoring Board at regularly scheduled joint sessions with the Trustees and as required;
3. Provide summaries of its conclusions, discussions, and materials on the DPOC section of the IFRS website. Such summaries should be provided promptly after DPOC meetings;
4. Prepare annually a report of its activities for the Trustees, which would become the basis for the DPOC section of the IFRS Foundation's Annual Report; and
5. Ensure that its operating Protocol, this document, its Charter and any other DPOC governance documents are available on the IFRS Foundation's website for the benefit of all stakeholders.

RESOLUTION OF DIFFERENCES OF OPINION BETWEEN DPOC AND IASB

In the event that the DPOC and IASB cannot resolve differences of opinion as to the IASB due process the matter will be brought to the attention of, and resolved by the Trustees

SUPPORT

The IFRS Foundation staff are responsible for supporting all activities of the DPOC.