

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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IFRS Practice Statement on materiality—due process steps followed

Introduction

1. The purpose of this paper is to inform the Due Process Oversight Committee (the DPOC) of the due process steps undertaken so far in developing the final IFRS Practice Statement: *Application of Materiality to Financial Statements* (the final *Practice Statement*).
2. This paper also asks whether DPOC members have any question on the due process steps followed by the International Accounting Standards Board (the Board) and its staff in developing the final *Practice Statement*.
3. The structure of this paper is as follows:
 - (a) background of the Board’s project on materiality (paragraphs 4–9);
 - (b) overview of the due process steps followed (paragraphs 10–29); and
 - (c) question for the DPOC (paragraph 30).

Background of the Board’s project on materiality

4. The Board was informed at the Discussion Forum on Financial Reporting Disclosure held in January 2013, by its related survey, and by other sources, that there are difficulties applying the concept of materiality when preparing the financial statements. Some interested parties were of the view that these difficulties contribute to a disclosure

problem, namely, that there is both too much irrelevant information in financial statements and not enough relevant information.

5. The Board received feedback that there are several reasons why materiality is not applied well in practice. One of these is that there is limited guidance on materiality in IFRS Standards and, in particular, on how materiality should be applied to disclosures in the notes to the financial statements. In the light of this feedback, the Board decided to undertake a project on the application of materiality.
6. The Board tentatively decided to provide guidance on the application of materiality in the form of a Practice Statement and published the Exposure Draft IFRS Practice Statement: *Application of Materiality to Financial Statements* (the Practice Statement ED) (October 2015).¹ The objective of the Practice Statement ED was to assist management in applying the concept of materiality to general purpose financial statements prepared applying IFRS Standards.
7. The Board received 95 comment letters and the staff conducted outreach meetings with preparers, standard-setters, auditors and users. A high-level overview of the feedback received was presented to the Board at its April 2016 meeting.²
8. The Board also received feedback on the Practice Statement ED from the Accounting Standards Advisory Forum (ASAF) in December 2015 and July 2016 and from the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) in November 2015 and June 2016.
9. During its October, November and December 2016 meetings the Board discussed the issues raised by respondents regarding the content of the Practice Statement ED. A summary of the tentative decisions the Board made in the course of redeliberations on the Practice Statement ED is provided in **Appendix A**.

¹ Agenda Paper 11A *Due process steps and permission to ballot the Exposure Draft of a draft Practice Statement* from April 2015 provides background information on the due process steps that the Board had taken before publishing the Practice Statement ED

(<http://www.ifrs.org/Meetings/MeetingDocs/IASB/2015/April/AP11A-Disclosure%20Initiative.pdf>).

² Agenda Paper 11A *Feedback Summary on Exposure Draft: IFRS Practice Statement Application of Materiality to Financial Statements* from April 2016 provides an overview of the feedback received

(<http://www.ifrs.org/Meetings/MeetingDocs/IASB/2016/April/AP11A-Disclosure-Initiative.pdf>).

Overview of the due process steps followed

10. The Board's due process requirements are set out in the *Due Process Handbook* approved by Trustees in January 2013, as updated in June 2016.³ To issue non-mandatory practice guidance the Board follows the same procedures as those used for the development of an IFRS Standard, including the balloting of documents.⁴
11. A summary of the due process steps undertaken so far since the publication of the Practice Statement ED is provided in **Appendix B**.⁵
12. At its December 2016 meeting the Board examined the due process steps undertaken since the publication of the Practice Statement ED.⁶ Members confirmed that they were satisfied that the Board completed all the due process steps required to date on the Materiality Practice Statement project and instructed the staff to begin the balloting process. At that time, none of the Board members present dissented from issuance of the final *Practice Statement*.
13. In particular, the Board considered:
 - (a) the need for an Effects Analysis;
 - (b) the re-exposure criteria in the *Due Process Handbook*; and
 - (c) the final *Practice Statement* effective date.

Effects Analysis

14. The Board is committed to assessing and sharing knowledge about the likely costs of implementing proposed new requirements and the likely ongoing associated costs and benefits of each new Standard.⁷
15. The final *Practice Statement* is designed to clarify the concept of materiality and to provide guidance on its application. It does not change any existing requirements in IFRS

³ <http://www.ifrs.org/DPOC/Due-Process-Handbook/Documents/Due-Process-Handbook-June-2016.pdf>

⁴ See paragraph 6.39 of the *Due Process Handbook*.

⁵ In summarising these steps the staff used the reporting template 'Finalisation of a Standard, Practice Guidance or *Conceptual Framework* chapter' from the *Due Process Protocol*.

⁶ Agenda Paper 11C *Due process steps followed* from December 2016 (<http://www.ifrs.org/Meetings/MeetingDocs/IASB/2016/December/AP11C-DI.pdf>).

⁷ See paragraph 3.73 of the *Due Process Handbook*.

Standards nor introduce any new requirements. In view of this and that the final *Practice Statement* will not be mandatory, the Board concluded that a separate effects analysis was not necessary before publishing the Practice Statement ED.⁸ The staff did not expect any excessive costs associated with its application.

16. Nevertheless, the expected consequences of the guidance on materiality have been considered as part of the Board's discussions. The Board expects that the final *Practice Statement* would:
- (a) enhance awareness of the role of materiality in helping to promote positive changes in behaviours (such as to discourage rigid adherence to checklists when preparing the financial statements); and
 - (b) encourage management to exercise judgement to a greater extent in preparing financial statements, leading to a reduction of the amount of boilerplate disclosures and redundant information.⁹
17. In the light of the comments received on the Practice Statement ED the staff also believe that the final *Practice Statement* can provide a useful reference point for discussions between preparers and auditors on the application of materiality, which could help facilitate agreement in such discussions.
18. The staff updated the considerations of the expected effects of the *Practice Statement* in analysing the feedback to the Practice Statement ED. Respondents overall confirmed the Board expectations at the time of publishing the Practice Statement ED. The UK Financial Reporting Council (FRC) stated that:

Such guidance has the potential to be a catalyst for improvements in the quality and relevance of disclosure in IFRS financial

⁸ See paragraphs 9–11 of Agenda Paper 11A *Due process steps and permission to ballot the Exposure Draft of a draft Practice Statement* from April 2015 (<http://www.ifrs.org/Meetings/MeetingDocs/IASB/2015/April/AP11A-Disclosure%20Initiative.pdf>).

⁹ See paragraphs BC24 and BC25 of the Basis for Conclusion on the Practice Statement ED.

statements. (...) We believe that guidance in this area could help stimulate behavioural change (CL10¹⁰).

19. A similar outcome was envisaged by the Financial Executives International Canada (FEI Canada):

... we believe [the Board's Disclosure Initiative] will reduce the cost and complexity of financial reporting processes in organizations using International Financial Reporting Standards (IFRS). We believe this draft Practice Statement, when final, will clarify significantly how preparers should exercise judgement when considering the requirements for financial statement disclosures (CL66).

20. Ernst & Young also stated that:

... the ED will help to raise awareness of the issue of disclosure overload and encourage management to more actively pursue disclosure effectiveness by applying the materiality concept. Therefore, we believe the proposed guidance will be helpful in improving the effectiveness of financial statements (CL70).

21. Moreover, the staff discussed, and took into consideration in drafting their recommendations to the Board, any potential issues related to the application of the guidance raised by respondents. In the light of the above considerations and the feedback received, the Board agreed that further analysis of the expected effects of the final *Practice Statement* is not needed before its publication.

Finalisation or re-exposure

22. In considering whether there is a need for re-exposure, the Board should:

- (a) identify substantial issues that emerged during the comment period on the Exposure Draft and that it had not previously considered;
- (b) assess the evidence that it has considered;

¹⁰ The reference CLxx, used throughout the paper, refers to the ID number assigned to the comment letter. The comment letters can be found on the IFRS Foundation website: <http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Materiality/Exposure-Draft-October-2015/Pages/Comment-letter.aspx>.

- (c) determine whether it has sufficiently understood the issues, implications and likely effects of the new guidance and actively seek the views of interested parties; and
 - (d) consider whether the various viewpoints were appropriately aired in the Exposure Draft and adequately discussed and reviewed in the Basis for Conclusions.¹¹
23. The Board believed that the tentative decisions made so far in the course of redeliberations on the Practice Statement ED (as listed in **Appendix A**) respond to the feedback received and it is unlikely that re-exposure would reveal any new concerns.
24. During its redeliberations of the Practice Statement ED the Board decided to present some of the guidance on the application of materiality in the form of a four-step ‘process’ (the ‘Materiality Process’ as further described in Agenda Paper 11D *The Materiality Process* from October 2016). The Board believe that this reorganisation of the guidance in the final *Practice Statement*, compared to how it was presented in the Practice Statement ED, would not require re-exposure.
25. In the light of the above considerations the Board decided to finalise the final *Practice Statement* without re-exposure.

Effective date

26. The *Due Process Handbook* requires that a ‘mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal system and those applying IFRS have sufficient time to prepare for the new requirements’ (paragraph 6.35 of the *Due Process Handbook*).
27. However a Practice Statement is not an IFRS Standard and its application is not required in order to state compliance with IFRS Standards. Moreover the final *Practice Statement* would not change any existing requirements in IFRS Standards nor introduce any new requirements.

¹¹ See paragraph 6.25 of the *Due Process Handbook*.

28. Finally, the IFRS Practice Statement: *Management Commentary*, which is the only Practice Statement in issue, provided a prospective *application* date from the date of its publication.
29. The Board tentatively decided to set, for the final *Practice Statement*, the date of its publication as the prospective *application* date.

Question for the DPOC

30. Do DPOC members have any questions on the due process steps undertaken by the Board and its staff in the development of the final *Practice Statement*?

Appendix A—summary of the Board’s tentative decisions

A1. During its October, November and December 2016 meetings the Board discussed some of the issues raised by respondents regarding the content and the form of the Practice Statement ED and tentatively decided to:

Audience, focus and definition (Agenda Paper 11B – October 2016)

- (a) clarify that the final *Practice Statement* will address the application of materiality in preparing financial statements and acknowledge that it may benefit other parties in addition to those involved in preparing financial statements;
- (b) replace the term ‘management’ with the term ‘entity’ throughout the final *Practice Statement* and refer to applying the concept of materiality only in the preparation of financial statements;
- (c) include in the *Practice Statement* the explanation of the definition of materiality contained in IAS 1 *Presentation of Financial Statements*—that an entity should take into account ‘how users could reasonably be expected to be influenced in making economic decisions’, and use this description consistently throughout the final *Practice Statement*;
- (d) make no changes to the definition of materiality in IFRS Standards within this project¹²;

Primary users’ needs and expectations (Agenda Paper 11C – October 2016)

- (e) refer to ‘primary users’ (as defined by the *Conceptual Framework for Financial Reporting*) throughout the final *Practice Statement* emphasising that they include also potential investors, potential lenders and potential other creditors;

¹² At the December 2016 meeting the Board agreed to expose the proposed clarifications to the definition of materiality in a separate Exposure Draft (the Materiality ED), rather than in the forthcoming Principles of Disclosure Discussion Paper and granted the staff permission to start the balloting process. See Agenda Paper 11A *Proposed clarifications to the definition of materiality and due process summary* from December 2016 (<http://www.ifrs.org/Meetings/MeetingDocs/IASB/2016/December/AP11A-DI.pdf>).

- (f) reconsider references to the ‘special needs’ of primary users, ‘subsets’ or ‘classes’ of primary users and ‘expectations’ of primary users in the final *Practice Statement*;
- (g) revise the guidance provided on ‘users of the financial statements and their decisions’ in the final *Practice Statement* to convey the concept of ‘meeting the maximum amount of common information needs of an entity’s primary users’;

The materiality process (Agenda Paper 11D – October 2016)

- (h) include in the final *Practice Statement* a four-step materiality process for applying materiality judgements to an entity’s financial statements;

Primary financial statements vs notes and aggregation / disaggregation of information (Agenda Paper 11E – October 2016)

- (i) state that a single materiality assessment should be applied to *all* information included in the financial statements and to decide how much to disaggregate information and how much detail to include, in the context of the primary financial statements and the notes;
- (j) explain that an entity should select where to disclose material information within the financial statements (ie primary financial statements or the notes) in a way that communicates the information effectively and efficiently;

Accounting policy disclosures (Agenda Paper 11F – October 2016)

- (k) not include guidance on the application of materiality to the disclosure of accounting policies in the final *Practice Statement*, as the issues will be considered more broadly in the Principles of Disclosure project;

Comparative versus corresponding approach and conflicts with local regulations (Agenda Paper 11G – October 2016)

- (l) emphasise that the objective of the final *Practice Statement* is to provide guidance on how to interpret and apply the IFRS concept of materiality to IFRS financial statements;

- (m) note that IFRS Standards do not prohibit providing additional information to meet local regulatory requirements (even if that information is not material for IFRS Standards), unless that information obscures material IFRS information;

Interim reporting (Agenda Paper 11H – October 2016)

- (n) emphasise that when applying a materiality assessment to the interim financial report an entity needs to consider the same factors as it considers in the assessment for the annual financial statements, taking into account that the context and purposes of the interim financial report are different from those of the annual financial statements;
- (o) specify that although interim measurements may rely more on estimates than annual financial measurements, that fact alone does not make the interim information more material;

Publicly available information (Agenda Paper 11I – October 2016)

- (p) remove the wording currently used in paragraphs 57–58 of the Practice Statement ED and specify that the public availability of information does not affect the materiality assessment;
- (q) specify that the public availability of information does not relieve an entity of the obligation to disclose material information;

Errors (Agenda Paper 11A – November 2016)

- (r) suggest that entities apply the ‘Materiality Process’ (as described in Agenda Paper 11D presented to the Board in October 2016) to assess whether an error is material;
- (s) clarify that the assessment of the materiality of a ‘cumulative error’ should be based on conditions existing when the financial statements for the current period are authorised for issue;
- (t) avoid providing guidance on how to correct a material cumulative error;

- (u) remove guidance from the final *Practice Statement* implying that an error is always material if it is made intentionally to achieve a particular presentation or result;

Covenants (Agenda Paper 11B – November 2016)

- (v) include in the final *Practice Statement* specific guidance on how to assess the materiality of information about the existence and the terms of a covenant, or a covenant breach;
- (w) emphasise that, in making the above assessment, an entity may consider the consequences of a breach on the entity's financial position, financial performance and cash flows; and the likelihood of the breach occurring;

Stewardship (Agenda Paper 11C – November 2016)

- (x) specify that, in assessing materiality of information, an entity should consider whether that information is needed to assess stewardship (the Board noted that information needed to assess the stewardship of management is necessary to meet the objective of financial reporting);

Recognition and measurement (Agenda Paper 11D – November 2016)

- (y) include guidance on the application of materiality in the context of recognition and measurement throughout the final *Practice Statement*, rather than in a separate section;
- (z) retain in the final *Practice Statement* examples of the application of materiality in the recognition and measurement, or disclosure, of information included in the financial statements;

Entities applying IFRS for SME Standard (Agenda Paper 11E – November 2016)

- (aa) do not address the final *Practice Statement* to entities applying the *IFRS for SMEs*[®] Standard;

Status and form of the guidance (Agenda Paper 11F – November 2016)

- (bb) confirm that the guidance on applying the concept of materiality to IFRS financial statements would be issued as a non-mandatory IFRS Practice Statement;

Prior period information (Agenda Paper 11B – December 2016)

- (cc) avoid describing or acknowledging the existence of two different approaches to prior period information, being the ‘corresponding figures’ and ‘comparative financial statements’ approach;
- (dd) state, in the final *Practice Statement*, that the assessment of whether to provide narrative and descriptive prior period information should be made on the basis of its relevance to understanding the current period financial statements, in line with the requirements in IAS 1 *Presentation of Financial Statements*; and
- (ee) acknowledge, in the final *Practice Statement*, that an entity might choose, or be required to include information in addition to the minimum prior period information required by IFRS Standards. The IFRS Standards do not prohibit the disclosure of additional information, but require that such information is prepared in accordance with the Standards and that it does not obscure information that is material according to those Standards.

Appendix B—due process summary

B1. This table shows how the Board has complied to date with the due process steps required to finalise the final *Practice Statement* in accordance with the *Due Process Handbook*.

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Consideration of information gathered during consultation				
The IASB posts all of the comment letters that are received in relation to the ED on the project pages.	Required if request issued	Letters posted on the project pages.	The IASB has reported on progress as part of its periodic report at Trustee meetings. Summary statistics about respondents was included in the April 2016 Board paper.	<p>During the 120 day comment period ending on 26 February 2016, the Board received 95 comment letters.</p> <p>The comment letters are posted on the IFRS Foundation website.¹³</p> <p>A comment letter summary, available on the IFRS Foundation website, was presented to the Board in April 2016.¹⁴</p> <p>The periodic updates presented to the DPOC are available on the DPOC webpage, on the IFRS Foundation website.¹⁵</p>
Round-table meetings between external participants and members of the IASB.	Optional	Not applicable.	Not applicable.	<p>Not considered necessary.</p> <p>The Board has received sufficient input from the discussions with the Accounting Standards Advisory Forum (ASAF), the Capital Market Advisory Committee (CMAC) and the Global Preparers Forum (GPF), as well as from outreach meetings with several stakeholders.</p>

¹³ <http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Materiality/Exposure-Draft-October-2015/Pages/Comment-letter.aspx>

¹⁴ <http://www.ifrs.org/Meetings/MeetingDocs/IASB/2016/April/AP11A-Disclosure-Initiative.pdf>

¹⁵ <http://www.ifrs.org/DPOC/meetings/Pages/meetings.aspx>

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
<p>IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions.</p>	<p>Required</p>	<p>Meetings held. Project website contains a full description with up-to-date information. Meeting papers posted in a timely fashion.</p>	<p>The IASB has reported on progress as part of its periodic report at Trustee meetings.</p>	<p>Board meetings</p> <p>Since the publication of the ED, the Board publicly discussed 16 agenda papers at 4 Board meetings between April and December 2016.</p> <p>Project website</p> <p>The project website contains a full description of the project objective and history. All agenda papers are posted, meetings recorded and Board’s tentative decisions documented in the relevant section of the project’s website.¹⁶ The project website is current and features comprehensive project links and information.</p> <p>Meeting papers</p> <p>Agenda papers for meetings have been posted on the IFRS Foundation website before meeting dates.</p> <p>DPOC</p> <p>The periodic updates on the Materiality project presented to the DPOC are available on the DPOC webpage, on the IFRS Foundation website.¹⁵</p>
<p>Analysis of likely effects of the forthcoming practice guidance, for example, costs or ongoing associated costs.</p>	<p>Required</p>	<p>Publication of the Effect Analysis.</p>	<p>Not applicable.</p>	<p>The consequences of the guidance on materiality have been considered as part of the Board’s discussions. The Board expects that the final <i>Practice Statement</i> would:</p> <ul style="list-style-type: none"> • enhance awareness of the role of materiality helping to promote positive changes in behavioural issues (such as to discourage rigid adherence to checklists when preparing the financial statements); and • encourage management to exercise judgement to a greater extent in preparing financial statements, leading to a reduction of the amount of boilerplate disclosures and redundant information. <p>The final <i>Practice Statement</i> is designed to clarify the concept of materiality and to provide guidance on its application. It would not change any existing requirements in IFRS Standards nor introduce any new requirements. Consequently, the publication of a separate Effects Analysis is not considered necessary.</p>

¹⁶ <http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Materiality/Pages/discussion-and-papers-stage-3.aspx>

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Email alerts are issued to registered recipients.	Optional	Evidence that alerts have occurred.	Reports of outreach activities were provided as part of the <i>Technical activities: key issues and update</i> paper presented periodically to the DPOC.	<p>Interested parties have been notified when updates to the Materiality project website have been made using the News section of the project page and subscriber email alerts.</p> <p>Email alerts have been sent out before every Board meeting or meeting with ASAF, GPF and CMAC to the Disclosure Initiative subscribers.</p> <p>The DPOC has been updated periodically on the project development and on the outreach activities on the project.</p>
Outreach meetings to promote debate and hear views on proposals that are published for public comment.	Optional	Extent of meetings held, including efforts aimed at investors.	Reports of outreach activities were provided as part of the <i>Technical activities: key issues and update</i> paper presented periodically to the DPOC. Further detail is provided in this paper.	<p>Since the publication of the ED the guidance on materiality was discussed with:</p> <ul style="list-style-type: none"> • the ASAF in December 2015 and July 2016; • the CMAC in November 2015 and July 2016 (the latter jointly with the GPF); • the GPF in November 2015 and July 2016 (the latter jointly with the GPF). <p>The staff also discussed the proposals in the ED with:</p> <ul style="list-style-type: none"> • five international audit networks • four national accounting standard-setters • representatives of IOSCO and the IAASB • a user representative group
Regional discussion forums are organised with national standard-setters and the IASB.	Optional	Not applicable	Not applicable.	<p>Not considered necessary.</p> <p>The Board has received sufficient input from the discussions with ASAF, CMAC, GPF and joint GPF-CMAC.</p>

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Finalisation				
Due process steps are reviewed by the IASB.	Required	Summary of all due process steps have been discussed by the IASB before a Standard is issued.	This appendix presents the project's compliance with due process, and is to be reviewed and discussed during the January-February 2017 DPOC meeting.	<p>This appendix presents the project's compliance with due process. An earlier version was reviewed and discussed by the Board during its December 2016 meeting (see Agenda Paper 11C <i>Due process steps followed</i> from December 2016).</p> <p>This appendix is to be reviewed and discussed during the January-February 2017 DPOC meeting.</p>
Need for re-exposure of the practice guidance is considered.	Required	An analysis of the need to re-expose is considered at a public IASB meeting, using the agreed criteria.	The paper shares the IASB's thinking on the issue of re-exposure (see paragraphs 22–25 of this paper).	<p>The Board discussed the need for re-exposure during its December 2016 meeting (see paragraphs 18–21 of the Agenda Paper 11C <i>Due process steps followed</i> from December 2016).</p> <p>The Board tentatively decided not to re-expose the proposed final <i>Practice Statement</i>.</p>
The IASB sets an effective date for the practice guidance, considering the need for effective implementation, generally providing at least a year.	Required	Effective date set, with full consideration of the implementation challenges.	The paper shares the IASB's thinking on the effective date (see paragraphs 26–29 of this paper).	<p>The Board considered the effective date of the final <i>Practice Statement</i> during its December 2016 meeting (see paragraphs 22–25 of the Agenda Paper 11C <i>Due process steps followed</i> from December 2016).</p> <p>A Practice Statement is not a Standard and its application is not required in order to state compliance with IFRS Standards. The Board tentatively decided to set the date of the publication of the final <i>Practice Statement</i> as its prospective application date.</p>

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Drafting				
Drafting quality assurance steps are adequate.	Required	The Translations team has been included in the review process.	The DPOC will receive a summary report of the due process steps that have been followed before the practice guidance is issued.	The Translations team will be consulted as part of the balloting process to take into account the need for language in the final <i>Practice Statement</i> that is translatable into other languages.
	Required	The XBRL team has been included in the review process.	The DPOC will receive a summary report of the due process steps that have been followed before the practice guidance is issued.	The XBRL team will be consulted as part of the balloting process to take into account the need for language in the final <i>Practice Statement</i> that is translatable into the IFRS XBRL Taxonomy.

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Drafting quality assurance steps are adequate.	Optional	The Editorial team has been included in the review process. In addition, external reviewers used to review drafts for editorial review and the comments collected have been considered by the IASB.	The DPOC will receive a summary report of the due process steps that have been followed before the practice guidance is issued, including the extent to which external reviewers have been used in the drafting process.	<p>The staff received input from the editorial team during the development of the Materiality Process described in Agenda Paper 11D <i>The Materiality Process</i> presented to the Board in October 2016.</p> <p>The staff will liaise with the editorial team and provide drafts for them to review when finalising the final <i>Practice Statement</i>.</p> <p>The staff intend to send a draft of the final <i>Practice Statement</i> to external parties for review before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The external review process does not grant external parties the opportunity to question the Board’s technical decisions.</p>
	Optional	Draft for editorial review has been made available to members of the IFASS and the comments have been collected and considered by the IASB.	The DPOC will receive a summary report of the due process steps that have been followed before the practice guidance is issued.	The staff will make a draft of the final <i>Practice Statement</i> available on an internal site accessible by national standard-setters.
	Optional	Not applicable.	Not applicable.	The staff does not intend to publish a draft of the final <i>Practice Statement</i> on the project website.

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Evidence provided to DPOC</i>	<i>Actions</i>
Publication				
Press release to announce final practice guidance.	Required	Press release has been announced in a timely fashion. Media coverage of the release.	The DPOC will receive a copy of the press release and a summary of the media coverage.	To be completed in due course.
A Feedback Statement is provided, which provides high level executive summaries of the practice guidance and explains how the IASB has responded to the comments received.	Required	Publication of the Feedback Statement.	The IASB will provide a copy of the Feedback Statement, if any, to the DPOC at the point of the practice guidance's publication.	To be completed in due course.
Podcast to provide interested parties with high level updates or other useful information about the practice guidance.	Optional	Number of podcasts held.	The DPOC will receive a report of any outreach activities performed.	To be completed in due course.
Practice guidance is published.	Required	Official release.	The DPOC will be informed of the release.	To be completed in due course.