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Strengthening the IASB's deliberative processes

Dear Ms Pryde

The German Accounting Standards Board (GASB) appreciates this opportunity to comment on proposed revisions to the IASB's deliberative processes.

As acknowledged by Sir David Tweedie in the accompanying press release, a body setting international standards needs to involve the global audience in its deliberations. The due process as described in the *Preface to International Financial Reporting Standards* leaves some discretion as to certain steps being taken up or not. The balance between timely decision-making and involvement of interested parties seems to have been tipped more to fast decision making than taking everybody on board. GASB views the consultation process as provided in the *Preface* as adequate if IASB uses the full process for projects of more complex nature and greater change from wide spread current practice; this will facilitate taking constituencies on board that have moved to IAS recently or plan to do so in the near future.

Access to IASB discussions

- Posting observer notes on the website in advance of meetings can only be seen as improving the chance to follow the discussions; specifically in conjunction with broadcasts.
- Broadcasts of meetings help particularly focussing the interest on certain agenda items. GASB's staff members have been following the procedures during the testing period and noted technical improvement over the last months.
- Archived broadcasts might have a limited useful life by the time minutes and unofficial notes taken become available.

Availability of IASB documents

- The expanded observer notes are very useful, particularly illustrations and examples.
- When setting its own due process, GASB decided to publish comment letters when received. This has proven rather stimulating more comments than hindering.



Response to comment letters

- GASB acknowledges that responding to all points raised would put a burden on IASB's staff that might bring standard setting to a standstill. However, IASB may face a challenge when communicating its position on major points as the position remains tentative until the final vote on the whole document.
- Making the drafting process more transparent can only be welcomed. However, the dividing line between drafting and re-deliberation is a very fine line which no one should attempt to cross, specifically advisory or expert groups.

Use of steering committees/working parties/advisory groups

- Several governments adopting IFRSs on a mandatory basis have increased IASB's constituents considerably. Taking practical expertise on board can only be seen as very helpful. There has to be a common understanding what kind of practical expertise is sought though; if it is solely expertise in applying IFRSs the newcomers will not get a chance.

Public hearings and field testing

- GASB strongly encourages IASB to use field visits and field testing on a regular basis. It can only be seen as a very efficient tool to get the buy-in of IFRS constituents. It is one of the more obvious areas of cooperation between the IASB and national standard setters by sharing resources.

Discussion Papers

- Discussion papers issued by IASC and G4+1 did not get widespread attention beyond the reach of the national standard setters involved at the time a more academic interest in areas with only theoretical interest in harmonising accounting regulation. Projects that address complex topics which would require a major shift from existing practice (indeed, international and national) will gain more support if introduced by a discussion paper.

Re-exposure of proposals

- GASB would see merit in expanding the due process as described in the *Preface* by setting criteria for re-exposure against which the IASB's decision can be judged. It could be made more obvious than "it follows" that substantial changes in any proposal constitute potential ground for a decision to re-expose.

We would be pleased to enlarge on any of these comments if that would be helpful to IASB.

Yours sincerely,

Klaus Pohle