

IASB Due Process and Related Proposals

The following compares:

- IASB's present due process as stated in its *Preface to International Financial Reporting Standards* (IFRSs) (see section I in the left hand column of the table below); and
- due process and working procedures proposals under consideration by the IASB based on the International Accounting Standards Committee Foundation November 2004 publication, *Review of the Constitution, Proposals for Change* (see section II in the left hand column of the table below), with the proposed revised IAASB due process and working procedures (as presented in Agenda Item 3-B).

| I. IASB's due process, as stated in the <i>Preface to International Financial Reporting Standards</i> | Proposed revised IAASB due process and working procedures (as presented in Agenda Item 3-B) |
|---|---|
| Due process for projects normally, but not necessarily, involves the following steps (those steps that are required under the existing terms of the IASC Foundation Constitution are indicated as "required") | |
| (a) staff are asked to identify and review all the issues associated with the topic and to consider the application of the Framework to the issues; | Steps similar in nature are provided for in paragraphs 4 and 6 in Agenda Item 3-B. |
| (b) study of national accounting requirements and practice and an exchange of views about the issues with national standard-setters; | Steps similar in nature are provided for in paragraphs 6 and 8, fourth bullet, in Agenda Item 3-B. |
| (c) consulting the SAC about the advisability of adding the topic to the IASB's agenda (required); | Similarly, the IAASB consults with the IAASB CAG and PIOB on potential agenda topics – see paragraphs 5 and 7 in Agenda Item 3-B. |
| (d) formation of an advisory group to give advice to the IASB on the project; | The IAASB CAG and IAASB Project Task Forces, in effect, serve this role – see paragraph 8 in Agenda Item 3-B. |
| (e) publishing for public comment a discussion document; | Similarly, it is proposed that the IAASB consider the issue of consultation papers where appropriate – see paragraph 9 in Agenda Item 3-B. |
| (f) publishing for public comment an ED...including any dissenting opinions held by IASB members (required); | Similarly, the IAASB issues for public comment an ED of a proposed pronouncement – see paragraphs 10 -12. Dissenting opinions are not included in EDs. They are, however, recorded in the |

| | |
|--|---|
| | publicly available minutes of the IAASB meeting – see paragraph 21 “Voting at IAASB Meetings” in Agenda Item 3-B. |
| (g) publishing within an ED a basis of conclusions; | It is proposed that a basis of conclusions be issued for final standards, but not for EDs. It is proposed, however, that the IAASB issue explanatory memorandums accompanying EDs – see paragraph 11 in Agenda Item 3-B. |
| (h) consideration of all comments received within the comment period on discussion documents and exposure drafts (required); | A similar provision is described in paragraphs 14-15 in Agenda Item 3-B. |
| (i) consideration of the desirability of holding a public hearing and of the desirability of conducting field tests and, if considered desirable, holding such hearings and conducting such tests; | Similarly, it is proposed that the IAASB consider holding, where appropriate, public forums or roundtables – see paragraph 9 in Agenda Item 3-B. It is not proposed that the IAASB have a formal obligation to consider the desirability of conducting field test. |
| (j) approval of a standard ...and inclusion in the published standard of any dissenting opinions (required); and | Dissenting opinions are recorded in the publicly available minutes of the IAASB meeting – see paragraph 21 “Voting at IAASB Meetings.” |
| (k) publishing within a standard a basis of conclusions, explaining, among other things, the steps in the IASB’s due process and how the IASB dealt with public comments on the ED. | A similar step for the issue of a basis of conclusions is proposed – see discussion in Agenda Item 3-A and proposed paragraph 20 in Agenda Item 3-B. Paragraph 22, last bullet, proposes that the IAASB reports on due process as part of its annual report (consistent with the IFAC reform proposal). |
| II. Due process and working procedures proposals under consideration by the IASB include:¹ | |
| <ul style="list-style-type: none"> To publish, on its website or in written form, its procedures and operating principles. | See Agenda Item 3-B. |
| <ul style="list-style-type: none"> To explain in a public meeting and its bases of conclusion the rationale for not accepting any of the option steps of due process for particular | The proposed IASB “comply or explain” approach has not been adopted explicitly in the proposed revised due process. The |

¹ Based on the International Accounting Standards Committee Foundation November 2004 publication “Review of the Constitution, Proposals for Change.” A copy of this publication can be accessed at www.iasb.org.

| | |
|---|--|
| projects (the identified options due process steps are items (d), (e), (g), (i), and (k) above). | IAASB's consideration of its stated due process would however form part of the project discussions and recorded in publicly available minutes. |
| <ul style="list-style-type: none"> To expand its observer notes for meeting and make these available on its website in advance of its meetings. | All IAASB agenda materials are posted to the IAASB website. See also provisions for expanded agenda material in paragraph 14 in Agenda Item 3-B. |
| <ul style="list-style-type: none"> To broadcast all public meetings over the Internet, where feasible. | A step similar in nature for IAASB meetings to be webcast is provided in paragraph 1, sub-bullet, in Agenda Item 3-B. |
| <ul style="list-style-type: none"> To publish near-final drafts for final standards and interpretations. | This working procedure is not applicable to the IAASB as all IAASB agenda materials are posted to the IAASB website. |
| <ul style="list-style-type: none"> To advertise for nominations and applications for advisory groups, including the arrangement for a committee of the Trustees to have the opportunity to review the composition of advisory groups, and for the IASB to present its proposed due process before the commencement of a new project and, once work has started, to provide for regular updates on the progress of the project. | The IAASB CAG in effect serves this role. It is not proposed that the IAASB advertise for nominations for appointment to its Project Task Forces. See discussion in Agenda Item 3-A. |
| <ul style="list-style-type: none"> To maintain its present policy of 90 days for comment on exposure drafts, with the option to extend or reduce where appropriate (in particular, to consider a lengthened period to address language concerns). | See proposal to extend IAASB comment period to 120 days, with the option to extend or reduce where appropriate (paragraph 12 in Agenda Item 3-B). |

[Blank Page]