IFRS® Foundation

Third Agenda Consultation

IFRS Foundation Trustees
Due Process Oversight Committee (DPOC)

May 2022

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Contents

Purpose of this session

- Keep the DPOC informed of the agenda consultation process, including how the IASB expects to respond to the input it has received (*Due Process Handbook* paragraph 4.5).

- Share with the DPOC comments received on the *Due Process Handbook* in feedback on the agenda consultation

- Provide DPOC members an opportunity to provide comments and ask questions before publication of the Feedback Statement at the end of July 2022.

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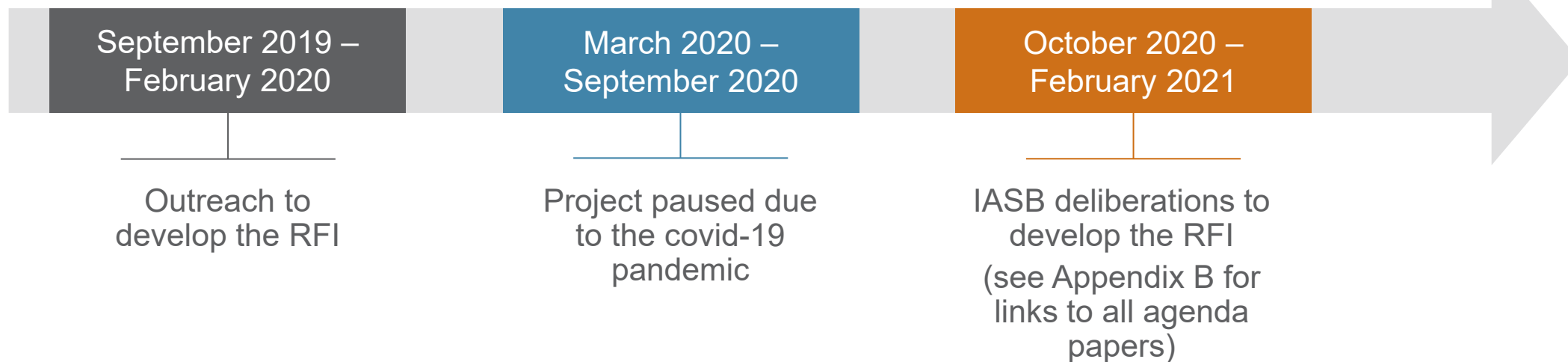Background

Objective and key dates (1/2)

To seek views on (paragraph 4.3 of the *Due Process Handbook*):

1 the strategic direction and balance of the IASB's activities

2 the criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan

3 new financial reporting issues that could be given priority in the IASB's work plan

Objective

Before the publication of the Request for Information (RFI) …

September 2019 – February 2020	March 2020 – September 2020	October 2020 – February 2021
Outreach to develop the RFI	Project paused due to the covid-19 pandemic	IASB deliberations to develop the RFI (see Appendix B for links to all agenda papers)

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Key dates (2/2)

March 2021	Outreach	September 2021	November 2021 – April 2022	July 2022	2022–2026
Publication of the RFI (see Appendix A)		End of comment period		Publication of Feedback Statement	IASB execution of activities and work plan

🔍 The IASB's discussions and decisions—see Appendix B for links to all agenda papers

November 2021	December 2021	February 2022	March 2022	April 2022
Feedback summary	• Feedback summary • Decisions on criteria (objective 2)	• Capacity implications of cross-cutting themes (objective 1) • Strategic direction and balance of the IASB's activities from 2022 to 2026 (objective 1) • Projects on the current work plan—proposed response to feedback (objective 3)	Joined by ISSB Vice Chair and ISSB and VRF staff Objective 3: • Approach to staff analysis of potential projects • Proposed shortlisted projects	• Projects to add to the work plan (objective 3) • Overview of due process comments

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Overview of the Request for Information

IASB's activities and questions asked in the RFI

2 Criteria for assessing the priority of financial reporting issues

- Has the IASB identified the right criteria?
- Should the IASB consider any other criteria?

3 Priority of financial reporting issues that could be added to the work plan

- What priority would you give each of the potential projects described in the RFI?
- Should the IASB add any projects not described in the RFI?

4 Do you have any other comments on the IASB's activities and work plan?

An illustration of the IASB's activities

New IFRS Standards and major amendments to IFRS Standards

Maintenance and consistent application of IFRS Standards

Understandability and accessibility

Stakeholder engagement

Digital financial reporting
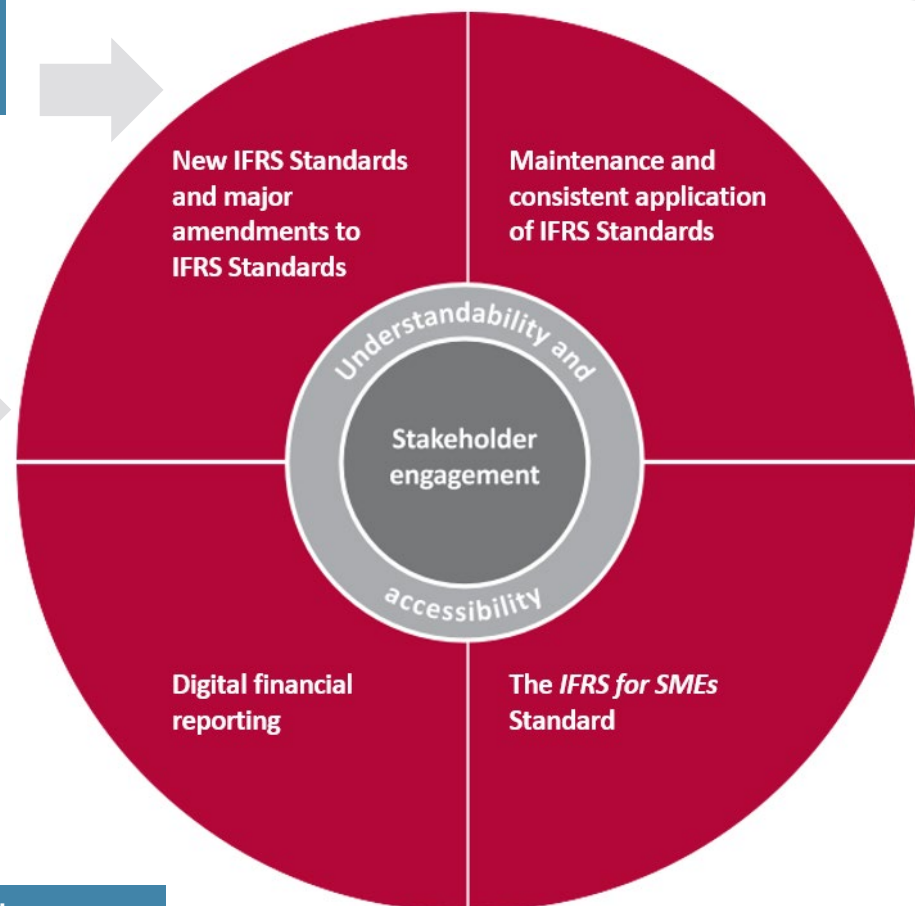
The *IFRS for SMEs* Standard

Chart is not drawn to scale

1 Strategic direction and balance of the IASB's activities

Should the IASB:
- increase, leave unchanged or decrease its current level of focus for each main activity?
- undertake any other activities within the current scope of its work?

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Key considerations

Stakeholder and IASB capacity expected to remain substantially unchanged

Most capacity will be filled by completing current projects and the required post-implementation reviews

Some capacity set aside for time-sensitive projects

Stakeholders and the IASB have limited capacity to take on new projects

Due to the timing, implications of the creation of the ISSB acknowledged, but not reflected further in the RFI.

Feedback helped shape the IASB's thinking when determining how to prioritise its activities and new projects on its work plan.

The IASB also considered its own experience and expertise in determining its priorities.

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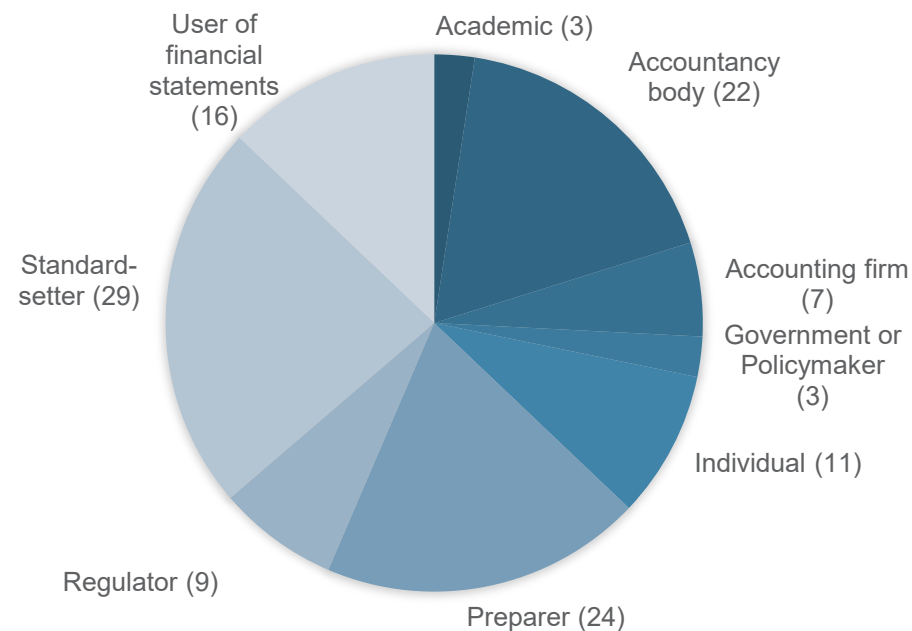# Summary of feedback received and the IASB's response

Feedback overview (1/2)

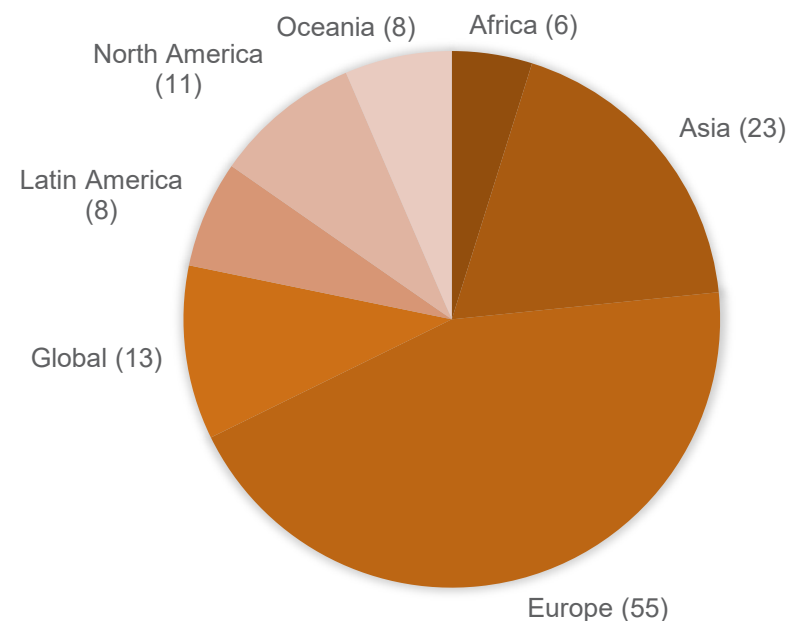74 outreach events with stakeholders from around 90 jurisdictions

124 comment letters (all available here)

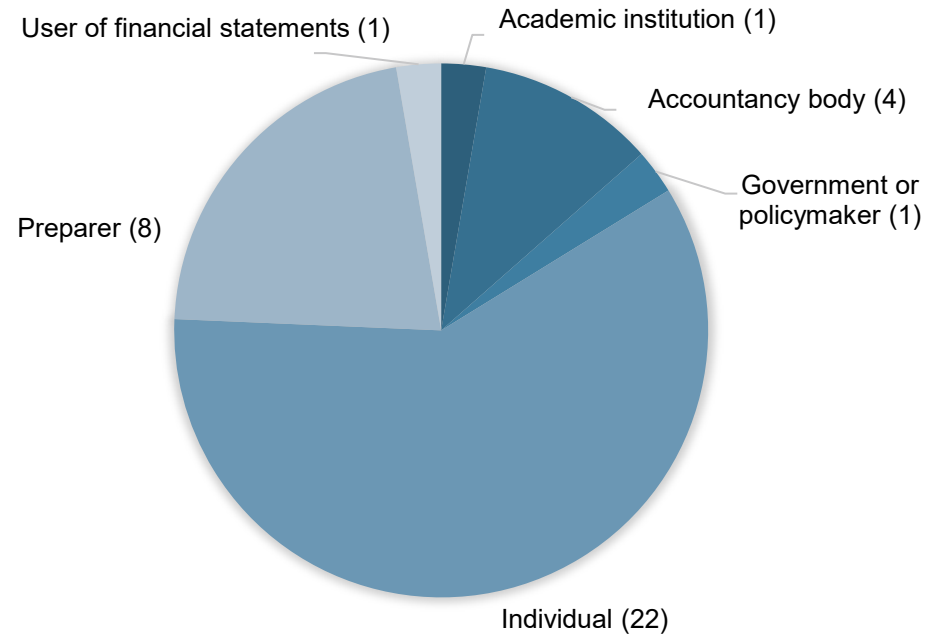Comment letters by stakeholder type …

Comment letters by region …

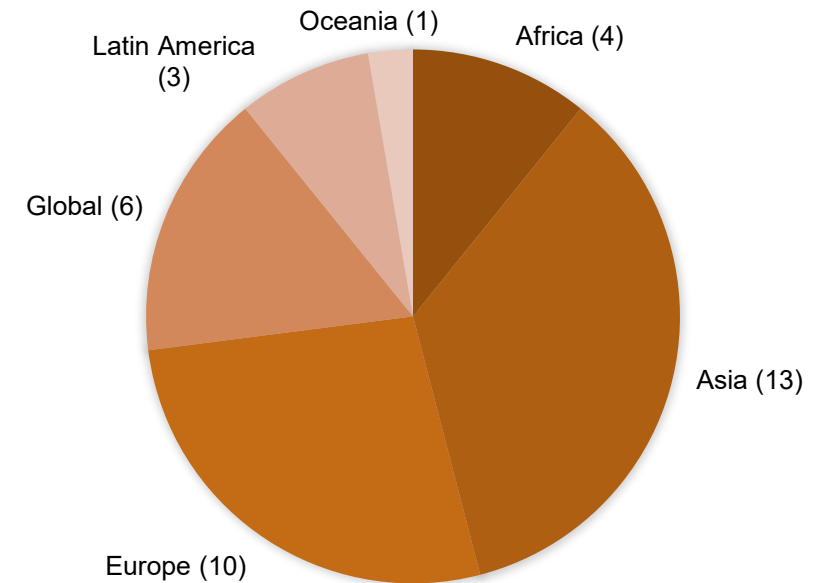Stakeholder type pie chart: Academic (3), Accountancy body (22), Accounting firm (7), Government or Policymaker (3), Individual (11), Preparer (24), Regulator (9), Standard-setter (29), User of financial statements (16)

Region pie chart: Oceania (8), Africa (6), North America (11), Asia (23), Latin America (8), Global (13), Europe (55)

Feedback overview (2/2)

By stakeholder type …

By region …

By stakeholder type:
- User of financial statements (1)
- Academic institution (1)
- Accountancy body (4)
- Government or policymaker (1)
- Preparer (8)
- Individual (22)

By region:
- Latin America (3)
- Oceania (1)
- Africa (4)
- Global (6)
- Asia (13)
- Europe (10)

After considering cross-cutting themes, such as implications of connectivity with the International Sustainability Standards Board (ISSB), and consistent with stakeholders' feedback, the IASB decided:
- to begin no new activities within the current scope of its work; and
- to leave its current level of focus on its main activities largely unchanged.

Activity	Current level of focus	Current activities	Feedback	IASB's response
New IFRS Accounting Standards and major amendments	40%–45%	• research and standard-setting projects • required post-implementation reviews	Decrease or leave unchanged	Slightly decrease
Maintenance and consistent application	15%–20%	• monitoring consistent application of Accounting Standards • narrow-scope amendments and interpretations • IFRS Interpretations Committee agenda decisions • educational materials • supporting regulators and national standard-setters in their role to support consistent application	Increase or leave unchanged	Leave unchanged

Activity	Current level of focus	Current activities	Feedback	IASB's response
The *IFRS for SMEs* Standard	5%	• periodic reviews of the Standard, and if necessary, amendments to the Standard • educational materials	Leave unchanged	Leave unchanged
Digital financial reporting	5%	• updates to the IFRS Accounting Taxonomy for new or amended Accounting Standards and common reporting practice • educational materials • presentation and disclosure requirements that are 'digital neutral' • commentary in speeches and other discussions • meetings as requested by regulators	Increase	Slightly increase

Strategic direction and balance of the IASB's activities—feedback and the IASB's response (3/3)

Activity	Current level of focus	Current activities	Feedback	IASB's response
Understandability and accessibility	5%	• reducing unnecessary complexity for companies, while improving information quality for investors • drafting clear Accounting Standards • publishing annotated Accounting Standards with cross-references and semi-annual compilations of agenda decisions • providing tools for easier navigation of the electronic version of the Accounting Standards	Increase	Slightly increase (indirect support of maintenance and consistent application)
Stakeholder engagement	20%–25%	• general and project-specific meetings with stakeholders • developing tailored materials to support various meetings with stakeholders • engagement through comment letters received in response to formal consultation documents	Leave unchanged	Leave unchanged

☞ Links to agenda papers with detailed feedback summary are included in Appendix B.

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Criteria for assessing the priority of financial reporting issues—feedback and the IASB's response

Stakeholders generally agreed with the IASB's proposed criteria. They said they would like to understand how the criteria have been applied.

The IASB decided not to make any changes to the list of criteria but to proceed with the list as proposed in the RFI.

The IASB used the criteria to assess the priority of potential projects suggested by respondents (see slides 16-17).

Overarching consideration
whether a potential project will meet investors' needs, while taking into account the costs of producing the information

① the importance of the matter to **investors**

② whether there is a **deficiency** in current reporting

③ the **type of companies** affected and jurisdictions where the matter is more prevalent

④ how **pervasive or acute** the matter is likely to be for companies

⑤ the potential project's **interaction with other projects**

⑥ the **complexity and feasibility** of the potential project and its solutions

⑦ the **capacity** of the IASB and its stakeholders to progress the potential project

Links to agenda papers with detailed feedback summary are included in Appendix B.

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Financial reporting issues that could be added to the IASB's work plan—feedback

- Respondents commented on or suggested many potential projects (approximately 70)—more than possible to undertake, given stakeholders' and the IASB's capacity.

- The IASB should not add too many new projects to the work plan as it will need capacity to deal with emerging issues and interaction with the ISSB.

- Some projects are related and could be worked on at the same time.

- The IASB should work on climate-related risks and pollutant pricing mechanisms (PPM) together with the ISSB.

Some of the most commonly suggested projects (in alphabetical order)

| Climate-related risks (incl. PPM) | Cryptocurrencies and related transactions | Going concern disclosures | Intangible assets | Operating segments (highly rated among users) | Statement of cash flows and related matters |

Links to agenda papers with detailed feedback summary are included in Appendix B.

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The IASB's response—new projects

Projects to start …

… when resources become available, expected before the next agenda consultation (IASB pipeline)

Intangible assets—this project will aim to comprehensively review IAS 38 *Intangible Assets.*

Statement of cash flows and related matters—as part of its initial work on such a project, the IASB will consider whether the project should aim to comprehensively review IAS 7 *Statement of Cash Flows* or make more targeted improvements.

research project pipeline

Climate-related risks—this project will investigate whether, and if so what, narrow-scope actions might be needed in relation to accounting for climate-related risks in the financial statements.

maintenance project pipeline

… *only if* additional capacity becomes available (reserve list)

Operating segments

Pollutant pricing mechanisms

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Q4 Other feedback—projects on the current work plan

Question 4 of the Request for Information asked respondents for any other comments on the IASB's activities and work plan.

Some respondents made general comments about the work plan

Some said the IASB should finalise the projects currently on its work plan before adding new projects.

Some said the IASB should reassess the priority and necessity of all of the projects on its current work plan.

Many respondents commented on individual projects on the current work plan.

Some emphasised the importance of these projects and encouraged the IASB to complete them on a timely basis.

Some suggested the IASB pause or discontinue particular projects.

Links to agenda papers with detailed feedback summary are included in Appendix B.

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Q4 IASB's response—projects on the current work plan

The IASB decided not to reprioritise projects on its current work plan.

- Stakeholders have previously identified those projects as priorities.

- Re-prioritising projects could lead to inefficient stops and starts.

- Some projects, such as post-implementation reviews, are required by the *Due Process Handbook*.

- There are natural points within a project's lifecycle at which the IASB considers the project's future direction (reflection points). Many of the projects that respondents suggested should be paused or discontinued have reached or will soon reach a reflection point.

Feedback on specific projects has been shared with the relevant project teams.

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Other feedback—Cross-cutting themes (1/2)

Feedback	IASB's response
Connectivity between IASB and ISSB • Many respondents suggested that connectivity with the ISSB will be an overarching theme for the IASB in the coming years. • Many of these respondents said the IASB will need to set aside capacity to support connectivity. However, connectivity should not be allowed to affect the IASB's ongoing work on improvements to Accounting Standards. • Many respondents also said the IASB needs to remain focused on improvements to Accounting Standards and should not undertake projects on sustainability reporting.	• Connectivity represents areas where the IASB and the ISSB would work together to support connected standard-setting and reporting. It is not intended that the IASB would support ISSB-only work (or vice versa). • The IASB thinks that coordination and resources will be needed to support connectivity with the ISSB, but the IASB does not expect connectivity to dominate the activities of the IASB or its staff. • We have set aside capacity for connectivity in our planning, with flexibility given uncertainties (see reserve list on slide 17).
Approach to prioritising matters identified in PIRs • Some respondents provided general observations on the post-implementation review (PIR) process and commented on the upcoming PIRs, including that the IASB should undertake follow-on projects to address issues identified as part of the PIR. • Some respondents said, in managing stakeholders' expectations, it would be helpful if the IASB clearly set out the objectives of a PIR and explained better what the outcome of a PIR can be.	• At its January 2022 meeting (see this agenda paper), the IASB discussed its approach to prioritising matters identified in PIRs, including whether and, if so, when to take further actions. • The IASB has applied this approach to matters identified in the PIR of IFRS 10, 11 and 12 (see AP 2A for this DPOC meeting) and will apply this approach to future PIRs. • The IASB is planning to communicate that approach on the ifrs.org website (see AP 2B for this DPOC meeting).

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Feedback	IASB's response
Flexibility and emerging issues Many respondents said the IASB should be flexible to changes in financial reporting priorities and should set aside capacity to respond to emerging issues in a timely manner.	• The agenda consultation is the principal means of determining the IASB's work plan, but the IASB can add projects to the work plan or change its priorities between consultations in response to changing circumstances. • When developing the RFI, the IASB estimated and set aside some capacity for time-sensitive projects that may arise after this agenda consultation.
Partnering further with national standard-setters • Some respondents said partnering further with national standard-setters (NSS) could help alleviate some of the IASB's capacity constraints. • Some of these respondents provided suggestions for what that partnering might involve.	• NSS are important partners in the IASB's work to develop a single set of globally accepted Accounting Standards. • The IASB already has a significant partnering relationship with NSS, including technical collboration, supporting consistent application and NSS participation in consultative groups. • The IASB thinks that further partnering with NSS may be best focused on continuing to support the quality of the IASB's work (for example, through feedback and outreach) and expediting the IASB's standard-setting (for example, during the research phase of a project).

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Due process steps

Due process steps (1/3)

Due Process Handbook requirement	Action
Paragraph 4.3 The Board undertakes a public consultation on the work plan every five years by way of a public request for information […]. **Section 37(d) of the IFRS Foundation *Constitution*** The IASB shall have full discretion in developing and pursuing its technical agenda, subject to […] carrying out a public consultation every five years from the date of the most recent public agenda consultation.	Published RFI on 30 March 2021 (see Appendix A).
Paragraph 4.3 […] The Board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information [...].	120-day comment period approved at February 2021 IASB meeting, extended to 180 days at March 2021 IASB meeting.

Due process steps (2/3)

Due Process Handbook requirement continued…	Action
Paragraph 4.4 As part of this public consultation, the Board consults the Advisory Council.	In September 2019, the Advisory Council provided feedback that helped shape the content of the RFI. In May 2021, the Advisory Council provided feedback on the questions in the RFI. In January 2022, the Advisory Council discussed feedback received during the comment period and provided advice on: • the staff's possible recommendations about the IASB's strategic direction and balance for the 2022 to 2026; • how to navigate uncertainties relating mainly to the IASB's interaction with the ISSB; and • how to communicate the IASB's decisions to its stakeholders.

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Due process steps (3/3)

Due Process Handbook requirement continued…	Action
Paragraph 4.5 In line with paragraphs 36(d) and 15(d) of the Constitution, the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received […].	Updated the DPOC on progress in: • October 2019 • February, June, October 2020 • March, June, October 2021 Discussed with the DPOC how the IASB expects to respond to the input it has received in: • March 2022 • May 2022 (this meeting) Discussion with full Trustees in: • September 2020—details of process and content of the RFI • June 2021—Trustees provided feedback on the questions in RFI
Paragraph 4.16 […] requests for information require the support of a simple majority of the Board, with approval given in a public meeting […].	The draft RFI was provided to the IASB members for comments. Publication approved at 17 February 2021 IASB meeting

Due process comments received

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Comments on the criteria proposed in the RFI for assessing the priority of financial reporting issues

Feedback	Action

Some respondents suggested including all the proposed criteria in the *Due Process Handbook*.

A few other respondents suggested the IASB clarify the link between the proposed criteria and the criteria set out in the *Due Process Handbook*.

A user organisation and an individual provided some other comments.

- ✓ The IASB discussed these comments at its meeting in December 2021 (see Agenda Paper 24B).

- ✓ The agenda paper was shared with the DPOC by email in December 2021 and included in Agenda Paper 1B for the March 2022 DPOC meeting.

Other due-process-related comments

Feedback	Action

A few respondents made comments about the process for post-implementation reviews (PIR).

A few respondents made comments about the IFRS Interpretations Committee agenda decisions, including the number of agenda decisions published[1].

A few respondents made some other suggestions.

✓ The IASB discussed these comments at its meeting in April 2022 (see Agenda Paper 24B).

✓ The agenda paper was shared with the DPOC by email in April 2022.

[1]Similar comments about agenda decisions were made when the DPOC consulted on revisions to the *Due Process Handbook* in 2019. The DPOC's responses to those comments are summarised on pages 7–12 of this Feedback Summary.

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Appendices

Appendix A—Published materials

Request for Information

Press release

Videos and articles

How to comment

- Submit a comment letter:

  ✓ Online at: https://www.ifrs.org/projects/open-for-comment/

  ✓ By email to: commentletters@ifrs.org

- Complete a survey: https://ecv.microsoft.com/sDvxcZ9hrt

Appendix B—Agenda papers for the IASB's meetings (1/2)

IASB meeting	Agenda Papers
September 2019	• Proposed approach to developing the Request for Information
October 2020	• Strategic direction and balance of the Board's activities • Criteria for assessing projects to be added to the work plan • Approach to the Board's current projects • Financial reporting issues to be included in the Request for Information
November 2020	• Considering timing of post-implementation reviews as part of the 2020 Agenda Consultation
February 2021	• Due process steps and permission to publish the Request for Information
November 2021	• Feedback summary - Overview • Feedback Summary - Strategic direction and balance of the Board's activities • Feedback summary - Criteria for assessing the priority of financial reporting issues • Feedback summary - Potential projects (part 1) • Feedback summary - Potential projects (part 2) • Feedback summary - Potential projects (part 3) • Feedback summary - Users of financial statements

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Appendix B—Agenda papers for the IASB's meetings (2/2)

IASB meeting	Agenda Papers
December 2021	• Feedback summary - Other comments • Criteria for assessing the priority of financial reporting issues to be added to the work plan
January 2022	• Approach to prioritising matters arising from post-implementation reviews
February 2022	• Projects on the current work plan—Proposed response to feedback • Availability of a Refund (Amendments to IFRIC 14)—Project review • Provisions—Targeted Improvements—Project review • Cross-cutting themes—Capacity implications • Strategic direction and balance of the IASB's activities from 2022 to 2026
March 2022	• Potential projects—Approach to staff analysis • Potential projects—Proposed short-listed projects • Potential projects—Other projects described in the Request for Information • Potential projects—Other suggestions • Potential projects—Feedback summary for proposed short-listed projects
April 2022	• Projects to add to the work plan • Overview of due process comments

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