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IFRS Foundation Due Process Handbook Review Cover Note

Objective

- 1 The objective of this paper is to discuss the proposed amendments to the Due Process Handbook (DPH) and to seek the views of the EFRAG TEG-CFSS members on the outreach to be performed.

Background

- 2 The Due Process Oversight Committee (DPOC) at its November 2017 meeting decided to undertake a review of the DPH and to set the proposed scope and timetable of this review.
- 3 The DPOC took into consideration the findings from the Reputation Survey, published in July 2017, and further developments in due process since the last review of the DPH in 2013.
- 4 The following activities were performed in 2018 – 2019 Q1:
 - (a) The IFRS Foundation Monitoring Board (June 2018), the Accounting Standards Advisory Forum (April 2018), IFRS Advisory Council (February and September 2018) and IFRS Interpretations Committee (September 2018) were consulted at their respective meetings;
 - (b) The role of Effects Analysis in the standard-setting process was considered in February 2018 by the IFRS Advisory Council;
 - (c) The DPOC discussed the detailed staff recommendations in October 2018, January and March 2019;
 - (d) The DPOC has agreed the amendments to be proposed in the Exposure Draft.

Proposed amendments

- 5 Key proposed amendments to the DPH cover the following two topics:
 - (a) Effects' analysis:
 - (i) clarifying the scope of effects' analysis, including the effects on financial stability and other specific economic effects where relevant;
 - (ii) emphasising the place of effects' analysis in the standard-setting process; and
 - (iii) differentiating the analysis process from reporting of the effects.
 - (b) Agenda Decisions.

The IASB clarified that the objective of explanatory material in Agenda Decisions is to improve consistent application of IFRS Standards and the nature of explanatory material is to explain how the applicable principles and requirements in IFRS Standards apply to the fact pattern in the Agenda Decision. They cannot add or change requirements in IFRS Standards:

- (i) clarifying the status - the IASB confirmed that Agenda Decisions do not have the same status as IFRS Standards;
 - (ii) considering timing of application - the IASB proposes that entities should be entitled sufficient time:
 - to consider Agenda Decisions and determine any change in accounting policy; and
 - to implement that change.
 - (iii) IASB Agenda Decisions - the proposed amendments would allow the IASB to publish its Board Agenda Decisions which would follow the equivalent due process as IFRS IC Agenda Decisions.
- 6 Other matters covered by the proposed amendments to the DPH include:
- (a) refining the consultation required before adding projects to the Work Plan;
 - (b) refining the role of the Advisory Council as a strategic advisory body;
 - (c) specifying different types of educational material and level of review; and
 - (d) specifying the DPOC's role in overseeing the IFRS Taxonomy.

Next steps

- 7 The following timetable is proposed by the IASB staff to the DPOC which is more detailed than provided in the ASAF paper:
- (a) April 2019 - proposed amendments to the DPH exposed for comment for 90 days;
 - (b) June 2019 - the DPOC meeting;
 - (c) July 2019 - comment letter deadline;
 - (d) October 2019 - comment letter analysis discussed with the DPOC;
 - (e) 2020 Q1- update the DPOC; and
 - (f) 2020 Q3 - updated DPH and feedback statement published.

Questions for EFRAG TEG-CFSS members:

- 8 Do you agree with the proposed amendments to the Due Process Handbook? If not – why and what alternatives do you propose?
- 9 What topics do you consider are most important and should be included in the IASB's outreach?
- 10 In addition to national standard-setters are there other constituents' groups the IASB should focus outreach with?

Agenda Papers

- 11 In addition to this cover note, agenda paper 09-02 ASAF 12 – Due Process Handbook Review (For Background only) – has been provided for the session.