

## ITCG PAPER

29 May 2014

<b>Project</b>	<b>IFRS Taxonomy</b>		
<b>Paper topic</b>	<b>Proposed IFRS Taxonomy Due Process—cover paper</b>		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

## Introduction

1. The aim of this cover paper is:
  - (a) to update the IFRS Taxonomy Consultative Group (ITCG) about the proposed changes to the IFRS Taxonomy Due process, including a description of the expected role of the ITCG; and
  - (b) to seek for the views of the ITCG on the proposed changes.

## Objectives of the IFRS Taxonomy Due Process

2. The International Accounting Standards Board (IASB) is seeking to address the demand for structured electronic financial data through the development of an IFRS Taxonomy that:
  - (a) reflects content that is consistent with the IFRSs
  - (b) is produced on a timely basis;
  - (c) uses a technology architecture and data model that are in accordance with current best market practices; and
  - (d) meets the needs of its users, including being easily enforceable by regulators.

3. The objective of the IFRS Taxonomy Due Process is to provide the assurance that the IFRS Taxonomy is meeting those objectives, thereby protecting the integrity of both its content and its technology.

### **Background to the review of the IFRS Taxonomy Due Process**

4. In 2012, the Due Process Oversight Committee (DPOC) asked the IASB staff to review the IFRS Taxonomy Due Process to reflect changes in the strategic direction of the IASB's IFRS Taxonomy activities, and also to assess whether improvements could be made.
5. Some changes to the IFRS Taxonomy Due Process have already been implemented, namely:
  - (a) the creation of the IFRS Taxonomy Consultative Group replacing the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT);
  - (b) the transfer of some responsibilities from the XAC to the IFRS Advisory Council, which specifically relates to strategic guidance about the role of technology for corporate reporting and standard setting; and
  - (c) at the January 2014 Trustees meeting, the DPOC agreed to make interim updates to the IFRS Taxonomy the primary document for public consultation. In the past, interim releases were generally published for significant updates such as new IFRSs, but public consultation on those amendments only took place once a year at the time the annual IFRS Taxonomy Exposure Draft was issued.
6. However, further improvements to the IFRS Taxonomy Due Process are needed to fully implement the Trustee's XBRL strategy, namely:
  - (a) issue proposed taxonomy releases with exposure drafts;
  - (b) clarification of the role of the ITCG within the due process ; and
  - (c) engage the IASB in the review and approval of the content of the IFRS Taxonomy.

The current proposed changes to the IFRS Taxonomy Due Process seek to address these remaining aspects.

### **Proposed changes to the IFRS Taxonomy Due Process**

7. Our detailed proposals for changing the IFRS Taxonomy Due Process are described in the April 2014 DPOC Agenda Paper (the DPOC paper) that accompanies this cover paper. We have also provided a presentation giving a short summary of the current and proposed process, broken down by type of change. This presentation also lists the questions on which we are seeking feedback from the ITCG.
8. The DPOC have asked us to proceed with the next steps as outlined in the DPOC paper. These next steps are described below.

### **Involvement of the IFRS Taxonomy Consultative Group**

9. The terms of reference and operating procedures of the ITCG<sup>1</sup> describe in depth the objectives of the ITCG. These general objectives have been referenced within paragraphs 21 to 24 of the DPOC paper.
10. The DPOC proposal recommends that the IASB should approve the **content of the IFRS Taxonomy**. The ITCG is a consultative group to the IASB. Consequently, when changes are proposed to the content of the IFRS Taxonomy, the IASB will consult with the ITCG on issues such as the specific data model followed for a new or amended IFRS disclosure or the completeness of common practice reviews. The ITCG may also be asked to carry out a review of a *Taxonomy Update* document prior to publication.
11. Paragraphs 38 to 41 of the DPOC Paper specifically stress the critical role of the ITCG in safeguarding the integrity of the **IFRS Taxonomy technology**. It will involve the ITCG:

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<sup>1</sup> The terms of reference and operating procedures of the ITCG have been approved by the Trustees of the IFRS Foundation and is available at: <http://www.ifrs.org/The-organisation/Advisory-bodies/Working-groups/Pages/IFRS-Taxonomy-Consultative-Group-ITCG.aspx>

- (a) to provide guidance to the IFRS Taxonomy team and be closely involved during initiation, development and implementation of a project that encompasses a change to the architecture, data model or technical output format of the IFRS Taxonomy;
- (b) to review the *[proposed] Taxonomy Update* and the *[draft] IFRS Taxonomy Files* prior to public consultation for any release involving a change to the technology of the IFRS Taxonomy; and
- (c) to review the *IFRS Taxonomy Files* prior to final publication.

### Next steps

12. The next steps in implementing the changes to the IFRS Taxonomy Due Process are:

Timing	Body	IFRS Taxonomy Due Process—Actions
7-11 April 2014	DPOC	Receive comments on the proposed due process—completed.
May–June 2014	IASB	Receive comments on the proposed due process.
29 May 2014	IFRS Taxonomy Consultative Group	Receive comments on the proposed due process.
9-10 June 2014	Advisory Council	Receive comments on the proposed due process.
June–July 2014	Finalise proposal	Prepare Invitation to Comment on the proposed due process and approval by the DPOC.
July-Oct 2014	Public consultation	Receive comments on the Invitation to Comment.
Nov–Dec 2014	Analysis of comments	Analyse comments and prepare proposed amendments to the <i>Due Process Handbook</i> .
January 2015	DPOC	Approve proposed amendments to the <i>Due Process Handbook</i> to reflect the new IFRS Taxonomy Due Process.