21 February 2012

Dear Hans, Dear Ian,

**Post-implementation reviews**

The IASB is about to start processing post-implementation reviews and we welcome those efforts, as we see such reviews to have an important role to play in the IASB agenda-setting process.

We welcome the opportunity to comment on the draft methodology that the IASB considers implementing to start its post-implementation reviews. We acknowledge that the first post-implementation review is meant to serve as a first experience from which lessons can be drawn, and we approve of this pragmatic approach. We nevertheless hope that the recommendations we formulate below will be followed before this first post-implementation review takes place, as they are necessary to allow our proper participation in the post-implementation process.

This letter addresses the proposed methodology only. As explained later in this letter, we are not at present in the position of providing input to the list of issues that the IFRS 8 post-implementation review should include.

We are particularly pleased to note that the scope of post-implementation reviews are not meant to be limited to areas that have proven to be contentious in the past or that have proven to be very costly on an ongoing basis in practice. We appreciate, and support, that the perspective is to assess whether changes introduced have been improving financial reporting in practice.

In our view, EFRAG and European NSS have, as other Accounting Standard Bodies outside Europe, a significant part to play in post-implementation reviews. Our involvement in those reviews brings a series of benefits to the overall process:

- Post-implementation reviews can be more ambitious in the extent of the analysis performed, relying on Accounting Standard Bodies bringing their own resources to the process;
- Knowledge of specificities of the jurisdiction is helpful both in terms of organisation and better understanding of the results;
- Our participation brings to the process a degree of independence and transparency necessary to convince those critical of the reviews being led by the IASB. Our involvement should convince third parties that the analysis conducted is fair.


The process undertaken by the IASB should fully reflect such involvement. As post-implementation reviews are part of the IASB’s due process we recommend that the overall process reflect the following principles:

- Accounting Standard Bodies should be closely involved in the design of the surveys or other studies supporting the review;
- The IASB should delegate the work to the Accounting Standard Bodies to the extent they are willing and have the resources to be involved;
- For the integrity of the process, every participant should be asked to accept some discipline. Such a discipline could include the following characteristics:
  - Adopt transparent procedures to identify participants in surveys and workshops;
  - Keep primary documentary evidence supporting the conclusions reached in the review available to the IASB, i.e. implying that such evidence be written in English;
  - Invite the IASB to participate in workshops or other meetings organised in order to share analyses and conclusions;
  - Make a feedback statement publicly available. A list of all participants in the survey should be attached, without the possibility to link any particular conclusion to one or a specific group of constituents.

Specific recommendations

1- Contributing to scoping post-implementation reviews

We understand that you intend to ask accounting standard bodies to provide input to a first list of areas to be included in the post-implementation review of IFRS 8 with less than 30 days (deadline for input set 9 March). We believe a full 60 days is necessary for such a request, which would suggest a deadline set 15 April. Any shorter period would only allow input received from staff, not from the Boards.

2- Time allocated to the surveys

We believe that a full 90 days is necessary (in periods when stakeholders are available for such reviews) if:

- The review is not limited to questionnaires, but is supported by interviews and potentially workshops. We do not believe that posting questionnaires on a website and having people fill those questionnaires online would lead to meaningful results. People may not understand the questions in the same way, and therefore provide more or less comments. Accompanying the efforts of participants in the review is therefore particularly important.
- Accounting Standard Bodies are involved so that more in-depth studies can take place where necessary. Most of the value added in the involvement of

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1 This excludes any document that is proprietary to the participant in the survey/workshop (such as contracts). It however includes what has been learned from the study of real life cases (generic description, analysis) and notes taken in interviews/exchange of emails with participants.
Accounting Standard Bodies will be gained in accompanying the study. In this way the IASB can undertake meaningful post-implementation reviews.

Any shorter time span allocated to the surveys would deny the possibility for Accounting Standard Bodies to fully participate in the reviews. We therefore fail to see how the IASB intends to rely on accounting standard bodies in order to develop post-implementation reviews. Short of this involvement, we do not think that the IASB can propose a transparent enough process in which stakeholders can have the required level of confidence. Furthermore in adopting such short response period the IASB prevents accounting standard bodies from running their own due process so as to be able to provide useful comments to the draft report the IASB intends to publish.

We wish to emphasise that it is critical for us, accounting standard bodies, to be fully involved, so that we are in a position to review, and comment on, the conclusions that the IASB will draw from post-implementation reviews.

3- Registering as a participant

As the IASB well knows, EFRAG and its National Standard Setters partners in Europe, stand ready to actively contribute to the IASB’s post-implementation effort.

We appreciate there are some considerable challenges ahead in ensuring that the post-implementation reviews meet the expectation that they represent a meaningful and effective check of IFRS. We are ready to assist in whatever way we can to ensure the success of the process.

Do not hesitate to contact us should you wish to discuss these proposals further.

Kind regards,

Françoise Flores
EFRAG Chairman

Liesel Knorr
ACSG, President

Alberto Giussani
OIC, Vice-Chairman

Roger Marshall
UK ASB, Chairman

Ilian Krilov
Bulgarian Ministry of Finance, State expert