

Summary of the conclusions of the Trustees' Due Process Oversight Committee (DPOC) meeting

11 January 2012, Singapore 15:30–17:30

1. Post-implementation reviews

The DPOC reviewed staff papers regarding how the IASB intends to conduct post-implementation reviews. The reviews, introduced following the Trustees' second constitution review, are a mandatory due process step for all new IFRSs and major amendments to IFRSs. The first IFRS to be subject to a post-implementation review is IFRS 8 *Operating Segments*.

The DPOC supported the staff recommendations, namely that:

- the review should consider whether the purpose of the original standard was met,
- the experience gained by completing the review of IFRS 8 should be used to further refine the review process,
- acknowledging and respecting that the IASB and the US Financial Accounting Foundation (the oversight body of the Financial Accounting Standards Board) have their own due process protocols for post-implementation reviews, the IASB should co-ordinate with the FAF as far as possible in undertaking their reviews of standards that have been developed jointly by the IASB and the FASB, and
- although the post-implementation reviews should be initiated after two years, some flexibility should be provided on the extent of the review and the period over which it is completed—the initial assessment might establish that the IASB should wait until adequate data is available for a comprehensive review to be completed.

The staff are completing work on a methodology for conducting post-implementation reviews, including the approach to be undertaken, where and how survey tools will be used and what the lifecycle of the review will look like.

The DPOC noted that the methodology for post-implementation reviews was discussed during its October 2011 meeting. The DPOC asked that staff provide a completed methodology to the DPOC by the end of February 2012 in order that the review of IFRS 8 can begin without delay.

2. Effectiveness of the IFRS Interpretations Committee

The DPOC reviewed progress towards completion of the review of the effectiveness of the IFRS Interpretations Committee. The review has two components. First, the Trustees will consider broader questions regarding the role of the Interpretations Committee as part of their ongoing strategy review. Second, the DPOC, supported by the staff, are considering operational enhancements to improve the effectiveness of the Committee.

The preliminary conclusions of the Trustees' strategy review noted strong support from constituents for the Committee to play a more active role in providing implementation support. The DPOC requested that the IASB and the Chairman of the Interpretations Committee ensure that this requirement is fully reflected in the operational enhancements described by their report.

The DPOC noted that many of these enhancements resulting from previous meetings with the DPOC were now in place. However, the DPOC requested that further progress be made regarding:

- the criteria for how agenda items are selected;
- how agenda rejections are managed;
- how the Committee co-ordinates its work with the IASB's annual improvement process; and
- the interaction between the IASB and the Committee.

The DPOC requested that the Chairman of the IASB and Chairman of the Interpretations Committee develop proposals that address these points for review at the April 2012 meeting.

The finalisation of this work will enable the Trustees to complete its role in this part of the review.

3. Update by the Chairman of the IASB

The Chairman of the IASB reported on progress towards the completion of its joint programme of work with the FASB, as described by their 2006 Memorandum of Understanding (MoU).

The report described the progress of the boards in completing the three remaining MoU projects of financial instruments, leasing and revenue recognition, as well as a fourth, non-MoU joint project of insurance contracts.

The full report is available to download from the [DPOC section](#) of the IFRS Foundation website.

4. Correspondence with third parties

The DPOC reviewed correspondence received from third parties regarding the IASB's compliance with due process. Members of the DPOC noted the importance of third parties being able to correspond directly with the Committee, and for this dialogue to be conducted in an open and transparent manner.

To reinforce confidence in this process, the DPOC agreed to introduce an enhancement to the way in which letters are considered by the DPOC.

First, the web page via which letters are submitted will make it clear that, by default, all letters received and correspondence entered into regarding due process will be published on the DPOC section of the website. Second, staff will provide a written response to the letter in advance of the DPOC meeting, which will also be available on the website. Third, the DPOC will review the letter and the staff response before determining how to proceed.

5. Development of a DPOC protocol

The Chairman of the DPOC reported on continued work to develop a protocol that describes the operations of the DPOC.

The Chairman noted the DPOC's preference to oversee the work of the IASB through enhanced transparency, reporting and dialogue between the DPOC and the IASB rather than through a formal audit mechanism.

The Chairman noted that the information used by the DPOC to monitor compliance with due process should also be useful to the staff and others. He noted that the dialogue between the DPOC, the leadership and directors of the IASB had progressed well and was providing enhanced transparency regarding the extent and robustness of the IASB's standard-setting process.

Members of the DPOC discussed the process by which any disagreement between the DPOC and the IASB on due process matters would be resolved. The DPOC reviewed a draft of the process, which is available as an observer note via the DPOC section of the website. In reviewing the draft, the DPOC noted that failing to undertake a due process step that does no harm to a document being developed should not invalidate that document even if it has already been issued. The DPOC also agreed to remove references to whistle-blower arrangements in the documentation, because the IFRS Foundation already has a policy on such arrangements contained within the *IFRS Foundation Staff Handbook*.

The DPOC will continue to refine the draft protocol at their April 2012 meeting, with the aim of including the completed protocol in the *Due Process Handbook*, which is currently being updated by the staff.

6. Appointments to the XBRL Advisory Council (XAC) and Quality Review Teams (XQRT)

The DPOC confirmed the appointments to the XAC of Liv Watson (XBRL International), Dennis Chookaszian (former Chairman of the Financial Accounting Standards Advisory Council (FASAC)), David Tyrrall (UK Department of Business, Innovation and Skills) and James Starr (US SEC). The DPOC also confirmed the appointment to the XQRT of Walter Hamscher and Susan Yount, both of the US SEC.

7. Other matters

Members of the DPOC expressed their intention to be more attentive to the work of the IFRS Advisory Council and the IFRS Interpretations Committee. Several members of the DPOC said that they planned to attend the upcoming meeting of the IFRS Advisory Council in February 2012.

The DPOC also welcomed the creation of a staff position of Director of Trustee Activities, to provide greater support in recognition of the more active nature of the DPOC.

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