

AGENDA

Due Process Oversight Committee meeting

March 2019 (carried forward from January 2019)

Agenda Ref 1B

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Educational Material

Purpose

1. The purpose of this paper is to propose refinements to the requirements in the *Due Process Handbook* (Handbook) relating to publicly available educational material designed to support the implementation and application of IFRS Standards. This is to update them in line with the Foundation's current convention.
2. For further information:
 - (a) Appendix A—current convention for categorising educational materials; and
 - (b) Appendix B—draft wording of the proposed refinements to the Handbook relating to educational material (this is subject to editorial drafting changes).

Question for the DPOC

Does the DPOC agree to modify the Handbook to:

- (a) establish three categories of educational material outlined in paragraph 6 of this paper; and
- (b) specify the level of review for each of those categories outlined in paragraph 11?

Background

3. Paragraph 6.44 of the Handbook specifies the review currently required for educational material as follows:

In order to meet the assurances above, educational material developed by the Education Initiative is subjected to the following peer reviews:

- a. high level summaries, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team;
 - b. teaching materials, such as those used for Conceptual Framework-based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic. More detailed teaching materials, however, such as comprehensive IFRS for SMEs training material, is reviewed by at least two IFRS experts, one of which must be an IASB member; and
 - c. educational material accompanying an IFRS must be reviewed by at least three IASB members.
4. The staff think that it would be helpful for the Handbook to continue to categorise educational material produced by the Foundation and to specify different levels of required review for each category. Furthermore, the staff think that in principle the existing requirements remain appropriate. However, they need refinement to bring them in line with current convention. They were written in contemplation of the material then being produced by the Educational Initiative and do not specifically address some of the newer types of materials being produced, such as webinars and articles developed to support implementation of new IFRS Standards. Furthermore, the Foundation no longer refer to the 'Education Initiative' because its activities have been embedded within existing technical teams so that educational material is now produced by the relevant project team.

Proposed categories and level of review of educational material

Proposed categories

5. The DPOC has considered on two previous occasions as part of its annual review of educational material how to apply the current requirements in the Handbook to the types of educational material now being produced.¹ The DPOC agreed that the three categories of educational material outlined in Appendix A of this paper—and which encompass the new types of materials now produced—correspond to the existing categories specified in existing paragraph 6.44 of the Handbook (reproduced above).
6. The staff therefore propose to use the categories specified in Appendix A as the basis of updating the existing categories in paragraph 6.44 of the Handbook as follows:
 - (a) high-level summaries of the requirements in an IFRS Standard, such as an introductory webcast on a new IFRS Standard;
 - (b) more detailed materials explaining the requirements in an IFRS Standard, such as a webcast on specific aspects of an IFRS Standard; and
 - (c) material explaining or illustrating how the requirements in an IFRS Standard might be applied in particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied in a particular fact pattern.
7. We think the above descriptions capture the kinds of materials currently produced and are sufficiently generic to accommodate different types of educational material about IFRS Standards that might be produced in the future.
8. Note that these requirements would not apply to:
 - (a) Illustrative Examples that accompany an IFRS Standard and are published with that Standard—these form part of the package that is balloted by the Board; and
 - (b) Agenda Decisions published by the IFRS Interpretations Committee (and if the proposal is confirmed the Board).

¹ [Agenda Paper 1F—Education Material due process \(October 2018\)](#)
[Agenda Paper 1G—Education Material due process \(November 2017\)](#)

Proposed level of review

9. The Handbook currently specifies different levels of review ranging from an ‘appropriate technical staff member’ through to three Board members. Some Category (b) materials can be reviewed by an ‘appropriate external expert, such as an academic’ (in addition to a technical staff member). We understand the external expert was specified with the Conceptual Framework teaching materials for students and IFRS for SMEs teaching materials in mind (although the latter also requires review by a Board member).
10. The nature of educational materials has changed in recent years and is more focussed on materials designed to support those applying and using IFRS Standards, particularly newly issued Standards. Furthermore, although educational materials do not have the same status as IFRS Standards, we think it is important that Board members do, and are seen to, have responsibility for the materials. Therefore, whilst not precluding the use of external experts as part of the process of developing educational material, we think ultimately all educational material should be subject to some level of Board member review.
11. Accordingly, and reflecting that we are not aware of any concerns about the amount of review currently undertaken, we propose the following level of minimum review for the three categories specified in paragraph 6 above:

Category (a) materials— reviewed by a Board member;

Category (b) materials—reviewed by two Board members; and

Category (c) materials—reviewed by three Board members.
12. We also propose to continue to require the staff to report annually to the DPOC on educational material. The report describes the educational materials published during the previous year by category and states the staff’s conclusion whether the required level of review has been undertaken.

Appendix A

Categories of educational materials

| High level materials summarising requirements in IFRS Standards | More detailed introductory materials on requirements in IFRS Standards | More detailed explanatory materials on requirements in IFRS Standards |
|--|---|---|
| Level of review: 6.44(a) of <i>Handbook</i> | Level of review: 6.44(b) | Level of review: 6.44(c) |
| Summary information about what a Standard says. The material is drawn <i>directly from the Standard</i> and its accompanying materials, or other materials reviewed by the Board (eg Effects Analysis) | <p>Detailed information about what a Standard says and why. The material might:</p> <ul style="list-style-type: none"> - provide information about the <i>background</i> to the requirements (ie the 'why' drawn from the Basis); - use <i>simple examples</i> to illustrate the requirements; or - present the same information in a more <i>practical way</i> (eg step-by-step summary of the requirements). | <p>Information about how the requirements might be applied. The material does not contain any requirements that are not already in a Standard, but might include:</p> <ul style="list-style-type: none"> - information about the <i>Board's expectations</i> as to how the requirements might be applied in practice; - <i>new examples</i> to demonstrate how the requirements might be applied to different fact patterns |
| <p>Recent examples include:</p> <p>Introductory webinars IFRS 17 <i>Insurance Contracts</i>.</p> | <p>Recent examples include:</p> <p>Webinars explaining specific topics in IFRS 16 <i>Leases</i> and IFRS 17 (eg webinar on lease modifications and on the scope of IFRS 17).</p> | <p>Recent examples include:</p> <p>Webinars on lease term in IFRS 16 and revolving facilities in IFRS 9 <i>Financial Instruments</i>.</p> |

Appendix B

Draft wording

Education~~al Initiative~~material

The IFRS Foundation sometimes ~~produces~~publishes educational material related to IFRS ~~Standards on its website~~, including ~~webcasts, articles, presentations for conferences, guides for executives, and IFRS for SMEs training material~~and educational material that accompanies, but does not form part of IFRSs. Education material does not have the status of IFRS Standards and cannot add or change requirements in the Standards.

The development of educational material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRS ~~Standards~~. Nonetheless, education material is subject to quality assurance processes, including to ensure that it does not add or change requirements in IFRS Standards and is clearly distinguished from IFRS Standards.

~~The staff of the IFRS Foundation Education Initiative are part of the technical staff and report to the Senior Directors of Technical Activities. The IASB and the technical staff have a responsibility to ensure that any educational material is not confused with an IFRS or perceived as being mandatory. Consequently, the IASB has an interest in ensuring that the Education Initiative has quality assurance processes that are appropriate for each of its publications.~~

In order to meet the assurances above, educational material ~~developed by the Education Initiative~~ is subjected to at least the following ~~peer-level of~~ reviews:

- (a) high level summaries of the requirements in an IFRS Standard, such as introductory webcasts on a new IFRS Standard, are reviewed by a Board member;
~~high level summaries, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team;~~
- (b) more detailed materials explaining the requirements in an IFRS Standard, such as a webcast on specific aspects of an IFRS Standard, are reviewed by two Board members;
and
~~teaching materials, such as those used for Conceptual Framework-based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic. More detailed teaching materials, however, such as comprehensive IFRS for SMEs training material, is reviewed by at least two IFRS experts, one of which must be an IASB member; and~~
- (c) material explaining or illustrating how the requirements in an IFRS Standard might be applied in particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied in a particular fact pattern, are reviewed by three Board members.

~~The Education Initiative reports periodically to the DPOC~~ receives periodic reports on education material published by the IFRS Foundation, The reports identify the nature of the material it is developing and the level of review it expects to undertake and state the staff's conclusion whether the required level of review has been undertaken in each case.