

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).

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