

# 2018 Review of Accounting Standards Advisory Forum

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IFRS Advisory Council  
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# Objective for the session

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- Provide the Advisory Council with:
  - The background to the 2018 ASAF Review
  - An update on the status of the 2018 ASAF Review
  - A presentation on the initial findings
- Ask Advisory Council members' views on the specific topics

- The IFRS Foundation Trustees in their 2012 Strategy Review recommended that:

*The IFRS Foundation and the IASB should encourage the maintenance of a network of national accounting standard-setting bodies and regional bodies involved with accounting standard-setting as an integral part of the global standard-setting process.*

- Following public consultation ASAF was established in 2013

# ASAF membership

Region	Member
Africa	Financial Reporting Standards Council of South Africa
Asia-Oceania (including one at large)	Asian-Oceanian Standard-Setters Group (AOSSG) Accounting Standards Board of Japan Australian Accounting Standards Board working with the New Zealand Accounting Standards Board China Accounting Standards Committee
Europe (including one at large)	European Financial Reporting Advisory Group (EFRAG) Accounting Standards Committee of Germany Autorité des normes comptables Organismo Italiano di Contabilità
The Americas	Group of Latin American Accounting Standard Setters (GLASS) Canadian Accounting Standards Board Financial Accounting Standards Board

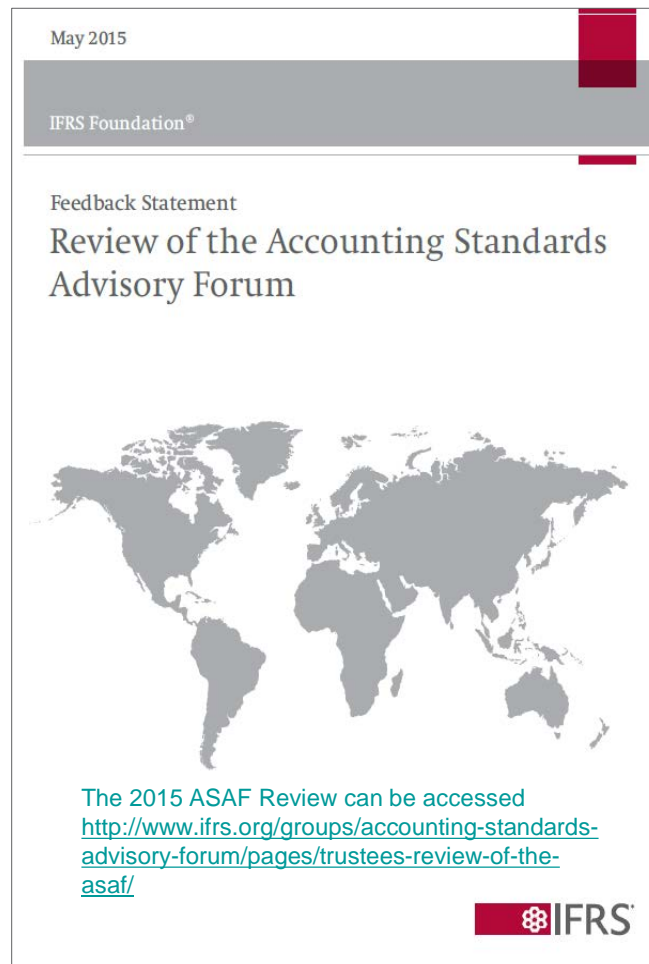
- ASAF is governed by two constitutional documents
  - Memorandum of Understanding (MOU) outlines
    - Objectives of ASAF
    - Commitments of ASAF members
    - Commitments of the IFRS Foundation
  - Terms of Reference (TOR) provide

*All aspects of ASAF and its operations shall be reviewed by the IFRS Foundation every three years*

# 2015 ASAF Review: Overview

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- The first review of ASAF was undertaken in 2015
- Scope agreed by the Trustees
- Assessed how ASAF had performed in relation to its MOU and TOR
- Advice sought from Advisory Council February 2015 (see Appendix 1)
- **Findings from the 2015 ASAF Review were very positive**



# 2015 ASAF Review: Outcomes

- Based on the feedback to the 2015 ASAF Review the Board agreed a number of operational improvements including

## ***Communication and liaison improvements***

- (a) continue to target distribution of agenda papers four weeks before the meeting;
- (b) provide a summary of feedback to ASAF members
- (c) continue to seek the views of ASAF members on the draft meeting note

## ***Meetings***

- (d) encourage effective technical discussion between ASAF members and the Board
- (e) provide agenda papers that clearly identify the advice it is seeking from ASAF members

# 2015 ASAF Review: Outcomes

- Based on the feedback to the 2015 ASAF Review the Trustees:
  - confirmed that the ASAF's objectives permit effective technical discussions of jurisdictional issues and concerns
  - extended the terms of office of the ASAF members from two years to three years
  - removed the requirement that the final agenda for each meeting is at the discretion of the Chair of the ASAF
  - decided to wait before considering whether to include consultation with the ASAF in the IFRS Foundation *Due Process Handbook*, and/or reflect the role of the ASAF in the IFRS Foundation *Constitution*



# 2018 ASAF Review: Scope

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- The Trustees have agreed the 2018 ASAF Review scope should include

- **Consideration of incorporation into the IFRS Foundation Constitution**

Advisory Council has such an incorporation

- **Consideration of incorporating the work of ASAF as a mandatory step in the *Due Process Handbook***

In conjunction with the forthcoming *Due Process Handbook* Review

- **Effectiveness of the ASAF meetings**

Role in supporting the IFRS Foundation mission

- **Completed actions**
  - Questionnaires distributed to National Standard-Setters (including ASAF members) December 2017
  - 23 responses received January 2018
    - 2 Africa
    - 5 the Americas
    - 8 Asia-Oceania
    - 7 Europe
    - 1 Middle East
- **Next steps (see Appendix 2)**
  - Seeking advice from Advisory Council
  - Trustees to discuss findings
  - Call for Nominations to be made June 2018

# Feedback to Questionnaires

**Overall there continues to be strong support for ASAF**

- Key comments include
  - ASAF is a key part of the IFRS Foundation's and Board's overall engagement with National Standard-Setters
  - The feedback from the last review has resulted in positive change
- Main areas raised for consideration
  - Improve the feedback loop to ensure ASAF is effective in supporting the IFRS Foundation mission
  - Consider formalising consultation with ASAF into the *Due Process Handbook*
  - Reduce the number of meetings from 4 to 3 per year

# Feedback: Effectiveness of ASAF in supporting the mission of the IFRS Foundation

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## ✓ General agreement ASAF supports the mission of the IFRS Foundation

- Whilst ASAF is a key component in the Board's strategy in engaging with National Standard-Setters it is vital that the Board continues to have active engagement with National Standard-Setters and regional bodies outside of ASAF activities

## ? Areas raised for consideration

- Improve the feedback loop to ensure ASAF is effective in supporting the IFRS Foundation mission
- Consider whether ASAF should discuss the adoption of IFRS Standards in members' jurisdictions
- Provide greater opportunities for non-ASAF members to present jurisdictional matters at ASAF

# Feedback: Board's consideration of ASAF discussion

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## General agreement that the Board considers ASAF discussion

- Improved following the 2015 ASAF Review



## Areas raised for consideration

- Consider formalising consultations with ASAF in the *Due Process Handbook*
- Try to ensure ASAF discussion prior to Board discussion to increase usefulness of ASAF input
- Improve the 'feedback loop' (see previous slide)

# Feedback: Effectiveness of ASAF Meetings

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**General agreement that ASAF Meetings are effective**



**Areas raised for consideration**

- **Reduce the number of meetings from 4 to 3 per year**
- **Look to achieve a consensus opinion or a majority 'ASAF View'**
- **Summary of the discussion at the end of each meeting**
- **Increase the participation of Board members in ASAF meetings**

- Should ASAF be formally incorporated into the IFRS Foundation *Constitution*?

Formalises the status of  
ASAF

Trustees' ability to amend  
the role of ASAF restricted

This would provide ASAF  
with permanency

Remove the need for a  
three yearly review?

- Should consultation with ASAF be a mandatory due process step in the *Due Process Handbook*?

Due Process Handbook  
already provides that:

*‘The IASB shares  
information and consults  
with ASAF’*

Is there a need to ‘hard-code’?

How would we define the  
projects for consultation with  
ASAF?

At what stage in the project’s life  
would consultation with ASAF be  
required?

Could consultation with ASAF  
delay the project?



# Contact us

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## Comment on our work



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# Appendix 1: Previous comments from the Advisory Council

- The advice of the Advisory Council was sought, at its February 2015 meeting, on whether consultation with the ASAF should be a mandatory due process step for the IASB. The Advisory Council members' views were mixed. Overall, members did not support the suggestion for a variety of reasons, including:
  - (a) it has the risk of lengthening the time taken to produce Standards;
  - (b) it has the potential to create two tiers of constituents—ASAF and non-ASAF members; and
  - (c) the IASB is accountable for its Standards and, hence, requiring consultation with the ASAF could be seen as reducing the IASB's accountability.
- Although the Advisory Council did not support the ASAF becoming a mandatory part of the IASB's due process, it generally supported including the ASAF as part of the structure of the IFRS Foundation. At present, the IFRS Foundation Constitution notes:

*The IASB will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters, other standard-setters, and other official bodies with an interest in accounting standard-setting in order to assist in the development of IFRSs and to promote the convergence of national accounting standards and IFRSs.*

## Appendix 2: ASAF Review: Next Steps

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Date	Next Step
February 2018	Consider views from the IFRS Advisory Council
April/May 2018	<ul style="list-style-type: none"><li>• Meeting of the Trustees Executive Committee to discuss the draft Feedback Statement</li></ul>
June 2018	<ul style="list-style-type: none"><li>• Trustees finalise review</li><li>• Publish Feedback Statement</li><li>• Call for Nominations</li></ul>
July 2018	<ul style="list-style-type: none"><li>• Final meeting of the existing members of ASAF</li><li>• Announce new membership</li></ul>
October 2018	First meeting of new ASAF membership