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IFRS Foundation

Invitation to Comment

IASB and IFRS Interpretations Committee Due Process Handbook

Comments to be received by 5 September 2012



Introduction and
invitation to comment on the
IFRS Foundation
Due Process Handbook

May 2012

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Introduction and invitation to comment

The Trustees of the IFRS Foundation oversee the operations of the IASB and its IFRS Interpretations Committee (the Interpretations Committee). The Trustees have a committee—the Due Process Oversight Committee (DPOC)—which has the task of reviewing and, if necessary, amending the due process procedures in the light of experience and comments from the IASB and interested parties.

During 2011 and 2012 the DPOC has been reviewing its operating protocol and, as part of this, asked the IFRS Foundation staff to update the *Due Process Handbook* for the IASB and the Interpretations Committee.

It is not unusual for the handbooks to be updated. The IASB and the Interpretations Committee will often perform steps and procedures over and above those described in their handbooks because they are continually striving to improve how they consult and operate. From time to time the IASB and the DPOC review how the IASB and the Interpretations Committee are operating to determine whether some of these new and additional steps should be embedded into their due process. Similarly, such reviews could remove or amend due process steps that impede, rather than enhance, the efficient and effective development of IFRSs and Interpretations.

This update is more substantial than earlier reviews, largely because it combines the separate IASB and Interpretations Committee handbooks into one. This reflects steps taken, as a consequence of a review of the Interpretations Committee, to have the IASB and the Interpretations Committee work more closely together. In addition, the new handbook incorporates the due process protocol developed by the DPOC. The DPOC also took the opportunity to redraft existing requirements in a more principled way and by using plain English.

The updated handbook also responds to some of the conclusions reached in the Trustees' Strategy Review (the strategy review), the recently completed review of the IFRS Interpretations Committee and the three-yearly consultation on the technical work programme.

Main features of the [draft] revised handbook

General

The DPOC has been enhancing its role and the handbook includes sections to reflect these changes. The DPOC's responsibilities in overseeing the due process of the IASB and the Interpretations Committee are outlined (see paragraphs 2.1–2.15). This section also describes the protocols for the action that Trustees can take in the event of a perceived breach of due process. Incorporating the Interpretations Committee's due process requirements into the same handbook as the IASB's due process requirements is an enhancement of the oversight of the Interpretations process (see paragraphs 8.1–8.9).

The handbook no longer refers to the liaison roles that the IASB had with individual standard-setters when it was first set up. The section is now broader and anticipates the likely steps that the IASB will take to develop a more formal network of standard-setters and others. The Trustees have asked the IASB to formalise and strengthen relationships with national and regional standard-setting bodies, audit and securities regulators, the accountancy profession and others, including those from emerging market economies, to co-operate more closely and in a more proactive way. The Chair and Vice-Chair of the IASB have been asked to develop plans for doing so by September 2012 (see paragraphs 3.49–3.64).

The handbook includes a more extensive discussion of the process of assessing the likely effects of an IFRS. More importantly, the handbook reflects the fact that the IASB has begun the process of embedding this assessment throughout the development of an IFRS rather than simply having an assessment document at the end of the process. The Trustees have recommended the establishment of a working group from the international community, chaired by the IASB, to develop an agreed methodology for fieldwork and effect analyses (see paragraphs 3.73–3.76).

The handbook now describes the three-yearly consultation on the IASB technical work programme (currently referred to as the ‘triennial agenda consultation’). The handbook clarifies that the focus of the review is strategic and is not designed to add individual projects to the IASB’s technical work programme. Instead, the focus is on seeking formal, public input on the strategic direction and balance of the IASB’s technical work programme (see paragraphs 4.3–4.5).

Although the Handbook includes references to XBRL, the due process requirements are in a separate document, the *Due Process Handbook for XBRL Activities*. The DPOC plans to review the XBRL Handbook over the next 12 months with a view to incorporating it into the IASB Handbook.

The more substantive changes are as follows:

- A research programme is described and is expected to become the development base from which potential standards-level projects will be identified. The use of a Discussion Paper as the first external due process document has been moved into this research programme phase and would precede a proposal to add a standards-level project to the IASB technical work programme. Currently, a Discussion Paper is required as a step after a standards-level project has been added to the technical work programme. The Trustees have asked the Chair and Vice-Chair of the IASB to develop a strategy, by the end of 2012, for the Trustees to consider how to develop a research capability that is consistent with more evidence-based standard-setting and will provide thought leadership in the field of financial reporting. The new stages of standard-setting reflected in the revised handbook reflect the first steps in setting up a broader research capability (see paragraphs 4.9–4.22).
- A new section has also been added that describes the oversight of the *Conceptual Framework* as a standing activity of the IASB (see paragraphs 4.23–4.26).
- A new section on maintenance has been added, which formalises the practice that the IASB and the Interpretations Committee have been following for addressing matters that are narrow in scope. It clarifies that the more formal project proposal processes, such as prior consultation with the Advisory Council, were always intended to apply to new IFRSs and major amendments. The IASB has the discretion to initiate changes that are narrow in scope to IFRSs as part of the general maintenance of IFRSs. The new section also explains how the activities of the IASB and the Interpretations Committee are closely related. These changes respond to the Trustee’s call for the IASB to play a more active role in the ongoing work to improve consistency of application and implementation (see paragraphs 5.11–5.20).
- Two changes to comment periods are proposed. The first would increase the minimum comment period for exposing the draft of a rejection notice for an Interpretation from 30 days to 60 days (see paragraph 5.16). This change responds to concerns that the Interpretations Committee is not receiving sufficient feedback on draft rejection notices. The other change relates to the re-exposure of a document. The DPOC is proposing to allow the IASB to have a reduced comment period for documents it plans to re-expose. Some re-exposure documents are intended to focus on a narrow aspect of an exposure draft, rather than being a fundamentally different document. A minimum 120-day comment period may not be necessary in some cases and may lead to an undue delay in the publication of a final IFRS. A minimum comment period of 60 days would be permitted (see paragraph 6.26).

- The sections explaining post-implementation reviews have been expanded and now describe in more detail how the IASB expects to develop each review. This section includes an explanation of the related public consultation (see paragraphs 3.50–6.61).

The redrafted handbook has also been updated to reflect actual practice and includes expanded discussions of some matters that seem not to be well understood:

- The purpose of staff papers is explained, including the relative responsibilities of IASB members and staff. References to observer notes have been replaced by a simple principle that all IASB papers are made available for observers. There is also a clearer basis for withholding material and an example of such an instance is provided (see paragraphs 3.6–3.10).
- The nature of technical votes in meetings has been explained, as well as how they relate to the ballot process. The balloting process is also set out, including the role of review drafts in this process and how they are used to improve the quality of drafting. This section replaces the current references to fatal flaw reviews, and provides an explanation of the scope of such reviews (see paragraphs 3.13–3.29).
- The importance of writing documents that can be translated into other languages and incorporated easily into XBRL is highlighted (see paragraph 3.27).
- The nature and purpose of education sessions and small group sessions are explained, along with a description of the role of assigned IASB members (see paragraphs 3.37–3.40).
- A requirement for the IASB to take additional steps to consult investors, to supplement the comment letter process, has been added (see paragraphs 3.46–3.48).
- The importance of communicating with securities regulators and prudential regulators is formally acknowledged, and the steps are highlighted in the strategy review (see paragraphs 3.54–3.57).
- The different types of consultative groups that the IASB uses, such as working groups and expert advisory panels, are explained. This section also clarifies which types of meeting must be held in public and which groups have their membership ratified by the DPOC (see paragraphs 3.58–3.64).
- An annual review of consultative groups (including what were formerly referred to as ‘working groups’) has been introduced (see paragraph 3.64).
- The manner in which the IASB uses fieldwork to support the development of IFRSs (which the current handbook refers to as ‘field testing’ and ‘field visits’) is explained. Fieldwork can include components of field tests and field visits, but may also include other methods of collecting information to assess the feasibility and cost of a potential IFRS (see paragraphs 3.68–3.71).
- The IASB has used a Request for Views (now referred to as a ‘Request for Information’) to solicit feedback on many topics, for example, the three-yearly agenda consultation and a targeted request for input on the practical implications and approach to impairment. The handbook explains the purpose of this type of consultation and the process for issuing such a request (see paragraphs 4.18 and 4.20).
- The purpose of the Annual Improvements criteria is clarified as helping the IASB to decide whether it would be appropriate to expose several unrelated proposals to amend IFRSs in a single document rather than separately (see paragraphs 6.10–6.15).
- The process for correcting typographical and other editorial errors is explained (see paragraph 6.38).
- A new section sets out the responsibility of the IASB to respond to any referral made by the Monitoring Board to the Trustees and the Chair of the IASB of a financial reporting matter (see paragraphs 5.6–5.10).

- The fact that IASB members may dissent to the ratification of an Interpretation is now explicit (see paragraph 7.24).

The handbook also includes a glossary of terms.

Four new appendices have been included. Although the appendices accompany the IFRS Foundation *Due Process Handbook*, they are not an integral part of the handbook and may be updated from time to time by the IASB and its staff.

- (a) Appendix 1—History and Approval provides a summary of the changes made to the handbook, both in the current review and in earlier reviews.
- (b) Appendix 2—Consultative Group Terms of Reference provides a description of the main issues that should be included in the terms of reference for consultative groups to the IASB.
- (c) Appendix 3—Interpretation Requests provides a template for submitting requests to the Interpretation Committee.
- (d) Appendix 4—Due Process Protocol provides a comprehensive table of due process steps and what the IASB has done to work towards and achieve these steps. The IASB is currently developing a new project page format on which it would present this information through the life of a project.

There are many additional editorial and structural changes to the document. However, the main purpose of these changes is to make the document more consistent and easier to read.

Invitation to comment

The DPOC invites comments on any aspect of the proposed update to the IFRS Foundation *Due Process Handbook*. It would particularly welcome answers to the questions set out below.

Question 1

The Trustees' have included an introductory section dealing with 'oversight', and the responsibilities of the DPOC (see paragraphs 2.1-2.15).

Do you support the inclusion and content of this section? Why or why not?

Question 2

The DPOC have created a Due Process Protocol in the form of a table that shows the steps that the IASB must, or could, take, as well as reporting metrics to demonstrate the steps that they have taken, in meeting their due process obligations (see Appendix 4).

Do you agree with the idea that such a table should be maintained on the public website for each project? Why or why not?

Question 3

A research programme is described, which we expect will become the development base from which potential standards-level projects will be identified (see paragraphs 4.9-4.22). In addition, a new section on maintenance has been added, which formalises the practice that the IASB and the Interpretations Committee have been following for addressing matters that are narrow in scope. It clarifies that the more

formal project proposal processes were always intended to apply to new IFRSs and major amendments. The IASB has the discretion to initiate changes that are narrow in scope to IFRSs as part of the general maintenance of IFRSs. The new section also explains how the activities of the IASB and the Interpretations Committee are closely related (see paragraphs 5.11–5.20).

Do you agree with the distinction between narrow-scope projects, which come under the heading of maintenance and comprehensive projects, which come under the heading of development of IFRSs? Why or why not?

Do you agree with the introduction of a separate research programme that will likely be the development base from which potential standards-level projects will be identified? Why or why not?

Question 4

Two changes to comment periods are proposed. The first would increase the minimum comment period for exposing the draft of a rejection notice of a request for an Interpretation request from 30 days to 60 days (see paragraph 5.16). The other change relates to the re-exposure of a document. The DPOC is proposing to allow the IASB to have a reduced comment period of a minimum of 60 days for documents it plans to re-expose, if the re-exposure is narrow in focus (see paragraph 6.26).

Do you agree with the changes in the comment period lengths for rejection notices and re-exposure drafts? Why or why not?

Question 5

Are there any other matters in the proposed handbook that you wish to comment on, including matters that are not covered by the handbook that you think should be?

IFRS Foundation

Due Process Handbook

This handbook sets out the due process principles that apply to the International Accounting Standards Board and the IFRS Interpretations Committee.

The Trustees of the IFRS Foundation have a Due Process Oversight Committee (DPOC) that is responsible for monitoring compliance with due process. This handbook also sets out the protocol followed by the DPOC.

May 2012

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1 Introduction

- 1.1 The International Accounting Standards Board (IASB) is the standard-setting body of the IFRS Foundation. The foremost objective of the organisation is to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards. The IFRS Interpretations Committee (Interpretations Committee) assists the IASB in improving financial reporting through timely identification, discussion and resolution of financial reporting issues within the IFRS framework.
- 1.2 The *IFRS Foundation Constitution* gives the IASB full discretion in developing and pursuing its technical programme and in organising the conduct of its work. The Trustees and the IASB have established consultative procedures to ensure that, in exercising its independent decision-making, the IASB considers a wide range of views from interested parties throughout all stages of the development of International Financial Reporting Standards (*IFRSs*). The IASB uses these procedures to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties.
- 1.3 This handbook describes the due process requirements of the IASB and its Interpretations Committee. The requirements reflect the due process that is laid out in the *IFRS Foundation Constitution* and the *Preface to International Financial Reporting Standards* issued by the IASB.
- 1.4 The due process requirements are built on the principles of transparency, full and fair consultation—considering the perspectives of those affected by IFRSs globally—and accountability. A comprehensive and effective due process is essential to developing high quality IFRSs that serve investors and other users of financial information.
- 1.5 The IASB and the Interpretations Committee will often perform steps and procedures over and above those described here because they are continually striving to improve how they consult and operate. From time to time the IASB and the Due Process Oversight Committee (DPOC) review how the IASB and the Interpretations Committee are operating to determine whether some of these new and additional steps should be embedded into their due process. Similarly, such reviews could remove or amend due process steps that impede, rather than enhance, the efficient and effective development of IFRSs and Interpretations.
- 1.6 The formal due process procedures for the IASB and the Interpretations Committee:
- (a) specify the minimum steps they must take to ensure that their activities have benefited from a thorough and effective consultation process;
 - (b) identify the non-mandatory steps or procedures that must be considered. This approach was previously referred to as the ‘comply or explain’ approach, meaning that the non-mandatory steps in the process were still recommended, so non-compliance with them would require an explanation; and
 - (c) identify other, optional, steps that are available to them to help improve the quality of IFRSs and related documents.

2 Oversight

Mission

- 2.1 The Trustees of the IFRS Foundation oversee the operations of the IASB and the Interpretations Committee.

- 2.2 The Trustees of the IFRS Foundation have a committee—the Due Process Oversight Committee (DPOC)—which is responsible for overseeing the due process procedures of the IASB and the Interpretations Committee.
- 2.3 The DPOC is accountable to the Trustees of the IFRS Foundation and is responsible for ensuring that the IASB and the Interpretations Committee follow due process procedures that reflect best practice. Improvements are made on a timely basis when the DPOC considers it to be necessary.
- 2.4 The DPOC provides continuous oversight over the IASB and the Interpretations Committee throughout all development stages of IFRSs, including agenda-setting and *post-implementation reviews*.
- 2.5 The DPOC achieves oversight through the defined and transparent steps it follows in its ongoing and regular activities, as well as by responding to issues raised by stakeholders about the standard-setting process.
- 2.6 Activities of the DPOC are limited to matters of due process. The DPOC does not review or consider technical financial reporting matters; these are solely the responsibility of the IASB.
- 2.7 The DPOC must operate in a manner that is timely and enhances rather than hinders the efficient operation of IASB activities.

Areas of responsibility

- 2.8 The DPOC is responsible for:
 - (a) Reviewing regularly, together with the IASB and the staff, the due process activities of the standard-setting activities of the IASB, including the work of the Interpretations Committee.
 - (b) Reviewing and proposing updates to the *Due Process Handbook* that relate to the development and review of IFRSs, Interpretations and XBRL Taxonomies (a separate due process handbook exists for XBRL activities) so as to ensure that IASB procedures are best practice.
 - (c) Approving the composition of the IASB's *consultative groups* to ensure an appropriate balance of perspectives and monitoring the effectiveness of those groups.
 - (d) Responding to correspondence from third parties regarding due process matters, in collaboration with the Director for Trustee Activities and the IFRS Foundation staff.
 - (e) Making recommendations regarding changes to the composition of committees that are integral to due process, as appropriate.

Process

- 2.9 The DPOC operates throughout the development of an IFRS or an Interpretation. This is achieved through frequent dialogue with the IASB, staff and the Director for Trustee Activities.
- 2.10 For each technical project, the IASB must report to the DPOC in a timely manner on how it has complied with its due process requirements. The report should:
 - (a) include a summary of the issues raised about due process, the extent of stakeholder engagement and the areas in a proposed IFRS that are likely to be controversial;
 - (b) provide evidence of the process that was undertaken; and

- (c) outline the reasons why the IASB decided not to take a non-mandatory ‘comply or explain’ step for a given project (such as not having a consultative group, proposing a shorter comment period than is normal 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 them and to react in a timely manner.

- 2.11 These reports by the IASB to the DPOC are posted on the DPOC website.
- 2.12 The DPOC reviews and evaluates the evidence provided by the IASB of its compliance with established due process.
- 2.13 The DPOC, through its contact with stakeholders, responds when appropriate to issues raised about the IASB’s due process and ensures that such issues are addressed satisfactorily.
- 2.14 Although the DPOC is assisted in its activities by IFRS Foundation staff, there is currently no intention to audit the information provided by the IASB, because the transparent manner in which the IASB and DPOC operate and the role of the Director for Trustee Activities makes an audit unnecessary.

Communication

- 2.15 The DPOC must operate transparently and with fair consideration of issues raised by stakeholders. The DPOC is required to:
 - (a) update the Trustees on its activities at regularly scheduled Trustee meetings and on an ad hoc basis as required;
 - (b) provide updates to the Monitoring Board at regularly scheduled joint sessions with the Trustees and on an ad hoc basis as required;
 - (c) provide summaries of its conclusions, discussions and materials on the DPOC section of the IFRS Foundation website. Such summaries should be provided promptly after the DPOC meetings;
 - (d) prepare an annual report of its activities for the Trustees; and
 - (e) ensure that its operating protocol, together with this document, its Charter and any other DPOC governance documents, are available on the IFRS Foundation website for the benefit of all stakeholders.

3 Principles

- 3.1 The due process requirements are built on the principles of transparency, full and fair consultation—considering the perspectives of those affected by IFRSs globally—and accountability.

Transparency

Public meetings, voting and balloting

Meetings

- 3.2 Meetings of the IASB and the Interpretations Committee are generally open to the public. Members of the public may attend meetings as observers. Meetings are recorded and, where possible, broadcast live via webcast. Recordings of meetings are archived on the IFRS Foundation website. The IASB and the Interpretations Committee can meet privately to discuss administrative and other

non-technical matters. Acknowledging that the boundary between technical and non-technical matters is sometimes difficult to define, the IASB and the Interpretations Committee must use their best endeavours not to undermine the principle that full and open consideration of technical matters needs to take place during public meetings.

- 3.3 A summary of the decisions reached in each meeting is published in a meeting summary called *IASB Update* and decisions of the Interpretations Committee are published in a meeting summary called *IFRIC Update*. These summaries are made available on the IFRS Foundation website.
- 3.4 The regular meetings of the IASB and the Interpretations Committee are planned as far in advance as is practicable, to help the staff, IASB and Interpretations Committee members and interested parties prepare for those meetings.
- 3.5 The meetings schedule is published on the IFRS Foundation website. Occasionally the IASB will need to hold a meeting at short notice. The IASB Chair can convene such meetings at any time. The IASB will make its best efforts to announce forthcoming meetings, normally via the IFRS Foundation website.

Papers and observer access

- 3.6 Before IASB and Interpretations Committee meetings, staff are responsible for developing staff papers with recommendations, along with supporting analysis, for consideration by the IASB or the Interpretations Committee in their public meetings.
- 3.7 The objective of staff papers is to provide sufficient information to enable the IASB or Interpretations Committee members to make informed decisions on technical matters. In developing their papers, the staff are expected to conduct research, including seeking advice from IASB members. However, recommendations ultimately reflect the views of the staff after they have considered the information they have obtained.
- 3.8 Staff papers are normally distributed 10 to 14 days before they are scheduled for discussion to allow the IASB and Interpretations Committee members sufficient time to consider and assess the recommendations.
- 3.9 Sometimes it is necessary to distribute staff papers much closer to the meeting date, sometimes even on the day of the meeting. IASB or Interpretations Committee members may, for example, ask for additional analysis during a meeting, which the staff prepare and distribute at a later session of that meeting. It is the responsibility of IASB and Interpretations Committee members to assess whether they have sufficient information, and sufficient time, to be able to make decisions on the staff recommendations.
- 3.10 All material discussed by the IASB or Interpretations Committee members in their public meetings, including papers that are prepared by staff, is normally made available to observers via the IFRS Foundation website. The staff have the discretion to withhold papers, or parts of papers, from observers if they determine that making the material publicly available would be harmful to individual parties, for example if releasing that information could breach securities disclosure laws. The DPOC expects that withholding material in such circumstances would be rare and that most papers will be publicly available.
- 3.11 The staff are required to report to the IASB and the DPOC at least annually on the extent to which material discussed by the IASB or the Interpretations Committee has not been made available to observers and the main reasons for doing so.

- 3.12 Notwithstanding the importance of staff papers, staff may supplement the papers orally at an IASB or Interpretations Committee meeting, drawing upon research by the staff and consultations with the Advisory Council, consultative groups and other interested parties, or from comments and information gained from *public hearings*, *fieldwork*, education sessions and *comment letters*.

Meeting votes and the ballot process

- 3.13 IASB members are expected to attend meetings in person. However, meetings may be held using teleconference, videoconference or any other similar communication facilities. There is no quorum for an IASB meeting but there are minimum voting requirements for all important IASB decisions.
- 3.14 During the development stage of technical documents such as discussion papers, exposure drafts and IFRSs, the votes taken during an IASB meeting are tentative. This is because the formal approval of these documents takes place in the balloting process. These interim votes in the public meetings generally relate to particular technical issues as opposed to the project as a whole. IASB members may vote against a particular issue but may nevertheless consider that the project proposals as a whole would improve financial reporting. Votes on particular technical issues provide the staff with direction from the IASB to develop the relevant due process document.
- 3.15 A *simple majority* in favour of a technical alternative is generally sufficient to guide the staff in developing the project. The staff will, however, need to determine if any IASB members who disagree with a tentative decision might dissent from the whole proposal.
- 3.16 A *supermajority* of the IASB requires that 9 members ballot in favour of the publication of a document if the IASB has 15, or fewer, appointed members, or 10 members in favour if the IASB has 16 appointed members. Abstaining is equivalent to voting against a proposal. Other decisions, such as not to establish a consultative group, require a simple majority in a public meeting attended by at least 60 per cent of the IASB members.
- 3.17 Other documents, such as a *Request for Information*, do not pass through the formal balloting process and may be approved for publication by a vote at a public meeting.
- 3.18 The voting requirements for the IASB's publications are as follows:

| Publications | |
|---|---|
| Request for Information Research Paper | Simple majority in a public meeting attended by at least 60 per cent of the IASB members. |
| Discussion Paper | Simple majority, by way of ballot. |
| Exposure Draft IFRS Proposed <i>IFRS for SMEs</i> <i>IFRS for SMEs</i> | Supermajority, by way of ballot. |
| Practice Guidance | Supermajority, by way of ballot. |
| <i>Conceptual Framework</i> | Supermajority, by way of ballot. |
| Draft Interpretation | No more than 4 members of the Interpretations Committee object, in a public meeting. |
| Interpretation | No more than 4 members of the Interpretations Committee object, in a public meeting. Ratification by the IASB requires a supermajority, in a public meeting. |

- 3.19 The Interpretations Committee also meets in public and follows procedures that are similar to the IASB's general policy for its IASB meetings. To constitute a quorum for the Interpretations Committee there must be 10 voting members present in person or by telecommunications. Each voting member of the Interpretations Committee has 1 vote. Members vote in accordance with their own independent views, not as representatives of any firm, organisation or constituency with which they may be associated. Proxy voting by members of the Interpretations Committee is not permitted.
- 3.20 The IASB and the Interpretations Committee Chairs may invite others to attend meetings as advisers when specialised input is required. A member of the Interpretations Committee, or an appointed observer, may also, with the prior consent of the Chair, bring to a meeting an adviser who has specialised knowledge of a topic that is being discussed. Such invited advisers have the right to speak.

Balloting

- 3.21 Balloting is the formal process by which IASB members assent to the publication of a document, or the members of the Interpretations Committee assent to the finalisation of an Interpretation, before it is sent to the IASB for ratification. Balloting takes place outside of meetings.
- 3.22 In their public meetings, the IASB or the Interpretations Committee make technical decisions that relate to recognition, measurement and disclosure matters. It is the responsibility of the staff to ensure that the final publication reflects those decisions.
- 3.23 When a document is balloted IASB or Interpretations Committee members review the document to confirm that the drafting is consistent with their technical decisions. Any dissenting opinions are incorporated into the pre-ballot and ballot drafts for the other IASB members to see before balloting.
- 3.24 Before the formal ballot procedure begins, the staff normally prepare one or more pre-ballot drafts in response to which the IASB or the Interpretations Committee provide drafting comments.
- 3.25 Sometimes the drafting process reveals an uncertainty about a technical matter because the decision reached is not as clear as first thought. In other cases, the drafting process may highlight inconsistencies between sections of an IFRS or other matters that were not discussed at an IASB or Interpretations Committee meeting. Such technical matters are normally resolved by the staff preparing a staff paper and taking it to a public meeting of the IASB or Interpretations Committee as a *sweep issue*. Taking a sweep issue to the IASB or Interpretations Committee does not cause the balloting process to start again.
- 3.26 As part of the balloting process the technical staff should liaise with the IFRS Foundation translations and XBRL staff to take into account the need for language in the proposed document that is easily translatable into other languages and into a consistent IFRS XBRL Taxonomy. All documents are also subjected to extensive editorial review.
- 3.27 Once the staff have assessed that the document is ready for formal voting they circulate a ballot draft. It is this document on which the IASB or Interpretations Committee vote. The IASB can determine how voting should be carried out, but may use paper or electronic means.
- 3.28 Even after balloting it is not uncommon for the IASB members or staff to make drafting changes to improve the clarity of the document. Such changes are permitted as long as the technical decisions are not affected. Depending on the number of such changes, the staff report to the IASB after the ballot or prepare and circulate to the IASB a post-ballot draft showing the final changes.

Review drafts

- 3.29 The IASB normally seeks input on the drafting from people outside of the IASB. For convenience, a draft of a due process document made available to parties outside of the IASB is referred to as a *review draft*. A review draft might be distributed to a selected group of reviewers, such as members of a consultative group, the Interpretations Committee, other standard-setters or parties that have provided feedback on the project. It may also be made available on the IFRS Foundation website.
- 3.30 Reviewers are asked for feedback on whether the draft document is clear and reflects the technical decisions made by the IASB. A review draft does not include an *invitation to comment* because the purpose of such a review is not to question the technical decisions. Because reviewers are conveying their personal views rather than those of their organisations, their comments are not normally made public.
- 3.31 It is normal for the IASB to use external reviewers before it finalises any new IFRS or major amendments. The nature of the external review, such as who is asked to review the draft and whether the draft is also made publicly available, is at the discretion of the IASB. The staff must also decide whether a review draft should be developed before the first pre-ballot draft is circulated to IASB members or whether one of the ballot drafts should be used for this purpose.
- 3.32 Although it is not a mandatory step to use external reviewers, if the IASB does use them, it must include in its report to the DPOC the extent to which external reviewers were used.

Information on the IFRS Foundation website

- 3.33 The work programmes of the IASB and the Interpretations Committee are normally maintained on the IFRS Foundation website. The work programmes should be updated periodically to reflect the best estimates of project time lines based on recent IASB decisions.
- 3.34 Each project will normally have its own project page to help those following the project to stay informed about its progress.
- 3.35 Publications and information related to the IASB's due process are freely available on the IFRS Foundation website. Such information may include, but is not limited to, past webcasts, comment letter submissions and meeting schedules.

Education sessions, small group meetings and assigned IASB members

- 3.36 In addition to public decision-making meetings, the IASB sometimes holds education sessions and small group meetings.

Education sessions

- 3.37 Education sessions are sometimes held before IASB meetings to give IASB members a chance to clarify points in the papers and discuss details of approaches or disagreements with the staff in advance of the decision-making meeting. Education sessions are open to the public and follow the same principles of transparency that apply to a normal IASB meeting.

Private and small group meetings

- 3.38 IASB members may meet privately to discuss technical issues, sometimes at the request of the staff. Small group meetings must not undermine the principle that full and open consideration of technical issues must take place during public meetings.

Assigned IASB members

- 3.39 All IASB and Interpretations Committee members are responsible for the decisions they make in developing and issuing IFRSs and Interpretations. For major projects, the Chair of the IASB normally assigns specific IASB members to the project. Assigned IASB members provide advice to the staff on the adequacy and clarity of the analysis presented in drafts of staff papers to ensure that sufficient information needed for the IASB to make technical decisions is presented. However, the recommendations made in staff papers do not necessarily reflect the views of the assigned IASB members and the staff have ultimate responsibility for the board papers and the recommendations they contain.

Full and fair consultation

- 3.40 The IASB operates on the principle that wide consultation with interested and affected parties enhances the quality of its IFRSs. This consultation can be carried out through various means including, but not limited to, invitations to comment, individual meetings or fieldwork. Some consultation procedures are mandatory. Other procedures are not mandatory but must be considered by the IASB and, if it is decided that the process is not necessary, the IASB must give the DPOC its reasons for not taking that step.

Minimum safeguards

- 3.41 There are some steps that the IASB and the Interpretations Committee must follow before the IASB can issue an IFRS or Interpretation. These steps are designed to be the minimum safeguards to protect the integrity of the standard-setting process.
- 3.42 The following due process steps are mandatory:
- (a) debating any proposals in one or more public meetings;
 - (b) exposing for public comment a draft of any proposed new IFRS, proposed amendment to an IFRS or proposed Interpretation of an IFRS—with minimum comment periods;
 - (c) considering in a timely manner those comment letters received on the proposals;
 - (d) reporting to the Advisory Council on the Technical Programme, major projects, project proposals and work priorities;
 - (e) considering whether the proposals should be exposed again; and
 - (f) ratification of an Interpretation by the IASB.

‘Comply or explain’ steps

- 3.43 Other steps are specified in the *Constitution* and are not mandatory. They include:
- (a) publishing a discussion document (eg a discussion paper) before an exposure draft is developed;
 - (b) establishing consultative groups or other types of specialist advisory groups;
 - (c) holding public hearings; and
 - (d) undertaking fieldwork.
- 3.44 If the IASB decides not to undertake those non-mandatory steps, it must inform the DPOC of its decision and reasons. Those explanations are also published in the decision summaries and in the Basis for Conclusions published with the exposure draft or IFRS in question.

Investors and other users of financial reports

- 3.45 The IASB is responsible for developing financial reporting standards that serve investors and other users of financial reports in making informed resource allocation and other economic decisions.
- 3.46 Investors, and investment intermediaries such as analysts, tend to be under-represented as submitters of comment letters and the IASB must therefore take additional steps to consult investors on proposals for new IFRSs or major amendments to IFRSs. These additional steps could include surveys, private meetings, webcasts and meetings with representative groups, such as the Capital Markets Advisory Committee. Feedback from this focused consultation with investors is summarised in a staff paper and is considered and assessed along with comment letters.
- 3.47 As a project progresses the IASB reports on how it has consulted with investors, and their intermediaries, in staff papers, the project pages on the IFRS Foundation website and in reports to the DPOC. The IASB needs to be satisfied that it has gathered sufficient information from investors to enable it to make informed decisions about the proposed new requirements.

A national and regional network

- 3.48 In its technical activities, the IASB seeks input from a network of national accounting standard-setting bodies and regional bodies involved with accounting standard-setting. In addition to performing functions within their mandates, national accounting standard-setting bodies and regional bodies involved with accounting standard-setting can undertake research, provide guidance on the IASB's priorities, encourage stakeholder input from their own jurisdictions into the IASB's due process and identify emerging issues.
- 3.49 The IASB shares information and consults international and regional groupings of standard-setters and other bodies such as the International Forum of Accounting Standard Setters (IFASS), the Asian-Oceanian Standard-Setters Group (AOSSG), the Group of Latin American Standard-setters (GLASS), the Pan-African Federation of Accountants (PAFA) and the European Financial Reporting Advisory Group (EFRAG) as well as jurisdictional (national) standard-setters. IASB members meet with representatives of these regional and national bodies and participate in meetings with them. Close co-ordination between the IASB's due process and the due process of other accounting standard-setters is important to the success of the IASB.
- 3.50 Consultation activities extend beyond interaction with accounting standard-setters. The IASB interacts with a wide range of interested parties throughout a project, which can include practical business analysis by way of fieldwork. IASB members and staff of the IFRS Foundation also regularly hold education sessions, attend meetings and conferences of interested parties, invite interested organisations to voice their views and announce major events of the organisation on the IFRS Foundation website.
- 3.51 Consultation takes place throughout the due process cycle, with the purpose of promoting co-operation and communication between the IASB and parties interested in standard-setting.

IFRS Advisory Council

- 3.52 The *IFRS Advisory Council* (Advisory Council) provides broad strategic advice on the IASB's technical agenda, project priorities, project issues related to application and implementation of IFRSs and possible benefits and costs of particular proposals. The Advisory Council also serves as a sounding board for the IASB and can be used to gather views that supplement the normal consultative process. When the IASB is considering adding projects for either new IFRSs or major amendments to IFRSs to its standard-setting programme, it presents its proposals for these to the Advisory Council. The IASB also presents updates to the Advisory Council on its research and standard-setting work programmes.

Securities and other regulators

- 3.53 The IASB is responsible for developing global financial reporting standards that are enforceable.
- 3.54 To achieve this it is important that the IASB maintains a dialogue with securities regulators. Such a dialogue is normally undertaken by establishing regular meetings with such regulators. In addition, the Interpretations Committee has the right to invite members of securities regulatory bodies to act as official observers to its meetings.
- 3.55 Financial information prepared in accordance with IFRSs is used by other regulators, including prudential supervisors and taxation authorities. The IASB develops IFRSs to improve the transparency and integrity of financial statements. The confidence of all users of financial statements in the transparency and integrity of those statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.
- 3.56 The IASB is aware that prudential supervisors rely on financial reports for some of their functions. To assist prudential supervisors, the IASB keeps an enhanced dialogue with such authorities, particularly through the Financial Stability Board and the Bank of International Settlements.

Consultative groups

- 3.57 The IASB normally establishes a consultative group for each of its major projects, such as a specialist or expert advisory group. Consultative groups give the IASB access to additional practical experience and expertise.
- 3.58 Once a project is added to the IASB's standard-setting programme it must consider whether it should establish a consultative group for the project. It is not mandatory to have such a group, but if the IASB decides not to do so, it must explain why on the project page and inform the DPOC.
- 3.59 The composition of a consultative group should reflect the purpose for which the group is being formed, bearing in mind the need to ensure that it draws on a geographically and professionally diverse and broad membership. The IASB would normally advertise for nominations and applications via its website, but it can also approach parties directly. The DPOC reviews the proposed composition of each group to ensure that there is a satisfactory balance of perspectives. The IASB may also establish or host sector representative groups whose membership reflects a particular sector, such as investors or preparers that meet regularly to provide advice on a wide range of topics rather than on a specific project. These groups include the Capital Markets Advisory Committee (CMAC), the Global Preparers Forum (GPF) and the Emerging Economies Group (EEG). It is not necessary for the DPOC to approve membership of such groups. However, the purpose of the group and the names and affiliations of the group members must be made public.
- 3.60 Each consultative group should have terms of reference, setting out the objectives of the group, the expectations that the IASB has of the members and the responsibilities of the IASB to that group. The IASB could have more than one consultative group on a project, for example to provide advice on a particular aspect of a proposed IFRS or post-implementation review (PIR).
- 3.61 Once work starts, the group should be consulted when the staff consider that it would be beneficial to the project to do so. The staff should provide group members with regular updates on the progress of the project.

- 3.62 Meetings of the IASB consultative groups are normally open to the public and chaired by an IASB member or by a member of staff. Any papers that are discussed by the consultative group are made publicly available. Members of the public may attend meetings to observe. Meetings are recorded and, where possible, broadcast live via webcast. Recordings of meetings are archived on the IFRS Foundation website. If the IASB determines that a particular meeting of a consultative group should be in private a summary of each such meeting would normally be posted on the relevant project page.
- 3.63 All consultative groups are reviewed by the staff each year to assess whether each group is continuing to serve the function for which it was established and whether, if that is the case, the membership should remain the same. The outcome of the review is presented to the IASB and DPOC.

Comment letters

- 3.64 Comment letters play a pivotal role in the deliberative process of both the IASB and the Interpretations Committee, because they provide considered and public responses to a formal consultation.
- 3.65 All comment letters received by the IASB are available on the IFRS Foundation website. Portions of a comment letter may be withheld from the public if publication would be harmful to the submitting party, for example a potential breach of securities disclosure laws.
- 3.66 When considering comment letters, the IASB or the Interpretations Committee assess the matters raised and the related explanations and evidence provided by respondents. The staff does not normally provide the IASB with any numerical analysis of how many respondents expressed a particular view because it is the strength of the analysis, and the evidence supporting the analysis, that is important.

Fieldwork

- 3.67 The IASB and its staff sometimes use fieldwork to gain a better understanding of how a proposal is likely to affect those who use and apply IFRSs.
- 3.68 Fieldwork can be undertaken in different ways, including one-to-one visits or interviews with preparers, auditors, regulators or investors who are likely to be affected by the proposals. It can also include workshops where several such parties are brought together, or experiments to assess how the proposals might be interpreted or applied.
- 3.69 Fieldwork may include having participants assess how the proposals would apply to actual transactions or contracts; having preparers or users complete case studies; undertaking experiments to assess how users process information; or assessing how systems are likely to be affected. Fieldwork may also include gathering examples from practice to help the IASB gain a better understanding of industry practices and how proposed IFRSs could affect them. The IASB and its staff will need to assess which, if any, activities are appropriate for a particular project, taking into consideration the costs of the activity and what the IASB is likely to learn from the fieldwork.
- 3.70 Undertaking fieldwork is not mandatory, but if the IASB decides not to do so, it must explain why on the project page and inform the DPOC.

Public hearings

- 3.71 In addition to inviting comment letters to seek views and suggestions, the IASB often considers holding public meetings with interested organisations to listen to and exchange views on specific topics. Public hearings include round-table meetings and discussion forums. Round-table meetings are primarily consultative, providing participants with the opportunity to present and discuss their analysis of the proposals. Discussion forums tend to have more of an educational focus, with IASB members or staff explaining the proposals before discussing them with participants. Round-table meetings are normally held after a comment period has closed and are used to discuss issues highlighted by the comment letter process. Discussion forums can be held at any time during the development of an IFRS.

Accountability

Effect Analysis

- 3.72 The IASB is committed to assessing and sharing knowledge about the likely costs of implementing proposed new requirements and the likely ongoing associated costs and benefits of each new IFRS—the costs and benefits are collectively referred to as ‘effects’. The IASB gains insight on the likely effects of the proposals for new or revised IFRSs through its formal exposure of proposals and through its fieldwork, analysis and consultations with relevant parties through outreach activities. The likely effects are assessed:
- (a) in the light of the IASB’s objective of financial reporting transparency; and
 - (b) in comparison to the existing financial reporting requirements.
- 3.73 The IASB’s views on the likely effects are reflected in the Basis for Conclusions published with each exposure draft and IFRS and summarised in a separate *Effect Analysis* publication when the IFRS is issued.
- 3.74 In forming its judgement on the evaluation of the likely effects, the IASB considers:
- (a) how the proposed changes are likely to affect how activities are reported in the financial statements of those applying IFRSs;
 - (b) how those changes improve the comparability of financial information between different reporting periods for an individual entity and between different entities in a particular reporting period;
 - (c) how the changes will improve the quality of the financial information and its usefulness in assessing the future cash flows of an entity;
 - (d) the benefit of better economic decision-making as a result of improved financial reporting;
 - (e) the likely effect on compliance costs for preparers, both on initial application and on an ongoing basis; and
 - (f) how the likely costs of analysis for users (including the costs of extracting data, identifying how the data has been measured and adjusting data for the purposes of including them in, for example, a valuation model) are affected. The IASB should take into account the costs incurred by users of financial statements when information is not available and the comparative advantage that preparers have in developing information when compared with the costs that users would incur to develop surrogate information.

- 3.75 The analysis is not expected to include a formal quantitative assessment of the overall effect of an IFRS. Initial and ongoing costs and benefits are likely to affect different parties in different ways. The level of analysis is tailored to the type of changes proposed, with more analysis undertaken for new IFRSs and major amendments.

Basis for Conclusions and dissenting views

- 3.76 In the Basis for Conclusions the IASB explains the rationale for why it made the decisions it reached in developing or changing an IFRS. The Basis for Conclusions also includes the IASB's responses to comments received when the proposals were exposed.
- 3.77 The IASB does not operate as a consensus body. A decision to issue an exposure draft or IFRS requires a supermajority. IASB members who disagree with the proposals or the final IFRS are required to explain why they have a dissenting view. Such dissents are published with the Basis for Conclusions.
- 3.78 When an IASB member dissents they are voting against the exposure draft or IFRS as a whole. An IASB member cannot dissent from one part of a document but still vote to issue that document.
- 3.79 Throughout the development of an IFRS there may be decisions with which individual IASB members disagree. However, disagreeing on a matter does not mean the IASB member dissents to the whole document. The test for IASB members is whether they think the new requirements will improve financial reporting, taking into account the likely effects of those requirements. The hurdle to dissenting is deliberately high.
- 3.80 The dissent itself should address only those matters that caused the IASB member to vote against the document as a whole. IASB members should avoid using the dissent to express dissatisfaction with other parts of the document that, taken on their own, would not have caused the IASB member to vote against issuing the document.

4 Technical work programme

- 4.1 The technical work programme is the suite of projects that the IASB and the Interpretations Committee manage. The technical work programme focuses on projects and activities that are steps toward possible publications by the IASB, including research and discussion papers, requests for information, PIRs, exposure drafts, IFRSs, draft Interpretations and final Interpretations. The technical work programme is updated regularly and is available on the IFRS Foundation website, which also includes estimates of project time lines reflecting recent IASB decisions.
- 4.2 IASB technical activities incorporate a wide range of activities, including financial reporting research; the implementation, maintenance and PIRs of IFRSs; the development of new or revised IFRSs; and updates and revisions to the *Conceptual Framework*, the Education Initiative and XBRL.

Three-yearly consultation on the IASB technical work programme

- 4.3 The IASB is required to undertake a public consultation on its work programme every three years, normally by way of a public Request for Information. The primary objective of the review is to seek formal public input on the strategic direction and balance of the IASB's work programme, including the criteria for assessing projects that may be added to the IASB's standards-level programme. This review is not designed to add individual projects to the IASB's work programme,

although an outcome of the review could be the identification of projects that respondents think should be given priority by the IASB. Adding a project to the IASB's standards-level programme still requires the development of a specific project proposal and an assessment against the IASB's project criteria.

- 4.4 In addition to the public consultation, the IASB must consult the Advisory Council.
- 4.5 The IASB must keep the Trustees informed, through the DPOC, of its three-yearly consultation and how the IASB expects to respond to the input it has received.

Objective

- 4.6 IFRSs should provide a faithful portrayal of an entity's financial position and performance in its financial statements. Those standards serve investors and other users of financial reports in making informed resource allocation and other economic decisions. The confidence of all users of financial statements in the transparency and integrity of these statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.

Consistent application of IFRSs

- 4.7 In line with its objectives, the IFRS Foundation renders all assistance to ensure the consistent application of IFRSs internationally. The aim of the IASB is to issue standards that are clear, understandable and enforceable and to provide guidance that is consistent with a principle-based approach to standard-setting. Application guidance and examples are provided when it is necessary to understand and implement the principles in a consistent manner.
- 4.8 In drafting new standards, the IASB is conscious that many of those applying or using IFRSs work with translated versions of the English IFRSs.

Research programme

- 4.9 New financial reporting requirements developed by the IASB should be designed to address problems identified with the existing requirements. Sometimes a problem identified with current financial reporting can be remedied with a relatively minor amendment to an IFRS. In other cases, the problem might require a more significant change to financial reporting requirements, such as a major change to an IFRS or a new IFRS. Consequently, the first step in developing a new financial reporting requirement is to assess and define the problem within the existing reporting.
- 4.10 The purpose of the IASB's research programme is to analyse possible financial reporting problems by collecting evidence on the nature and extent of the perceived shortcoming and assessing potential ways to improve financial reporting or to remedy a deficiency. This analysis will help the IASB decide whether it should add to its standard-setting programme a project to develop a proposal for a new IFRS or to amend or replace an IFRS. The research programme also includes consideration of broader financial reporting issues, such as how financial reporting is evolving, to encourage international debate on financial reporting matters.
- 4.11 To help the IASB in developing its work programme, staff are asked to identify, review and raise issues that might warrant the IASB's attention. New issues may also arise from a change in the IASB's *Conceptual Framework*. In addition, the IASB raises and discusses potential topics in the light of comments from other standard-setters and other interested parties, the Advisory Council and the Interpretations Committee, as well as staff research and other recommendations.

- 4.12 The IASB and its staff are not expected to undertake all of the activities on its research programme. It is important to the IASB that others, such as national or regional financial reporting bodies, academics and other interested parties, participate in these activities. The IASB will, however, need to provide clear direction on which issues are of interest to the IASB and what its expectations are of those other parties.
- 4.13 The IASB should maintain an up-to-date summary of its research programme and its priorities on the IFRS Foundation website. The IASB should identify those financial reporting issues for which it is developing proposals, the consideration of which might result in standards-level projects, as well as those areas where it is seeking to learn more about the issues but does not anticipate developing a proposal in the short term.
- 4.14 The IASB provides the Advisory Council with an update of its research programme at each meeting of the Advisory Council, enabling council members to provide feedback on the programme.

Research papers, discussion papers and Requests for Information

- 4.15 The main output of the research programme is expected to be discussion papers and *research papers*. Discussion papers and research papers are designed to elicit comments from interested parties that can help the IASB decide whether to add a project to its standard-setting programme. Discussion and research papers typically include a comprehensive overview of the issue, possible approaches to addressing the issue, the preliminary views of its authors or the IASB and an invitation to comment.
- 4.16 Discussion papers are issued by the IASB and present the analysis and collective views of the IASB on a particular topic. The matters presented will have been discussed in public meetings of the IASB. Discussion papers do not contain a Basis for Conclusions or any dissenting views. The discussion itself should reflect and convey differences in views of IASB members.
- 4.17 Research papers are also issued by the IASB but are generally prepared by the staff of the IASB or by those who have been seconded to the IASB to develop the paper. Research papers may also be prepared by other standard-setters or bodies, normally at the request of the IASB. A research paper issued by the IASB should include a clear statement of the extent of the IASB's involvement in the development or endorsement of the paper. In some cases the IASB will not have discussed the paper in a public meeting and will not, therefore, have developed any views on the matters set out in the paper.
- 4.18 Requests for Information are formal requests by the IASB for information or feedback on a matter related to technical projects or broader consultations. Examples of appropriate topics for a Request for Information include seeking input on its three-yearly consultation on the IASB technical work programme or PIRs or help in assessing the practical implications of a potential financial reporting requirement.

Publication of research papers, discussion papers and Requests for Information

- 4.19 Discussion papers are balloted by the IASB. Before the IASB asks the staff to prepare a discussion paper for ballot, the IASB must be satisfied that it has completed all of the steps necessary to ensure that the discussion paper is likely to meet its purpose. Research papers and Requests for Information require the support of a simple majority of the IASB, with approval being given in a public meeting.
- 4.20 The IASB normally allows a minimum period of 120 days for comment on a discussion paper and a minimum period of 60 days for comment on a Request for Information. If the information request is narrow in scope and urgent the IASB may set a shorter period and need not consult the DPOC before doing so.

- 4.21 Discussion papers, Requests for Information and research papers are posted on the IFRS Foundation website.
- 4.22 Comment letters received are also posted on the website. Once the comment period for a discussion paper ends the project team analyses and summarises the comment letters and provides that analysis and summary to the IASB.

Conceptual Framework

- 4.23 One of the standing activities of the IASB is its work on the *Conceptual Framework*.
- 4.24 The IASB provides the Advisory Council with an update of work it is undertaking on the *Conceptual Framework* at Advisory Council meetings. Proposals to change the *Conceptual Framework* are developed and exposed by the IASB in the same way that it exposes proposed changes to IFRSs, with similar comment periods.
- 4.25 The IASB might decide to publish a discussion paper as a first step to revising part of the *Conceptual Framework*, although this is not a requirement.
- 4.26 The IASB might need to consider whether any IFRSs should be amended to reflect revisions to the *Conceptual Framework*. However, amending an IFRS is not an automatic consequence of such revisions. Changes to IFRSs are made to address deficiencies in financial reporting. Any changes to the *Conceptual Framework* that highlight inconsistencies in IFRSs must be considered by the IASB in the light of other priorities when developing its work programme.

5 Standards-level projects

Criteria for new IFRSs or major amendments

- 5.1 When deciding whether a proposed agenda item will address users' needs, the IASB considers:
 - (a) the importance of the matter to those who use financial reports;
 - (b) the types of entities likely to be affected by any proposals, including whether the matter is more prevalent in some jurisdictions than others; and
 - (c) how pervasive or acute a particular financial reporting issue is likely to be for entities.
- 5.2 The IASB considers adding projects to its standards-level programme after considering the research it has undertaken on the topic. The IASB would normally put together a proposal to develop a new IFRS or make major amendments to an IFRS only after it has published a discussion paper and considered the comments it received from that consultation. Publishing a discussion paper before adding a standards-level project to its technical work programme is not a requirement, but the IASB must be satisfied that it has sufficient information and understands the problem and the potential solutions well enough to proceed without a discussion paper. The IASB might conclude that a discussion paper is not necessary because it has sufficient input from a research paper, Request for Information or other research to proceed directly to an exposure draft. The reasons for not publishing a discussion paper need to be set out by the IASB and reported to the DPOC.
- 5.3 The IASB's discussion of potential projects and its decisions to adopt new projects take place in public IASB meetings. Before reaching such decisions the IASB consults its Advisory Council and accounting standard-setting bodies on proposed projects for the technical work programme. The IASB's approval to add projects, as well as its decisions on their priority, is by a simple majority vote at an IASB meeting.

- 5.4 The IASB should only add a project if it considers that the benefits of the improvements to financial reporting will outweigh the costs.
- 5.5 Minor or narrow scope amendments to IFRSs, including Annual Improvements, do not need to follow this formal consultation process before being added to the technical work programme because such amendments are part of the implementation or maintenance of IFRSs.

Issues referred by the Monitoring Board

- 5.6 The Monitoring Board may refer technical financial reporting matters to the Trustees and the IASB Chair. The Monitoring Board's consensus-based decision-making process limits the invocation of such an action to extremely rare and urgent cases where all Monitoring Board members agree that a technical financial reporting matter warrants referral.
- 5.7 The Trustees and the IASB Chair are required to ensure that any such referral is addressed in a timely manner. Such referrals do not need to follow the formal consultation process set out in paragraphs 5.1–5.3.
- 5.8 The IASB, in conjunction with the Trustees, must report to the Monitoring Board, normally within 30 days but sooner if the matter is more urgent, what steps it is taking to consider the referral.
- 5.9 If the IASB decides not to take up the referred issue, the IASB must demonstrate to the Trustees and the Monitoring Board that addressing the matter by amending an IFRS would be inconsistent with the standard-setting responsibilities established in the *Constitution*.
- 5.10 In all cases, it is understood that the Monitoring Board will neither influence the decision-making process nor challenge the decisions made by the IASB with regard to its standard-setting.

Implementation and maintenance

Identification of matters

- 5.11 The IASB and the Interpretations Committee are responsible for the maintenance of IFRSs. Issues could include identifying if divergent practices have emerged for accounting for particular transactions, if cases of doubt exist about the appropriate accounting treatment for a particular circumstance or if investors have expressed concerns about poorly specified disclosure requirements.
- 5.12 The objectives of the Interpretations Committee are to interpret the application of IFRSs, provide timely guidance on financial reporting issues that are not specifically addressed in the IFRSs and to undertake other tasks at the request of the IASB. The IASB and the Interpretations Committee share a common view on the role that the Interpretations Committee should play: both bodies see the Interpretations Committee as working in partnership with the IASB to give guidance that responds to the implementation needs of those applying IFRSs. Both bodies also see the importance of achieving a balance between the principle-based approach of IFRSs and providing guidance with sufficient detail to ensure that it is useful and practical.
- 5.13 Preparers, auditors and others with an interest in financial reporting are encouraged to refer issues such as those listed in paragraph 5.11 to the Interpretations Committee when they believe that it is important that the matter is addressed by the IASB or the Interpretations Committee. The Interpretations Committee should address issues:
- (a) that have widespread effect and have, or are expected to have, a material effect on those affected.

- (b) where financial reporting would be improved through the elimination, or reduction, of diverse reporting methods; and
 - (c) that can be resolved efficiently within the confines of existing IFRSs and the *Conceptual Framework Financial Reporting*.
- 5.14 The issue should be sufficiently narrow in scope that it can be addressed in an efficient manner by the Interpretations Committee, but not so narrow that it is not cost-effective for the Interpretations Committee and interested parties to undertake the due process associated with the development of an Interpretation.
- 5.15 A simple majority of Interpretations Committee members can decide, after a debate in a public meeting, whether to add any issue to its work programme.
- 5.16 If the Interpretations Committee does not plan to add an item to its work programme it publishes this as a tentative rejection in *IFRIC Update* and on the IFRS Foundation website and requests comments on the matter. The comment period for rejected proposals is normally at least 60 days. After considering those comments the Interpretations Committee either confirms its decision, adds the issue to its work programme or refers the matter to the IASB.
- 5.17 In providing interpretative guidance, the Interpretations Committee applies a principle-based approach founded on the *Conceptual Framework*. It considers the principles established in relevant IFRSs to develop its interpretative guidance and to determine that the proposed guidance does not conflict with IFRSs. It follows that, in providing interpretative guidance, the Interpretations Committee is not seeking to create an extensive rule-oriented environment, nor does it act as an urgent issues group.
- 5.18 The solution developed by the Interpretations Committee should be effective for a reasonable period of time. Accordingly, the Interpretations Committee would normally not develop an Interpretation if the topic is being addressed in a forthcoming IFRS. However, this does not prevent the Interpretations Committee from acting on a particular matter if the short-term improvements can be justified.
- 5.19 Interpretations are designed for general application and are not issued to resolve matters that are specific to a particular entity.
- 5.20 If the Interpretations Committee believes that an IFRS or the *Conceptual Framework* should be modified, or an additional IFRS should be developed, it refers such conclusions to the IASB. The IASB can also decide to address minor matters that have a narrow scope without involving the Interpretations Committee. In other cases the IASB may seek the assistance of the Interpretations Committee in developing an amendment to an IFRS, drawing on their implementation experience.

6 New or amended IFRSs

Exposure drafts

- 6.1 Publication of an exposure draft is a mandatory step in due process before a new IFRS can be issued or an existing IFRS amended.
- 6.2 An exposure draft sets out a specific proposal in the form of a proposed IFRS (or amendment to an IFRS) and is therefore generally set out in the same way as, and has all of the components of, an IFRS. The main differences are:

- (a) the Basis for Conclusions is written to explain the IASB's rationale for the proposal, and is not a draft of the rationale for the final IFRS or final amendments to the IFRS; and
- (b) consequential amendments need not be set out in as much detail as a final IFRS, particularly where such amendments are changes to cross-references or terminology and other matters that are more administrative in nature.

6.3 An exposure draft is the IASB's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that the IASB has identified as being of particular interest. Although it is normally included with the ballot draft, it is not necessary for the IASB to ballot the invitation to comment.

Developing an exposure draft

6.4 The development of an exposure draft takes place in public meetings. The staff prepare papers for the IASB to consider on the matters to be addressed.

6.5 Development normally begins with the IASB considering issues on the basis of staff research and recommendations, as well as comments received on any discussion paper, research paper or Request for Information, suggestions made by the Advisory Council, consultative groups and accounting standard-setters and suggestions arising from education sessions.

6.6 When the staff consider that the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals, they present a paper to the IASB:

- (a) summarising the steps that the IASB has taken in developing the proposals, including a summary of when the IASB discussed this project in public meetings, the public hearings held, outreach activities, meetings of consultative groups and consultation with the Advisory Council;
- (b) if applicable, reaffirming why the IASB has decided that it was not necessary to have a consultative group or to conduct fieldwork; and
- (c) recommending a comment period for the exposure draft.

6.7 The IASB normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent the IASB may consider a comment period of no less than 30 days, but it will only set a period of less than 120 days after consulting and obtaining approval from the DPOC.

6.8 In exceptional circumstances, and only after formally requesting and receiving prior approval from 75 per cent of the Trustees, the IASB may reduce the period for public comment on an exposure draft below 30 days but may not dispense with a comment period.

6.9 If the IASB is satisfied that it has addressed all of these matters it votes to have the staff prepare the exposure draft for balloting. IASB members who intend to dissent from the proposals in the exposure draft must make their intentions known at this time.

Exposing annual improvements

6.10 Some proposed amendments to IFRSs or Interpretations that are sufficiently minor or narrow in scope can be packaged together and exposed in one document even though the amendments are unrelated. Such amendments are called *Annual Improvements*. Annual Improvements follow the same due process as other amendments to IFRSs except that unrelated amendments can be exposed together, rather than separately.

- 6.11 The justification for exposing unrelated improvements in one package is that such amendments are limited to changes that either clarify the wording in an IFRS or correct relatively minor unintended consequences, oversights or conflicts between existing requirements of IFRSs. Because of their nature, it is not necessary to undertake consultation or outreach for annual improvements beyond the comment letter process. The IASB needs to be cautious and avoid including in the Annual Improvements package an amendment that merits separate consultation and outreach.
- 6.12 Clarifying an IFRS involves either replacing unclear wording in existing IFRSs or providing guidance where an absence of guidance is causing concern. A clarifying amendment maintains consistency with the existing principles within the applicable IFRSs and does not propose a new principle or change an existing principle.
- 6.13 Resolving a conflict between existing requirements of IFRSs includes addressing oversights or relatively minor unintended consequences that have arisen as a result of the existing requirements of IFRSs. Such amendments do not propose a new principle or a change to an existing principle.
- 6.14 Proposed annual improvements should be well defined and narrow in scope. As a guide, if the IASB takes several meetings to reach a conclusion it is an indication that the cause of the issue is more fundamental than can be resolved within the Annual Improvements process.
- 6.15 The IASB normally allows a minimum period of 90 days for comment on Annual Improvements.

Publication

- 6.16 Before the IASB issues an exposure draft its staff decide what communications material should be developed to accompany the release. All exposure drafts must be accompanied by a press release. The IASB normally announces publication by email alerts.
- 6.17 Depending on the nature of the exposure draft, the IASB and its staff might also develop, and make freely available, a project *Snapshot*, podcast, webcast, Question and Answer (Q&A) pack or presentation (speech) pack. The more significant the exposure draft the more comprehensive the related communications package is likely to be.
- 6.18 All exposure drafts and related publications are freely available on the IFRS Foundation website.

Consideration of comments received and consultations

- 6.19 After the comment period ends, the IASB reviews the comment letters and the results of other consultations, such as investor consultation. The staff provide a comment letter summary, giving a general overview of the comments received and the major points raised in the letters. The analysis helps the IASB identify the areas on which they are most likely to need to focus their efforts during the deliberations—or whether the IASB should even proceed with the project.
- 6.20 The development of an IFRS is carried out during IASB meetings.
- 6.21 As a means of exploring the issues further, and seeking further comments and suggestions, the IASB may conduct fieldwork, or arrange public hearings and round-table meetings. The IASB is required to consult the Advisory Council and maintains contact with its consultative groups.

Completion of the deliberations

- 6.22 When the staff consider that the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the new IFRS, the staff present a paper to the IASB:

- (a) summarising the steps the IASB has taken in developing the IFRS, including a summary of when the IASB discussed this project in public meetings, public hearings held, outreach activities, meetings of consultative groups and consultations with the Advisory Council;
 - (b) if applicable, reaffirming why the IASB has decided that it was not necessary to have a consultative group or to have conducted fieldwork; and
 - (c) assessing whether the proposals can be finalised or whether they should be re-exposed.
- 6.23 If the IASB is satisfied that it has addressed all of these matters it votes to have the staff prepare the IFRS for balloting. IASB members who intend to dissent from the proposals of the IFRS must make their intentions known at this time.
- 6.24 The IASB must inform the DPOC of its decision to proceed to ballot stage for an IFRS, explaining why it is satisfied that *re-exposure* is not necessary, before the IFRS or major amendment is published.

Re-exposure criteria

- 6.25 In considering whether there is a need for re-exposure, the IASB:
- (a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;
 - (b) assesses the evidence that it has considered;
 - (c) determines whether it has sufficiently understood the issues and actively sought the views of interested parties; and
 - (d) considers whether the various viewpoints were aired in the exposure draft and adequately discussed and reviewed in the Basis for Conclusions.
- 6.26 The IASB's decision on whether to publish its revised proposals for another round of comment is made in an IASB meeting. If the IASB decides that re-exposure is necessary, the due process to be followed is the same as for the first exposure draft. However, because it is not the first exposure of the proposed IFRS, it may be appropriate to have a shortened comment period, particularly if the IASB is only seeking comments on specific aspects of the revised exposure draft. The IASB normally allows a minimum period of 60 days for comment on a revised exposure draft.

Finalising an IFRS

- 6.27 The mandatory parts of an IFRS are:
- (a) the principles and the related application guidance;
 - (b) the defined terms; and
 - (c) the effective date and transition paragraphs.
- 6.28 When a new IFRS, or amendment to an IFRS, is issued, it is also accompanied by amendments to other IFRSs that are a consequence of the new requirements—these are called ‘consequential amendments’.
- 6.29 Each IFRS is also normally accompanied by additional material that is not an integral part of the IFRS:
- (a) a table of contents;
 - (b) an introduction;

- (c) the Basis for Conclusions; and
 - (d) dissenting opinions.
- 6.30 Sometimes the accompanying material will include a table that shows the relationship between paragraphs in the old and the new requirements, a brief history of the IFRS and illustrative examples. In all cases the documents will state clearly whether the material is an integral part of the IFRS or whether it accompanies it but is not integral. Material that is integral to an IFRS is provided to governments, or the relevant authorities, that have adopted IFRSs and have an agreement with the IFRS Foundation.
- 6.31 As a principle, IFRSs should be able to be applied without the accompanying material.

Effective date and transition

- 6.32 An IFRS, or an amendment to an IFRS, has an effective date and transitional provisions. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying IFRSs have sufficient time to prepare for the new requirements.
- 6.33 The IASB also considers the effect of the transitional provisions on first-time adopters of IFRSs, including the interaction of the transitional provisions with those of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Publication

- 6.34 Before the IASB issues an IFRS, or an amendment to an IFRS, its staff decide what communications material should be developed to accompany the release. All changes to IFRSs must be accompanied by a press release. The IASB normally announces publication using email alerts.
- 6.35 The publication of all new IFRSs and major amendments must be accompanied by a Project Summary, Feedback Statement and Effect Analysis. Depending on the nature of the new requirements, the IASB and its staff might also develop, and make freely available, a podcast, webcast, Question and Answer (Q&A) pack or presentation (speech) pack. The more significant the changes to IFRSs, the more comprehensive the related communications package is likely to be.

Practice Guidance

- 6.36 *Practice guidance* is non-mandatory guidance developed by the IASB, normally on a topic not addressed by an IFRS—such as guidance on Management Commentary. The IASB may produce practice guidance if it considers that doing so would improve financial reporting. The IASB follows the same procedures used for the development of an IFRS, including the balloting of documents.

Post-publication procedures and maintenance

- 6.37 After an IFRS is issued, IASB members and staff hold meetings with interested parties, including other standard-setting bodies, to help understand unexpected issues that have arisen from the practical implementation of the IFRS and the potential impact of its provisions. The IFRS Foundation also fosters educational activities to ensure consistency in the application of IFRSs.
- 6.38 IASB staff may make editorial corrections to technical documents to remedy drafting errors that are made when writing or typesetting the document, provided that the corrections do not alter the technical meaning of the text. Editorial corrections normally fix spelling errors, grammatical mistakes or incorrectly marked consequential amendments.

Education Initiative

- 6.39 The IFRS Foundation sometimes produces education material related to IFRSs, including presentations for conferences, guides for executives, *IFRS for SMEs* training material and education material that accompanies but does not form part of IFRSs. The development of education material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRSs.
- 6.40 The staff of the IFRS Foundation Education Initiative are part of the IASB's technical staff and report to the Senior Technical Directors. The IASB and its staff have a responsibility to ensure that any education material is not confused with an IFRS or perceived as being mandatory. The IASB therefore has an interest in ensuring that the Education Initiative has quality assurance processes appropriate for each of its publications.
- 6.41 Educational material developed by the Education Initiative is subjected to peer review as follows:
- (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.
- 6.42 The Education Initiative reports periodically to the DPOC, identifying the material it is developing and the level of review it expects to undertake in each case.

Translations

- 6.43 Translations of IFRSs are initiated by the IFRS Foundation translations team as a response to requests from jurisdictions adopting or developing an interest in IFRSs.
- 6.44 The translations policy allows for only one translation per language, to ensure that all users of a particular language use the same translation. The two-stage translation procedure, consisting of the initial translation followed by a review by a committee of accounting experts, is designed to produce a high-quality translation which accurately renders the meaning of the IFRSs in English into another language.
- 6.45 Review committee members must be native speakers of the language, and experts in the field of financial reporting. Review committees typically comprise representatives from major accounting firms, national accounting bodies, academics, appropriate government bodies and specialist industries, such as banking and insurance.
- 6.46 The review committee has one person designated as the co-ordinator. In addition to managing the review process, the co-ordinator has the final responsibility for the content of the translation, and has a casting vote if consensus in the committee cannot be reached.
- 6.47 When a language is spoken and used in more than one country, participation in the review committee is encouraged from all countries using that language to ensure that the resulting translation is appropriate for all jurisdictions that require that translation.

XBRL

- 6.48. Due process over XBRL activities are also covered by the DPOC, but the requirements are set out in a separate document, the *Due Process Handbook for XBRL Activities*.

Post-implementation reviews

- 6.49 The IASB is required to conduct a PIR of each new IFRS or major amendment.¹ A PIR normally begins after the new requirements have been applied internationally for two years, which is normally 30 to 36 months after the effective date.
- 6.50 In addition to PIRs that respond to a new IFRS or major amendment, the IASB may decide to conduct a PIR in response to changes in the financial reporting environment and regulatory requirements, or in response to concerns about the quality of an IFRS that have been expressed by the Advisory Council, the Interpretations Committee, standard-setters or interested parties.
- 6.51 Each review has two phases. The first involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the IASB in the form of a Request for Information. In the second phase, the IASB considers the comments it has received from the Request for Information along with information it has gathered through other consultative activities. On the basis of that information, the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

Initial assessment and public consultation

- 6.52 The goal of improving financial reporting underlies any new IFRS. A PIR is an opportunity to assess the effect of the new requirements on investors, preparers and auditors. The review must consider the issues that were important or contentious during the development of the publication (which should be identifiable from the Basis for Conclusions, Project Summary, Feedback Statement and Effect Analysis of the relevant IFRS), as well as issues that have come to the attention of the IASB after the document was published. The IASB and its staff also consult the wider IFRS community to help the IASB identify areas where possible unexpected costs or implementation problems were encountered.
- 6.53 This initial review should draw on the broad network of IFRS-related bodies and interested parties, such as the Interpretations Committee, the IASB's consultative groups, including the Advisory Council, securities regulators, national and regional standard-setting bodies, preparers, auditors and investors. The purpose of these consultations is to inform the IASB so that it can establish an appropriate scope for the review. How extensive the consultations need to be in this phase will depend on the IFRS being reviewed and on what the IASB already knows about the implementation of that IFRS. The IASB needs to be satisfied that it has sufficient information to establish the scope of the review.
- 6.54 The IASB publishes a Request for Information, setting out the matters for which it is seeking feedback by means of a formal public consultation. In the Request for Information, the IASB should explain why it is seeking feedback on the matters specified and should include any initial assessment by the IASB of the IFRS or major amendment being reviewed. The Request for Information will also set out the process that the IASB followed in establishing the scope of the review.

¹ This requirement was introduced in 2006. The first major project subjected to a review was IFRS 8 *Operating Segments*.

- 6.55 The IASB normally allows a minimum period of 120 days for comment on a post-implementation Request for Information. The IASB will only set a period of less than 120 days after consulting and obtaining approval from the DPOC.
- 6.56 The IASB may decide, on the basis of its initial assessment, that it would be premature to undertake a review at that time. The IASB must inform the DPOC of its intention to defer a PIR, explaining why it has reached this conclusion and indicating when it expects to resume the review.

Consideration of evidence and presentation of findings

- 6.57 The IASB considers whether it is necessary to supplement the responses to the Request for Information with other information or evidence, such as by undertaking:
- (a) an analysis of financial statements or of other financial information;
 - (b) a review of academic and other research related to the implementation of the IFRS being reviewed; and
 - (c) surveys, interviews and other consultations with relevant parties.
- 6.58 The extent to which further information is gathered will depend on the IFRS being reviewed and the feedback in the Request for Information.
- 6.59 The IASB considers the comments that it has received from the Request for Information along with the evidence and information that it has obtained from any additional analysis. When the IASB has completed its deliberations, it presents its findings in a public report. The IASB may consider making minor amendments to the IFRS or preparing an agenda proposal for a broader revision of the IFRS. There is no presumption that a PIR will lead to any changes to an IFRS. The IASB may also continue informal consultations throughout the implementation of the IFRS or the amendment to the IFRS. The IASB may recommend to the DPOC that the IASB should make changes to its procedures, such as how effects of the IFRS are assessed or additional steps that should be taken during the development of an IFRS.
- 6.60 The IASB must inform the DPOC when it has completed its review and provide the DPOC with a draft of the report. When the DPOC is satisfied that the IASB has completed the review satisfactorily, the report can be finalised.

7 Interpretations

- 7.1 Interpretations are developed by the Interpretations Committee but, because they are part of IFRSs, they must be ratified by the IASB, which is the issuing body.
- 7.2 Three members of the IASB normally attend meetings of the Interpretations Committee. In addition, a report of each meeting of the Interpretations Committee is presented to the IASB at one of its public meetings.

Draft Interpretation

- 7.3 Publication of a draft Interpretation is a mandatory step in the due process before a new Interpretation can be issued.

- 7.4 A draft Interpretation sets out a specific proposal in the form of a proposed Interpretation and is therefore generally set out in the same way as, and has all of the components of, an Interpretation. The main difference is that the Basis for Conclusions is written to explain the Interpretations Committee's rationale for the proposal, rather than a draft of the rationale for the final Interpretation.
- 7.5 A draft Interpretation is the Interpretations Committee's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that have been identified as being of particular significance. Although it is normally included with the ballot draft, it is not necessary for the Interpretations Committee to ballot the invitation to comment.

Developing a draft Interpretation

- 7.6 The development of a draft Interpretation takes place in public meetings. The staff prepare papers about the matters being addressed for the Interpretations Committee to consider.
- 7.7 When the staff consider that the Interpretations Committee has reached general agreement on the technical matters, the staff present a paper to the IASB summarising the steps that have been taken in developing the proposals and recommending a comment period for the draft Interpretation.
- 7.8 Interpretations must not change or conflict with IFRSs or the *Conceptual Framework*. If the Interpretations Committee concludes that the requirements of an IFRS differ from the *Conceptual Framework*, it obtains direction from the IASB before developing the Interpretation further.
- 7.9 If the Interpretations Committee is satisfied that it has addressed all of these matters it votes to see whether there is general agreement that the staff should prepare the draft Interpretation for balloting. General agreement is reached when no more than four members have voted against the proposal. Because Interpretations are developed on the basis of the Interpretations Committee reaching general agreement on the particular matter, a draft Interpretation does not include any dissenting views. However, the invitation to comment and the Basis for Conclusions would be expected to identify areas where some members held strong views opposing the draft Interpretation.
- 7.10 IASB members receive ballot drafts of the draft Interpretation. If four or more IASB members object to the release of the draft Interpretation during the balloting process, the draft Interpretation is not released. If a draft Interpretation is not released because of IASB members' objections, the IASB must decide whether the draft Interpretation should be published with amendments, whether the matter should be referred back to the Interpretations Committee, whether it should be added to the IASB's own technical work programme or if there should be no further action.
- 7.11 The IASB and the Interpretations Committee normally allow a minimum period of 90 days for comment on a draft Interpretation. If the matter is narrow in scope and urgent the IASB may consider a comment period of no less than 30 days, but it will only set a period of less than 90 days after consulting and obtaining approval from the DPOC.

Publication

- 7.12 Before the Interpretations Committee issues a draft Interpretation the staff decide what communications material should be developed to accompany the release. All draft Interpretations must be accompanied by a press release. It is also normal for the IASB to announce the publication of a draft Interpretation using email alerts.
- 7.13 All draft Interpretations are freely available on the IFRS Foundation website.

Consideration of comments received

- 7.14 After the comment period ends, the Interpretations Committee reviews the comment letters received.
- 7.15 The development of an Interpretation is carried out during Interpretations Committee meetings, when Committee members consider the comments received on the draft Interpretation.
- 7.16 When the staff consider that the Interpretations Committee has reached general agreement on the technical matters in the Interpretation, they present a paper to the IASB summarising the steps that have been taken in developing the Interpretation and assessing whether it can be finalised or if it should be re-exposed.
- 7.17 Re-exposure depends on the significance of the changes contemplated, whether they were raised in the Basis for Conclusions on the draft Interpretation or in questions posed by the Interpretations Committee, their significance for practice and what might be learned by the Interpretations Committee from re-exposure.

Finalising an Interpretation

- 7.18 An Interpretation includes:
- (a) a summary of the accounting issues identified;
 - (b) the agreement reached on the appropriate accounting;
 - (c) references to relevant IFRSs, parts of the *Conceptual Framework* and other pronouncements that have been drawn upon to support the agreement; and
 - (d) the effective date and transitional provisions.
- 7.19 The reasons for the Interpretation are set out in a Basis for Conclusions. Members of the Interpretations Committee cannot dissent from an Interpretation. However, when the Interpretation is sent to the IASB for ratification, the staff paper accompanying the request for ratification should identify how many Interpretations Committee members objected to the Interpretation and their reasons for doing so.

Effective date and transition

- 7.20 As with any change to IFRSs, an Interpretation has an effective date and transitional provisions. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying IFRSs have sufficient time to prepare for the new requirements. Interpretations generally address matters of a narrower scope than a major amendment to an IFRS so the time necessary for those applying IFRSs to prepare for the new requirements is also likely to be shorter.
- 7.21 The Interpretations Committee also considers the effect of the transitional provisions on first-time adopters of IFRSs, including the interaction of the transitional provisions with those of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Agreement and ratification by the IASB

- 7.22 The Interpretations Committee votes to confirm the final Interpretation. General agreement is achieved when no more than four members have voted against the proposal.

- 7.23 When the Interpretations Committee has reached general agreement on the wording of an Interpretation, it is submitted to the IASB for ratification. Ratification of an Interpretation takes place in a public meeting of the IASB and requires a supermajority, the same level of support by IASB members as is required for a new or amended IFRS.
- 7.24 IASB members may dissent from the ratification of an Interpretation. The fact that one or more IASB members dissented is stated in the approvals section of the Interpretation along with their reasons for doing so.
- 7.25 The IASB votes on the Interpretation as submitted by the Interpretations Committee. If an Interpretation is not approved by the IASB, the IASB provides the Interpretations Committee with reasons for the objection. On the basis of these reasons, the IASB will decide whether the matter should be referred back to the Interpretations Committee, whether it should be added to its own agenda or if no further action should be taken. The IASB may make editorial changes to the Interpretation or change the effective date, but it should inform the Interpretations Committee of any changes it makes.
- 7.26 Ratified Interpretations are issued by the IASB.

Publication

- 7.27 Before the IASB issues an Interpretation the staff decide what communications material should be developed to accompany the release. All draft Interpretations must be accompanied by a press release. It is also normal for the IASB to announce publication of an Interpretation using email alerts.

8. Protocol for Trustee action for perceived breaches of due process

- 8.1 Any alleged breaches of due process will be considered within the context of the DPOC's continuous review of the IASB's due process. Alleged breaches could be raised by external parties (including media reports), internal parties, the DPOC or other Trustees.
- 8.2 The DPOC will consider the alleged breach and the evidence provided by the complainant, IFRS Foundation staff and the IASB. The alleged breach will also be assessed in the light of the reporting measures set out in this handbook.
- 8.3 Complaints to the DPOC are made by using the procedures set out on the DPOC's web pages of the IFRS Foundation website. Each complaint, together with the name and contact details of the complainant, is posted on the DPOC web pages.
- 8.4 The Director for Trustee Activities is responsible for ensuring that the DPOC receives a report from the appropriate IFRS Foundation staff in response to the complaint. This report is posted on the DPOC pages and is then considered by the DPOC at one of its meetings. The response of the DPOC, normally in the form of a letter to the complainant, is also posted on the DPOC web pages.
- 8.5 Although the IASB must do its best to adhere to these policies and to the requirements to inform the DPOC of its actions, failure in any one area does not render a pronouncement invalid. Retrospective steps can be taken to remedy such a situation if it arises and the DPOC may decide that no additional action is required if the DPOC concludes that no harm has been done as a result of the breach.
- 8.6 If the majority of the DPOC concludes that the IASB has breached its due process, the DPOC will request that the IASB take action to remedy the breach either within the current phase of the project to which the breach relates, or by taking some additional steps in a future phase of that project.

- 8.7 If the DPOC and IASB cannot resolve differences of opinion as to whether the due process has been breached, the matter will be brought to the attention of the Trustees, who will then resolve it. The Trustees may need to convene a meeting to consider the matter. Such a meeting may be held by phone or video if a prompt response is required. The IASB will not be permitted to complete that particular phase of the project until the discussion is heard. The Director for Trustee Activities, in consultation with the DPOC Chair, will prepare a full brief for consideration by the Trustees.
- 8.8 If the Trustees attending the meeting believe that the IASB is in breach of its due process, the IASB must do whatever the Trustees decide is necessary to be satisfied that due process is resumed.
- 8.9 The Trustees cannot raise technical accounting considerations as evidence of a breach of due process.

Glossary of terms

Annual Improvements: narrow-scope or minor amendments to IFRSs or Interpretations that are packaged together and exposed in one document even though the amendments are unrelated.

Comment letter: a letter received by the IASB in response to a consultation document. Comment letters are normally made public and can be viewed on the IFRS Foundation website.

Consultative group: a group which the IASB or IFRS Interpretations Committee consults. Such groups provide the IASB with feedback based on research, experience or background in order to offer different perspectives on a given topic.

Discussion paper: a paper issued by the IASB that presents the analysis and collective views of the IASB on a particular topic which were discussed in public meetings of the IASB. Discussion papers are issued for public comment and the feedback helps the IASB to assess whether and how to develop a new or amended IFRS.

DPOC (Due Process Oversight Committee): the committee responsible for overseeing the due process procedures of the IASB and the Interpretations Committee.

Draft Interpretation: a draft of a proposed Interpretation that sets out a specific proposal.

Effect Analysis: a process for assessing the likely effects of a proposed IFRS which is undertaken as the new requirements are developed, culminating in a document published with a new IFRS that summaries the IASB's assessment of the likely effect of the new requirements.

Exposure draft: a draft of a proposed IFRS or an amendment to an IFRS that sets out a specific proposal and includes a draft Basis for Conclusions and, if relevant, dissenting views.

Feedback Statement: a document that gives direct feedback to those who submitted comments on the exposure draft. It identifies the most significant matters raised in the comment process and explains how the IASB responded to those matters.

Fieldwork: work conducted with interested parties to help the IASB assess the likely effects of a proposed IFRS. Fieldwork might include experimentally applying new proposals to individual transactions or contracts as if the proposed IFRS were already in effect, asking for feedback on the proposed wording of a particular proposal or assessing the extent of system changes that would be required if a proposed IFRS were implemented. Fieldwork also includes gathering examples from practice to help the IASB gain a better understanding of industry practices and how proposed IFRSs could affect them.

IASB Update: a summary of decisions made at a public meeting of the IASB.

IFRIC Update: a summary of decisions made at a public meeting of the IFRS Interpretations Committee.

IFRS: standards and Interpretations approved by the IASB, and International Accounting Standards (IASs) and SIC Interpretations that were issued under previous Constitutions. Interpretations are developed by the IFRS Interpretations Committee before being ratified and issued by the IASB. Interpretations are part of IFRSs and carry the same weight as an IFRS.

IFRS Advisory Council: an advisory body that provides a formal vehicle through which organisations and individuals with an interest in international financial reporting can participate. The participants have diverse geographical and professional backgrounds. The Advisory Council's objective is to give advice to the IASB on priorities, agenda decisions and on major standard-setting projects. The members of the Advisory Council are appointed by the Trustees.

Invitation to comment: a document that accompanies a discussion paper or exposure draft and sets out the matters on which the IASB is seeking feedback.

Monitoring Board: the body which serves as a mechanism for formal interaction between capital markets authorities and the IFRS Foundation.

Post-implementation review (PIR): a review of an IFRS or major amendment to an IFRS. It is undertaken by the IASB.

Practice guidance: non-mandatory guidance developed by the IASB, normally on a topic not addressed by an IFRS—such as guidance on Management Commentary.

Public hearing: a meeting with interested organisations to listen to and exchange views on specific topics. Public hearings include round-table meetings and discussion forums.

Re-exposure: a process that the IASB may choose to employ if certain criteria are met to re-expose proposals for public comment in a revised exposure draft.

Research paper: a paper issued by the IASB that was not developed in public meetings, thereby distinguishing it from a discussion paper.

Review draft: a draft of a due process document that the IASB and its staff use to gather drafting feedback.

Request for Information: a formal consultation step that the IASB undertakes to receive feedback and information on a specific aspect of one of its projects, or, for example, a PIR or a three-yearly consultation on the technical work programme.

Simple majority: for the IASB, a simple majority is achieved when more than half of the IASB members vote in favour of a decision in a public meeting or by way of ballot. For a public meeting at least 60 per cent of the IASB members must be in attendance. Abstaining is equivalent to voting against a proposal.

Snapshot: a high-level and simplified summary of the main aspects of a discussion paper or exposure draft.

Supermajority: for the IASB, a supermajority is achieved when 9 members ballot in favour of the publication of a document if the IASB has 15, or fewer, appointed members, or 10 in favour if the IASB has 16 appointed members. Abstaining is equivalent to voting against a proposal.

Sweep issue: a matter identified during the balloting of a document that needs to be discussed by the IASB or the Interpretations Committee in a public meeting, to resolve a technical matter.

Appendix 1—History and approval

This appendix summarises the development of the IASB and Interpretations Committee handbooks. Although the appendix accompanies the IFRS Foundation Due Process Handbook, it is not an integral part of the handbook and may be updated from time to time by the IASB and its staff.

In establishing its consultative arrangements, the IASB originally drew upon and expanded the practices of national standard-setters and other regulatory bodies. The IASB sought to enhance its procedures in 2004 and proposed a series of steps to improve transparency. Those steps, after public consultation, were incorporated into practice.

In March 2006 the Trustees published the *Due Process Handbook* for the first time.

In October 2008 the Trustees added Appendix IV (Trustees' oversight role).

In July 2009 the major changes made to the IFRS Foundation *Due Process Handbook* were:

- The group tasked with regularly reviewing IASB procedures changed from the Trustees' Procedures Committee to the Trustees' Due Process Oversight Committee.
- The sections describing Project Summaries and Feedback Statements were added.
- The 'Cost/Benefit Analysis' section was renamed 'Impact Analysis'.
- A section describing post-implementation reviews was added and combined with segments of the previous section in its place referencing the initiation of studies post-publication.

In December 2010, as a consequence of the Trustees' second five-yearly review of the Constitution, the handbook was amended to:

- reflect the change of the name of the IASB Foundation (IASCF) to the IFRS Foundation,
- the International Financial Reporting Interpretations Committee (IFRIC) to the IFRS Interpretations Committee (Interpretations Committee) and
- the Standards Advisory Council (SAC) to the IFRS Advisory Council.
- The objective of the IFRS Foundation was also added to the handbook.

In February 2011 the Trustees:

- introduced a three-yearly public review of the IASB's technical work programme, in response to comments received during the second Constitution Review of the IFRS Foundation
- and the Trustees also added enhanced criteria for determining whether a matter could be exposed as part of the annual improvements process.

In May 2012 the DPOC oversaw a major re-write of the due process handbooks of the IASB and Interpretations Committee:

- The handbook combines the separate IASB and Interpretations Committee handbooks into one. This reflects steps taken, as a consequence of a review of the Interpretations Committee, to have the IASB and the Interpretations Committee work more closely together. In addition, the new handbook incorporates the due process protocol developed by the DPOC. The DPOC also took the opportunity to redraft existing requirements in a more principled way and by using plain English.
- The handbook now describes the three-yearly public review of the IASB work programme. The handbook clarifies that the focus of the review is strategic and is not designed to add individual projects to the work programme. Instead, the focus is on seeking formal, public input on the strategic direction and balance of the work programme.

- The DPOC has been enhancing its role and the handbook includes sections to reflect these changes. The DPOC's responsibilities in overseeing the due process of the IASB and the Interpretations Committee are outlined. This section also describes the protocols for the action that Trustees can take in the event of a perceived breach of due process.
- The handbook no longer refers to the liaison roles that the IASB had with individual standard-setters when it was first set up. The section is now broader and anticipates the likely steps that the IASB will take to develop a more formal network of standard-setters and others.
- The handbook includes a more extensive discussion of the process of assessing the likely effects of an IFRS. More importantly, the handbook reflects the fact that the IASB has begun the process of embedding this assessment throughout the development of an IFRS rather than simply having an assessment document at the end of the process.

The other more substantive changes are:

- A research programme is described, which will become the development base from which potential standards-level projects will be identified. The use of a Discussion Paper as the first external due process document has been moved into this research programme and would precede a proposal to add a major standards-level project to the IASB work programme. Previously, a Discussion Paper was required as a step after a project has been added to the standards-level programme.
- A new section has also been added that describes the oversight of the *Conceptual Framework* as a standing activity of the IASB.
- A new section on maintenance has been added, which formalises the practice that the IASB and the Interpretations Committee have been following for addressing matters that are narrow in scope. It clarifies that the more formal project proposal processes, such as prior consultation with the Advisory Council, were always intended to apply to new IFRSs and major amendments. The IASB has the discretion to initiate changes that are narrow in scope to IFRSs as part of the general maintenance of IFRSs. The new section also explains how the activities of the IASB and the Interpretations Committee are closely related.
- The sections explaining post-implementation reviews have been expanded and now describe in more detail how the IASB expects to develop each review. This section includes an explanation of the related public consultation.
- Two changes have been made to comment periods. The first increased the minimum comment period for exposing the draft of a rejection notice of a request for an Interpretation from 30 days to 60 days. This change responds to concerns that the Interpretations Committee is not receiving sufficient feedback on draft rejection notices. The other change relates to the re-exposure of a document. The IASB can have a reduced comment period for documents it plans to re-expose. Some re-exposure documents are intended to focus on a narrow aspect of an exposure draft, rather than being a fundamentally different document. A minimum 120-day comment period may not be necessary in some cases and may lead to an undue delay in the publication of a final IFRS. A minimum comment period of 60 days would be permitted.

The redrafted handbook has also been updated to reflect actual practice and includes expanded discussions of some matters that seem not to be well understood:

- References to observer notes have been replaced by a simple principle that all IASB papers are made available for observers. There is also a clearer basis for withholding material and an example of such an instance is provided.

- The IASB has used a Request for Information document to seek feedback on many topics, for example, the three-yearly agenda consultation and a targeted request for input on the practical implications and approach to impairment. The handbook explains the purpose of this type of consultation and the process for issuing such a request.
- The process for correcting typographical and other editorial errors is explained.
- The nature of technical votes in meetings has been explained, as well as how they relate to the ballot process. The balloting process is also set out, including the role of review drafts in this process. This section replaces the current references to fatal flaw reviews, and provides an explanation of the scope of such reviews.
- The nature and purpose of education sessions and small group sessions are explained, along with a description of the role of assigned IASB members.
- The purpose of staff papers is explained, including the relative responsibilities of IASB members and staff.
- The different types of consultative groups that the IASB uses, such as working groups and expert advisory panels, are explained. This section also clarifies which types of meeting must be held in public and which groups have their membership ratified by the DPOC.
- The manner in which the IASB uses fieldwork to support the development of IFRSs (which the current handbook refers to as ‘field testing’ and ‘field visits’) is explained. Fieldwork can include components of field tests and field visits, but may also include other methods of collecting information to assess the feasibility and cost of a potential IFRS.
- The fact that IASB members may dissent from the ratification of an Interpretation. The dissent of an IASB member, along with their reasons, is published in the Approvals section of the Interpretation.
- The purpose of the Annual Improvements criteria is clarified as helping the IASB to decide whether it would be appropriate to expose several unrelated proposals to amend IFRSs in a single document rather than separately.

The handbook also includes a glossary of terms as well as four appendices:

- (a) Appendix 1—History and Approval provides a summary of the changes made to the handbook, both in the current review and in earlier reviews.
- (b) Appendix 2—Consultative Group Terms of Reference provides a description of the main issues that should be included in the terms of reference for consultative groups to the IASB.
- (c) Appendix 3—Interpretation Requests provides a template for submitting requests to the Interpretation Committee.
- (d) Appendix 4—Due Process Protocol provides a comprehensive table of due process steps as well as evidence of what the IASB has done and is doing to achieve these steps.

Appendix 2—Consultative Group Terms of Reference

This appendix presents examples of the matters that should be covered by the terms of reference for consultative groups that the IASB establishes for its projects. Although the appendix accompanies the IFRS Foundation Due Process Handbook, it is not an integral part of the handbook and may be updated from time to time by the IASB and its staff.

It would be normal to establish terms of reference for each consultative group. Those terms would normally set out:

- the name and purpose of the group;
- whether the IASB expects the group to contribute to all or only part of a project;
- that the group is not a decision-making body;
- the type of people that the IASB is seeking to become members, including how many people it expects to have in the group;
- that the members of the group act as individuals and not as representatives for organisations;
- whether the group is required to meet in public; and
- when the group's role and membership will be reviewed.

The terms of reference should also set out the expectations that the IASB will have for the group, including how frequently it is likely to be asked to meet and who bears the out-of-pocket costs for meetings.

Appendix 3—Interpretation Requests

This appendix presents the standard template for submitting a potential agenda item request to the IFRS Interpretations Committee. Although the appendix accompanies the IFRS Foundation Due Process Handbook, it is not an integral part of the handbook and may be updated from time to time by the IASB and its staff.

An issue may be put forward by any member of the public or organisation. A template for submission is available on the IFRS Foundation website. A submission can be made either by email to ifric@ifrs.org or by post to the IASB address for the attention of the Interpretations Committee co-ordinator. A submission should contain both a detailed description of the issue (including a description of alternative solutions referring to the relevant IASB pronouncements) and an evaluation of the issue using the criteria for assessing potential topics for interpretation.

Template for submitting a potential agenda item request to the IFRS Interpretations Committee

Any member of the public or organisation may put forward suggestions of potential agenda items for the Interpretations Committee to consider. Anyone doing so is asked to submit a brief proposal, which will be presented to the Interpretations Committee without identifying the submitter. The proposal should include the following:

- 1 **The issue.** A description of the issue including, where relevant, any aspects that should be addressed separately.
- 2 **Current practice.** A brief description of current or emerging accounting practices, outlining the major alternatives, and referring to the relevant IASB pronouncements.
- 3 **Reasons for the Interpretations Committee to address the issue.** The issue should be evaluated using the following criteria:
 - (a) Is the issue widespread and practical?
 - (b) Does the issue involve divergent interpretations (either emerging or already existing in practice)?
 - (c) Would financial reporting be improved through elimination of the diversity?
 - (d) Is the issue sufficiently narrow in scope to be capable of interpretation within the confines of IFRSs and the *Conceptual Framework for Financial Reporting*, but not so narrow that it is inefficient to apply the interpretation process?
 - (e) If the issue relates to a current or planned IASB project, is there a pressing need for guidance sooner than would be expected from the IASB project?

A template is set out on the next page.

Please submit the completed template by either email to ifric@ifrs.org or post to:

Director of Implementation Activities
International Accounting Standards Board
First Floor
30 Cannon Street
London EC4M 6XH
United Kingdom

**IFRS INTERPRETATIONS COMMITTEE
INTERPRETATION REQUEST**

The issue:

Current practice:

Reasons for the Interpretations Committee to address the issue:

Submitted by

Name:

Organisation:

Address:

Telephone:

Email:

Appendix 4—Due Process Protocol

This appendix presents a reporting template for demonstrating to the DPOC how the IASB and the IFRS Interpretations Committee have met their due process requirements. Although the appendix accompanies the IFRS Foundation Due Process Handbook, it is not an integral part of the handbook and may be updated from time to time by the IASB and its staff, subject to the approval of the DPOC.

IASB

Three-yearly consultation on the IASB work programme

General IASB requirements: at least once every three years the IASB is required to undertake a public consultation on its work programme. The primary objective of the review is to seek formal public input on the strategic direction and balance of the IASB's work programme, including the criteria for assessing projects that may be added to the IASB's standards-level programme.

DPOC objective: to ensure that the IASB has undertaken a review of its work programme with sufficiently broad public consultation, considered the information it has gathered and reported its findings.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|-----------------------|---|--|---------|
| Formal consultation with the Trustees | Required | Number of discussions held with both bodies on agenda selection | Discussions on work programme consultation scheduled on Trustee agenda with the IASB DPOC responds to any letters or other communications received in connection with IASB processes for the work programme | |
| Formal consultation with the Advisory Council | Required | | DPOC meets with the Advisory Council to ensure discussions are scheduled on their agenda and that they occur IASB chair reports regularly to DPOC and Trustees on how comments received through extensive outreach and public consultation are taken into account | |
| Meetings with stakeholders to facilitate targeted discussions between the IASB and individual organisations or small groups | Required | Number of outreach meetings held, consistent with the categories described in introduction Webcast meetings held | Summary of meetings held provided to DPOC Webcasts posted online for public to review | |
| Public discussions with representative groups | Optional | Number of meetings held | Summary of meetings held provided to DPOC and how issues raised have been cleared | |
| Outreach meetings, educational sessions and conferences with interested parties | Optional | Number of meetings held Articles on items published | Summary of meetings held provided to DPOC | |
| Targeted efforts to reach investor groups | Required | Process for outreach with difficult to reach groups Special materials provided to facilitate investor outreach Number of targeted meetings held | Summary of meetings held provided to DPOC | |

Research Programme

General IASB requirements: the IASB maintains a broad research programme that is used to help the IASB identify areas where financial reporting could be improved. The IASB maintains a description of its activities on its website and reports regularly on its activities to the Advisory Council and its network of standard-setters.

DPOC objective: to ensure that the IASB is making effective use of its network of standard-setters and is operating in a transparent manner.

| Step | Required/Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|-------------------|--|---|---------|
| Maintenance of a transparent research programme | Required | Up-to-date website identifying research activities | IASB provides the DPOC with a summary of the projects in the research programme, identifying any other parties formally involved in the project and the progress made in the projects | |
| Maintenance of a register of matters raised with the IASB | Required | Project requests posted on the IFRS Foundation website | IASB reports on requests received and any steps taken by the IASB in response | |
| Formal updates to the Advisory Council | Required | Reports to the Advisory Council, available on the IFRS Foundation website | IASB reports to the DPOC with any relevant feedback it received from its consultation with the Advisory Council | |
| Broad stakeholder engagement | Required | Summary statistics of outreach and other consultative activities maintained on the IFRS Foundation website | IASB reports to the DPOC on outreach activities | |
| Research projects can be undertaken by the IASB or in collaboration with other bodies | Optional | Scope defined for research Research carried out either internally or externally with the supervision of the IASB Publication of research, as appropriate | IASB keeps the DPOC regularly informed of activities on the research agenda | |

Development and publication of discussion and research papers

General IASB requirements: although not a mandatory step in the due process, the IASB often publishes a discussion paper, or sponsors the development of a research paper, as its first publication on any major new topic as a vehicle to explain the issue and seek early comment from constituents. It is normally the first major milestone in a research project. The IASB normally allows a period of 120 days for comments on discussion and research papers.

DPOC objective: to ensure that a thorough process was followed in the development of discussion and research papers. The DPOC responds to any comments received on due process followed by the IASB in developing and publishing a discussion or research paper.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|--|-----------------------|---|--|---------------------|
| Discussion or Research Paper development | | | | |
| Discussion paper developed in public meetings or decision to publish a research paper made in a public meeting, with a clear statement of the extent of the IASB's involvement | Optional | Meetings held to discuss topic Project website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion Decision supported by a paper and reported in <i>IASB Update</i> | IASB reports on progress as part of the quarterly report at Trustee meetings IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Discussion or research paper has appropriate comment period | Required | IASB sets comment period for response Any period outside the normal comment period requires explanation from IASB to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
| Consultation with the Advisory Council has occurred | Optional | Discussions with the Advisory Council on topic | Advisory Council chair invited to Trustees meetings and meetings of DPOC | |
| Email alerts to registered users on project specific update | Optional | Frequency of alerts provided | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Consultative groups established depending on the nature of issues and the level of interest among constituents | Optional | Number of consultative group meetings Feedback to consultative group provided | Occasional survey of consultative group effectiveness DPOC receives report of consultation undertaken | |
| Online survey to generate evidence in support of or against a particular approach | Optional | Survey shown on IFRS Foundation website Number and diversity of respondents Analysis of the response | DPOC receives report of consultation undertaken | |
| | | | | <i>continued...</i> |

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|--|-------------------------------------|--|--|----------------|
| Step | Required/Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| Outreach meetings to promote debate and hear views on the financial reporting issue being examined | Optional | Schedule of outreach meetings | DPOC receives report of consultation undertaken | |
| Public discussions with representative groups | Optional | Meetings held | DPOC receives report of consultation undertaken | |
| Regional discussion forums, where possible, with national standard-setters with the IASB | Optional | Number of meetings and venues where issues are discussed | DPOC receives report of consultation undertaken | |
| Podcasts to provide interested parties with high level updates or other useful information about specific project | Optional | Number of podcasts Number of participants on podcasts | DPOC receives report of consultation undertaken | |
| Publication | | | | |
| Press release to announce publication of discussion paper | Optional | Press release announced in timely fashion Amount of media coverage of press release | DPOC receives advance warning of press release | |
| Snapshot document to explain the rationale and basic concepts included in the discussion paper | Optional | Snapshot published at the time of release | DPOC receives a copy of snapshot | |
| Webcast of interactive presentations streamed in real time from the IASB's office | Optional | Number of webcasts held | DPOC receives report of consultation undertaken | |
| IASB determines if focused investor consultation is required to supplement the comment letters | Required if discussion paper issued | Staff paper | IASB reports on progress as part of the quarterly report at Trustee meetings, making specific reference to investor related activities | |
| Request additional comment and suggestions by conducting fieldwork | Optional | Meetings held | DPOC receives report of consultation undertaken | |
| Round-table meetings between external participants and members of the IASB | Optional | Meetings and participants in round-tables and venues for the round-tables documented | DPOC receives report of consultation undertaken | |
| Project teams analyse and summarise discussion paper comment letters for the IASB's consideration Summary of the comments is posted on the IASB's website | Required if discussion paper issued | Comment analysis presented to IASB in public meeting Letters received posted on IFRS Foundation website IASB in public meeting considers comments and weighs them in approach to project | IASB reports on progress as part of the quarterly report at Trustee meetings | |

Development and publication of a Request for Information

General IASB requirements: although not a mandatory step in the due process, the IASB may publish a document to seek information on a particular topic. The IASB normally allows a period of 60 days for comments on a Request for Information.

DPOC objective: to ensure that a thorough process was followed in the development of a Request for Information. The DPOC responds to any comments received on due process followed by the IASB in developing and publishing a Request for Information.

| Step | Required/Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|----------------------------|--|--|---------|
| Request for Information | | | | |
| Request for Information issued to seek information on a specific matter | Optional | Request for Information issued and posted on IFRS Foundation website | DPOC informed when the IASB plans to issue a Request for Information DPOC given the opportunity to consider the comment period and any other factors that might be perceived as limiting the effectiveness of a Request for Information | |
| | | Press release and web announcement issued | DPOC informed when the Request for Information has been issued | |
| Request for Information has appropriate comment period | Required | IASB sets comment period for response Any period outside the normal comment period requires explanation from IASB to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
| IASB posts all comment letters received in relation to a Request for Information on the project pages | Required if request issued | Letters posted on project pages | IASB reports on progress as part of the quarterly report at Trustee meetings, including summary statistics of respondents | |
| IASB determines if focused investor consultation is required to supplement the comment letters | Required if request issued | Staff paper | IASB reports on progress as part of the quarterly report at Trustee meetings, making specific reference to investor related activities | |
| IASB considers comment letters and any related investor focused outreach in a public meeting | Required if request issued | Staff papers discussed in public meetings | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Project teams analyse and summarise comment letters for the IASB's consideration Summary of the comments is posted on the IASB's website | Required | Comment analysis presented to IASB in public meeting Letters received posted on IFRS Foundation website IASB in public meeting considers comments and weighs them in approach to project | IASB reports on progress as part of the quarterly report at Trustee meetings | |

Proposals for a standards-level project

General IASB requirements: the IASB evaluates the merits of adding an item to its standards-level programme. Factors that are taken into consideration include: the relevance to users and reliability of information; whether guidance already exists; the quality of the IFRS to be developed; and resource constraints. The main source of new projects is the research programme. The research, which normally includes a Discussion Paper, should provide the IASB with sufficient information for it to make an informed decision about adding a project to its standard-setting programme.

DPOC objective: to ensure that, before adding a project to its standard-setting programme, the IASB has assessed the project against its criteria, weighed the project against other potential priorities, and consulted appropriately.

| Step | Required/Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|-------------------|--|--|---------|
| Formal consultation with the Trustees and the Advisory Council | Required | Number of discussions held with both bodies on project selection | DPOC meets with the Advisory Council to ensure discussions are scheduled on their agenda and that they occur IASB chair reports regularly to DPOC and Trustees on how comments received through extensive outreach and public consultation are taken into account DPOC responds to any letters or other communications received in connection with IASB process for agenda setting | |
| IASB publicly discusses potential projects and its decision to adopt new projects | Required | Papers are prepared in thorough and considered manner and posted for public to see Analysis is provided using project criteria Account is taken of public consultation and summaries of comments received are completed for IASB use | Without commenting on the technical analysis, DPOC receives evidence of public discussions and agenda papers including analysis of issues and comments received DPOC meets with members of the IASB to discuss its process for weighing priorities and ensures that the IASB has considered comments received in adding or deleting an item to its programme DPOC meets with the Advisory Council to discuss views on the project development process IASB reports on new project decisions as part of the quarterly report at Trustee meetings | |
| Meetings with stakeholders to facilitate targeted discussions between the IASB and individual organisations or small groups | Required | Number of outreach meetings held, consistent with the categories described in introduction Webcast meetings held Webcasts posted to internet for public to review | Summary of meetings held provided to DPOC | |
| <i>continued...</i> | | | | |

| <i>...continued</i> | | | | |
|---|-------------------------------|---|---|----------------|
| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| Public discussions with representative groups | Optional | Number of meetings held | Summary of meetings held provided to DPOC and how issues raised have been cleared | |
| Outreach meetings, educational sessions and conferences with interested parties | Optional | Number of meetings held Articles on items published | Summary of meetings held provided to DPOC | |
| Targeted efforts to reach investor groups | Required | Process for outreach with difficult to reach groups Special materials provided to facilitate investor outreach Targeted meetings held | Outreach activities with investors reported to the DPOC | |

Project planning

General requirements: when adding an item to its standards-level programme, the IASB provides a proposed project plan that describes the proposed scope of work and proposed process for consultation.

DPOC objective: to ensure that the IASB has considered the relevant steps in developing a project plan that should result in a high-quality decision-making process with extensive outreach and public consultation. DPOC responds to any comments received on due process followed by the IASB during its project planning.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|-----------------------|---|---|---------|
| Project plan considered in public board meetings | Required | IASB board meetings used to discuss project plan Input sought from standard-setters and others in developing a workable plan Materials are publicly available on a timely basis Final project plan is clear as to scope, timing and other critical aspects of effective planning | IASB provides a summary of its project plans as part of the quarterly report at Trustee meetings | |
| Establishment of consultative group | Optional | Argument provided for or against the use of consultative group Proposal for scope and membership of the consultative group presented to and discussed with DPOC | DPOC reviews any decision not to have a consultative group on a major project DPOC reviews the proposal for scope and membership of the consultative group for competence and balance DPOC reviews and approves consultative group membership | |
| Use of fieldwork | Optional | Argument provided for or against the use of fieldwork provided Process used by the IASB to address effect analysis | DPOC reviews the argument regarding fieldwork | |
| Meetings with stakeholders to facilitate targeted discussions between the IASB and individual organisations or small groups | Required | Proposed outreach plan for project included in work programme | DPOC reviews the outreach plan | |
| Targeted plan for outreach to investor groups | Required | Outreach plan specifically for investors outlined | DPOC reviews the outreach plan | |

Development and publication of an exposure draft for an IFRS, practice guidance or *Conceptual Framework* chapter

General IASB requirements: publication of an exposure draft is a mandatory step in the due process. Irrespective of whether the IASB has published a discussion paper, an exposure draft is the IASB's main vehicle for formally consulting the public. Unlike a discussion paper, an exposure draft sets out a specific proposal in the form of a proposed IFRS (or amendment to an IFRS). Its development is based on the consideration of issues included in staff research and recommendations, as well as comments received on any discussion paper. Suggestions by the Advisory Council, consultative groups and accounting standard-setters and arising from public education sessions are also taken into account. The IASB normally allows a period of 120 days for comments on discussion and research papers.

DPOC objective: to ensure that the process for developing an exposure draft was extensive. The DPOC responds as necessary to comments received on the due process that was followed by the IASB in developing and publishing an exposure draft and in responding to comments received.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|-----------------------|---|--|---------|
| Board meetings held in public, with papers available for observers. All decisions are made in public session | Required | Meetings held to discuss topic Project website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion | Members of the IASB discuss with DPOC progress on major projects, in relation to the due process being conducted DPOC reviews comments from interested parties on IASB due process as appropriate | |
| Formal consultation with the Trustees and the Advisory Council | Required | Discussions with the Advisory Council on topic | DPOC meets with the Advisory Council to understand perspectives of stakeholders on due process of IASB Advisory Council chair invited to Trustees' meetings and meetings of DPOC | |
| Analysis of likely effects of the forthcoming IFRS or major amendment, for example, costs or ongoing associated costs | Required | Publication of effect analysis | IASB reviews with DPOC results of effect analysis and how it has considered such findings in proposed IFRS IASB provides a copy of the effect analysis to the DPOC at the point of standard's publication | |
| Consultative groups utilised, if formed | Optional | Number of consultative group meetings, and evidence of substantive involvement in issues Consultative group review of draft exposure draft | DPOC receives report of consultative group activity from IASB | |
| Fieldwork undertaken in analysing proposals | Optional | IASB describes approach taken on fieldwork IASB explains why it does not believe fieldwork is warranted, if that is the preferred path Number of field tests | If fieldwork is deemed by the IASB as not required, DPOC to review and discuss the explanation with IASB DPOC receives a report on fieldwork activities and how findings have been taken into consideration by IASB | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| Outreach meetings with a broad range of stakeholders, with special effort for investors | Optional | Number of meetings held and venues documented Evidence of specific targeted efforts for investors | DPOC receives a report on outreach activities and reviews, with the IASB, the outreach plan for the ED and its approach to the optional steps to ensure extensive outreach and public consultation | |
| Webcasts and podcasts to provide interested parties with high level updates or other useful information about specific projects | Optional | Number of and participation in webcasts | DPOC receives a report on outreach activities | |
| Public discussions with representative groups | Optional | Number of discussions held | DPOC receives a report on outreach activities | |
| Online survey to generate evidence in support of or against a particular approach | Optional | Number and results of surveys | DPOC receives a report on outreach activities | |
| IASB hosts regional discussion forums, where possible, with national standard-setters | Optional | Schedule of meetings held in these forums | DPOC receives a report on outreach activities | |
| Round-table meetings between external participants and members of the IASB | Optional | Number of meetings held | DPOC receives a report on outreach activities | |
| Drafting quality assurance steps are adequate | Required | Translations team included in review process | DPOC receives summary report on due process steps followed before an exposure draft is issued | |
| Drafting quality assurance steps are adequate | Required | XBRL team included in review process | DPOC receives summary report on due process steps followed before an exposure draft is issued | |
| Drafting quality assurance steps are adequate | Optional | External reviewers used to review drafts and comments collected and considered by the IASB | DPOC receives summary report on due process steps followed before an exposure draft is issued, including the extent to which external reviewers have been used in the drafting process | |
| Drafting quality assurance steps are adequate | Optional | Review draft made available to members of IFASS and comments collected and considered by the IASB | DPOC receives summary report on due process steps followed before an exposure draft is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft posted on project website | DPOC receives summary report on due process steps followed before an exposure draft is issued | |
| Due process steps reviewed by IASB | Required | Summary of all due process steps discussed by the Board before an IFRS is issued | DPOC receives summary report on due process steps followed before an exposure draft is issued | |
| Exposure draft has appropriate comment period | Required | IASB sets comment period for response Any period outside the normal comment period requires explanation from IASB to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| Press release to announce publication of exposure draft | Optional | Press release published Media coverage | DPOC informed of the release of the exposure draft | |
| Snapshot document to explain the rationale and basic concepts included in the exposure draft | Optional | Snapshot posted on IFRS Foundation website | DPOC receives a report on outreach activities Snapshot sent to DPOC members | |
| Exposure draft published | Required | Exposure draft posted on IFRS Foundation website | DPOC informed of the release of the exposure draft | |

Finalisation of an IFRS, Practice Guidance or Conceptual Framework chapter

General IASB requirements: the development of an IFRS is carried out during IASB meetings, when the IASB considers the comments received on the exposure draft. The IASB will consider whether to expose its revisions for public comment, for example, a second exposure draft. The IASB needs to consider transitional provisions and the effective date.

DPOC objective: to ensure that the consultation process has been sufficient for the IASB to justify its decisions. The DPOC needs to be assured that the IASB has appropriately considered views of stakeholders before concluding its deliberations, including the scope of the standard and its technical content. The DPOC must also be assured that the IASB has appropriately considered the need to re-expose changes before finalising a standard. The DPOC responds to comments received on IASB due process in developing IFRS.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|----------------------------|--|---|---------|
| Consideration of information gathered during consultation | | | | |
| IASB posts all comment letters received in relation to the exposure draft on the project pages | Required if request issued | Letters posted on project pages | IASB reports on progress as part of the quarterly report at Trustee meetings, including summary statistics of respondents | |
| Round-table meetings between external participants and members of the IASB | Optional | Number of meetings held | DPOC receives a report on outreach activities | |
| Board meetings held in public, with papers available for observers. All decisions are made in public session | Required | Number of meetings held to discuss topic Project website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion Number of meetings with consultative group and confirmation that critical issues have been reviewed with consultative group | IASB discusses progress on major projects, in relation to the due process being conducted, with DPOC IASB and DPOC reviews its due process over the project life cycle, and how many issues regarding due process have been/ are being addressed DPOC meets with the Advisory Council to understand perspectives of stakeholders DPOC reviews and responds to comments on due process as appropriate | |
| Analysis of likely effects of the forthcoming IFRS or major amendment, for example, costs or ongoing associated costs | Required | Publication of effect analysis | IASB reviews with DPOC results of effect analysis and how it has considered such findings in proposed IFRS IASB provides a copy of the effect analysis to the DPOC at the point of standard's publication | |
| Email alerts are issued to registered recipients | Optional | Evidence that alerts have occurred | DPOC receives a report on outreach activities | |
| Outreach meetings to promote debate and hear views on proposals published for public comment | Optional | Number of meetings, including efforts aimed at investors | DPOC receives a report on outreach activities | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| IASB organise regional discussion forums organised with national standard-setters | Optional | Number of meetings held | DPOC receives a report on outreach activities | |
| Finalisation | | | | |
| Need for re-exposure of standard considered | Required | An analysis of the need to re-expose is considered at a public IASB meeting, using the agreed criteria | IASB discusses its thinking on the issue of re-exposure with the DPOC | |
| IASB sets an effective date for the standard, considering the need for effective implementation, generally providing at least a year | Required | Effective date set, with full consideration of implementation challenges | The IASB and DPOC discuss any proposed shortening of the period for effective application | |
| Drafting quality assurance steps are adequate | Required | Translations team included in review process | DPOC receives summary report on due process steps followed before an IFRS is issued | |
| Drafting quality assurance steps are adequate | Required | XBRL team included in review process | DPOC receives summary report on due process steps followed before an IFRS is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft made available to members of IFASS and comments collected and considered by the IASB | DPOC receives summary report on due process steps followed before an IFRS is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft posted on project website | DPOC receives summary report on due process steps followed before an IFRS is issued | |
| Due process steps reviewed by IASB | Required | Summary of all due process steps discussed by the Board before an IFRS is issued | DPOC receives summary report on due process steps followed before an IFRS is issued | |
| Publication | | | | |
| Press release to announce final standard | Optional | Press release announced in timely fashion Amount of media coverage of press release | DPOC receives a copy of the press release and a summary of media coverage | |
| Feedback statements provided, which provide high level executive summaries of the standard and explains how the IASB has responded to comments received | Required | Publication of feedback statement | IASB provides a copy of the feedback statement to the DPOC at the point of standard's publication | |
| Podcast to provide interested parties with high level updates or other useful information about the standard | Optional | Number of podcasts held | DPOC receives a report on outreach activities | |
| IFRS published | Required | Official release | DPOC informed of release | |

Post-implementation reviews

General IASB requirement: the IASB is required to conduct a post-implementation review (PIR) of each new IFRS or major amendment. This two-phase process normally begins after the new requirements have been applied internationally for two years. The first phase involves identification and assessment of the matters to be examined. These matters are then the subject of a public consultation by the IASB. In the second phase, the IASB considers the comments received and the information gathered through other consultative activities and then undertakes the review. On the basis of that information, the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

DPOC objective: to ensure that each PIR is undertaken in a timely manner, with an appropriate scope and adequate consultation. The DPOC also seeks assurance that the IASB has responded to the findings of the review in an appropriate manner.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Action |
|--|-----------------------|--|---|--------|
| Timetable for PIR established | Required | PIR discussed in a public meeting and included in IASB work programme | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Scope established, including identifying the important or contentious issues that came up during development of the publication | Required | The initial review should draw on the broad network of IFRS-related bodies and interested parties Contentious issues are identifiable from the BC, Project Summary, Feedback Statement and Effect Analysis Significant issues that have come to the attention of the IASB after the document was published | IASB reports on progress as part of the quarterly report at Trustee meetings, including the extent of IASB consultations in establishing the scope of the review | |
| After the initial assessment, one of two routes may be taken: Request for Information published to invite public comment, with appropriate comment period or on the basis of its initial assessment, the IASB may decide that it would be premature to undertake a review at the time | Required | The Request for Information should explain why the IASB is seeking feedback on the specified matters and should include any initial assessment by the IASB of the standard under review The Request for Information will also describe the process that the IASB followed to establish the scope of the review IASB sets comment period for response Any period outside the normal comment period requires explanation from IASB to DPOC, and subsequent approval If the second option is appropriate, the IASB must inform the DPOC of its intention to defer the PIR and explain both why this conclusion was reached and when it expects to resume the review | DPOC informed before a Request for Information is to be released, with a summary of the extent of the IASB's deliberations DPOC consulted if comment period is unusually short DPOC receives notice of the IASB's intention to defer a PIR, along with the reasons why the conclusion was reached and when the review is expected to resume. The DPOC must approve any such delay | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| The IASB considers whether it is necessary to supplement the Request for Information with other evidence by undertaking analysis of financial information, a review of academic or other research related to the implementation of the IFRS being reviewed or consultations with relevant parties | Optional | Staff paper provided to the IASB analysing its assessment of academic and other research | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Project teams analyse and summarise comment letters for the IASB's consideration Summaries are posted online | Required | Analysis provided and discussion in public of comments received and any additional analysis for any supplementary undertakings that may have been conducted | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Public report | Required | Once deliberations are complete, the findings are presented in a public report | The IASB must inform the DPOC when the IASB has completed its review and provide the DPOC with a draft of the report When the DPOC believes that the review has been satisfactorily completed, the report can be finalised | |
| Implementation of PIR findings | Required | Minor amendments are added to the IASB work programme | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| | | More substantial concerns are considered as part of the research programme and a project proposal developed, if appropriate | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| | | Recommended changes to due process are discussed by DPOC | IFRS Foundation staff prepare and present paper to DPOC recommending appropriate actions | |

Development and publication of Annual Improvements Exposure

General IASB requirements: Annual Improvements set out proposed amendments to IFRSs or Interpretations that are sufficiently minor or narrow in scope and can be packaged together and exposed in one document even though the amendments are unrelated. They are normally available for a period of 120 days for comment.

DPOC objective: to ensure that the process for developing Annual Improvements is extensive. The DPOC responds as necessary to comments received on the due process followed by the IASB in developing and publishing a draft Interpretation and in responding to comments received.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Action |
|---|-----------------------|---|---|---------------------|
| IASB meetings held in public, with papers available for observers All decisions are made in public session | Required | Meetings held to discuss topic Project Website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion | DPOC reviews comments from interested parties on IASB due process as appropriate | |
| Drafting quality assurance steps are adequate | Required | Translations team included in review process | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Drafting quality assurance steps are adequate | Required | XBRL team included in review process | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | External reviewers used to review drafts and comments collected and considered by the Interpretations Committee | DPOC receives summary report on due process steps followed before a draft Interpretation is issued, including the extent to which external reviewers have been used in the drafting process | |
| Drafting quality assurance steps are adequate | Optional | Review draft made available to members of IFASS and comments collected and considered by the Interpretations Committee | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft posted on project website | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Exposure draft has appropriate comment period | Required | Interpretations Committee sets comment period for response Any period outside the normal comment period requires an explanation from the IASB to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| A check is performed to ensure that each amendment included in the package meets the Annual Improvements criteria | Required | | The results of this check are included in the summary report provided to the DPOC | |
| Due process steps reviewed by IASB | Required | Summary of all due process steps discussed by the Interpretations Committee before an IFRS is issued | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Press release to announce publication of Annual Improvements package | Optional | Press release published Media coverage | DPOC informed of the release of the draft Interpretation | |
| Annual Improvements published | Required | Annual Improvements posted on Interpretations Committee website | DPOC informed of the release of the Annual Improvements | |

Development and publication of a draft rejection notice

General IASB requirements: publication of a draft rejection notice is a mandatory step if the Interpretations Committee decides not to add an item to its work programme. After considering comments on this tentative rejection, the Interpretations Committee either confirms its decision, adds the issue to its work programme or refers the matter to the IASB. A draft rejection notice is generally available for a period of 60 days for comment.

DPOC objective: to ensure that the process for rejecting Interpretation requests has been undertaken properly. The DPOC responds as necessary to comments received on the due process followed by the Interpretations Committee and the IASB in developing and publishing a draft rejection notice and in responding to comments received.

| Step | Required/Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|--|--|---|---------|
| Interpretations Committee meetings held in public, with papers available for observers. All decisions are made in public session | Required | Meetings held to discuss topic Project Website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion | DPOC reviews comments from interested parties on the Interpretations Committee due process as appropriate | |
| Interpretations Committee does not plan to add an item to its work programme | Required | Tentative rejection published in IFRIC <i>Update</i> and on the IFRS Foundation website | | |
| Draft Interpretation has appropriate comment period. | Required | Interpretations Committee sets comment period for response Any period outside the normal comment period requires an explanation from the Interpretations Committee to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
| Decision to confirm rejection decision, add the issue to the Interpretations Committee work programme or refer the matter to the IASB | Required | This decision is made after the Interpretations Committee has considered comments on the draft rejection notice | | |
| Rejection notice published | Required, if rejection decision is confirmed | Rejection notice posted on Interpretations Committee website | DPOC informed of the release of the rejection notice, as part of the quarterly report at Trustee meetings | |

Development and publication of a draft Interpretation

General IASB requirements: publication of a draft Interpretation is a mandatory step in the due process. A draft Interpretation sets out a specific proposal in the form of a proposed Interpretation and is the Interpretation Committee's main vehicle for formally consulting the public. Its development is based on the consideration of issues included in staff research and recommendations. It is generally available for a period of 90 days for comment.

DPOC objective: to ensure that the process for developing a draft Interpretation was extensive. The DPOC responds as necessary to comments received on the due process followed by the IASB in developing and publishing a draft Interpretation and in responding to comments received.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|--|-----------------------|--|---|---------------------|
| Interpretations Committee meetings held in public, with papers available for observers. All decisions are made in public session | Required | Meetings held to discuss topic Project website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion | DPOC reviews comments from interested parties on Interpretations Committee due process as appropriate | |
| Drafting quality assurance steps are adequate | Required | Translations team included in review process | DPOC receives summary report on due process steps followed before a draft interpretation is issued | |
| Drafting quality assurance steps are adequate | Required | XBRL team included in review process | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | External reviewers used to review drafts and comments collected and considered by the Interpretations Committee | DPOC receives summary report on due process steps followed before a draft Interpretation is issued, including the extent to which external reviewers have been used in the drafting process | |
| Drafting quality assurance steps are adequate | Optional | Review draft made available to members of IFASS and comments collected and considered by the Interpretations Committee | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft posted on project website | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Draft Interpretation has appropriate comment period | Required | Interpretations Committee sets comment period for response Any period outside the normal comment period requires an explanation from the Interpretations Committee to DPOC, and subsequent approval | DPOC receives notice of any change in comment period length and approval if required | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| IASB members polled to identify any objections to releasing the draft Interpretation | Required | Poll undertaken | If sufficient IASB members object the matter is discussed by the IASB and the outcome is communicated to the DPOC | |
| Due process steps reviewed by Interpretations Committee | Required | Summary of all due process steps discussed by the Interpretations committee before an IFRS is issued | DPOC receives summary report on due process steps followed before a draft Interpretation is issued | |
| Press release to announce publication of draft Interpretation | Optional | Press release published Media coverage | DPOC informed of the release of the draft Interpretation | |
| Draft Interpretation published | Required | Draft Interpretation posted on Interpretations Committee website | DPOC informed of the release of the draft Interpretation | |

Finalisation of an Interpretation

General IASB requirements: the development of an Interpretation is carried out during Interpretations Committee meetings, when the Interpretations Committee considers the comments received on the draft Interpretation. After the Interpretations Committee has voted to confirm the final Interpretation and has reached general agreement on the wording, it submits the Interpretation to the IASB for ratification. Ratification of an Interpretation takes place in a public meeting of the IASB and requires the same level of support by IASB members as for a new or amended IFRS. If an Interpretation is not approved by the IASB, the IASB provides the Interpretations Committee with reasons for the objection.

DPOC objective: to ensure that the process for finalising the Interpretation was extensive, and that the Interpretations Committee appropriately considers the views of stakeholders before concluding its deliberations. The DPOC responds to comments received on the Interpretations Committee due process in developing IFRS.

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
|---|----------------------------|--|---|---------------------|
| Consideration of information gathered during consultation | | | | |
| Interpretations Committee posts all comment letters received in relation to the draft Interpretation on the project pages | Required if request issued | Letters posted on project pages | IASB reports on progress as part of the quarterly report at Trustee meetings, including summary statistics of respondents | |
| Interpretations Committee meetings are held in public session and all decisions are made in public session | Required | Number of meetings held to discuss topic Project website contains a full description with up-to-date information on the project Meeting papers posted in a timely fashion Number of meetings with consultative group and confirmation that critical issues have been reviewed with consultative group | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| IASB is satisfied that sufficient outreach has been undertaken | Required | Analysis of outreach undertaken, or explanation of reasons why no additional outreach was necessary | IASB reports on progress as part of the quarterly report at Trustee meetings | |
| Email alerts are issued to registered recipients | Optional | Evidence that alerts have occurred | DPOC receives a report on outreach activities | |
| Finalisation | | | | |
| Need for re-exposure of Interpretation considered | Required | An analysis of the need to re-expose is considered at a public Interpretations Committee meeting, using the agreed criteria | IASB discusses its thinking on the issue of re-exposure with the DPOC | |
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| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Actions |
| Interpretations Committee sets an effective date for the standard, considering the need for effective implementation | Required | Effective date set, with full consideration of implementation challenges | DPOC informed of any proposed shortening of the period for effective application before the Interpretation is released | |
| Ratification of an Interpretation by the IASB | Required | IASB discussed Interpretation at a public meeting | DPOC informed of the IASB's discussions, including whether any IASB members are dissenting from the Interpretation | |
| Drafting quality assurance steps are adequate | Required | Translations team included in review process | DPOC receives summary report on due process steps followed before an Interpretation is issued | |
| Drafting quality assurance steps are adequate | Required | XBRL team included in review process | DPOC receives summary report on due process steps followed before an Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft made available to members of IFASS and comments collected and considered by the Interpretations Committee | DPOC receives summary report on due process steps followed before an Interpretation is issued | |
| Drafting quality assurance steps are adequate | Optional | Review draft posted on project website | DPOC receives summary report on due process steps followed before an Interpretation is issued | |
| Due process steps reviewed by Interpretations Committee | Required | Summary of all due process steps discussed by the IASB before an Interpretation is issued | DPOC receives summary report on due process steps followed before an Interpretation is issued | |
| Publication | | | | |
| Press release to announce final standard | Optional | Release announced in timely fashion Amount of media coverage of release | DPOC receives a copy of the press release and a summary of media coverage | |
| Podcast to provide interested parties with high level updates or other useful information about the standard | Optional | Number of podcasts held | DPOC receives a report on outreach activities | |
| Interpretation published | Required | Official release | DPOC informed of release | |

General reporting to the DPOC

| Step | Required/ Optional | Metrics or evidence | Protocol for and evidence provided to DPOC | Board Actions |
|--|-----------------------|--|---|------------------|
| All comment letters available on the IFRS Foundation website | Required | All comment letters posted on the relevant project pages Any redactions identified on the project page | IASB reports annually to the DPOC on the extent of any redactions from comment letters and the reasons for taking such a step | |
| All material discussed by the IASB in public meetings is available to observers and on the IFRS Foundation website | Required | Project pages and IASB meeting pages include all IASB papers and supporting material Any redactions identified in the relevant papers | IASB reports annually to the DPOC on the extent of any redactions from staff papers and the reasons for taking such a step | |
| Interpretations Committee operates in an efficient and effective manner | Required | Consultation with Interpretations Committee | DPOC meets periodically with the Interpretations Committee to discuss their perceptions about the effectiveness and efficiency of the committee | |
| Annual review of consultative groups | Required | Report to IASB and DPOC | IASB reports annually to the DPOC on the effectiveness of its consultative groups, including recommendations for continuation of membership | |
| Consistent application of IFRSs | Required | Meetings with securities (markets) regulators | IASB reports annually to the DPOC on the extent of its interactions with securities regulators | |
| Communication of the possible implications of standard-setting activity on other regulators | Required | Meetings with prudential regulators | IASB reports annually to the DPOC on the extent of its interactions with securities regulators | |
| Response to referrals from the Monitoring Board | Required | Formal response to monitoring Board | DPOC actively involved, with full Trustees, to respond within 30 days, or sooner if required, of any referral of a financial reporting matter by the Monitoring Board | |