

# AGENDA

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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## Due Process Handbook Review—agenda decisions

### Purpose

1. In October 2019, the Due Process Oversight Committee (DPOC) discussed an overview<sup>1</sup> of comments received relating to agenda decisions in response to the proposed amendments to the *Due Process Handbook (Handbook)*. It was decided that the most appropriate approach to deliberating on those comments, and reaching decisions, would be for the DPOC to have an initial discussion at the October meeting, to be followed by a meeting in December to discuss staff recommendations for finalising the amendments.
2. This paper provides the DPOC with those recommendations, and the reasons for them, taking into consideration comments received and the DPOC's discussion at their October meeting. In the light of that discussion, this paper focuses on:
  - (a) improving the description of agenda decisions in the *Handbook*;
  - (b) whether to enhance the due process procedures for agenda decisions; and
  - (c) whether to retain the proposal relating to Board agenda decisions.
3. The paper is structured as follows:
  - (a) Improving the description of agenda decisions;
    - (i) Authority (paragraphs 5-11);
    - (ii) New information and sufficient time (paragraphs 12-25);
  - (b) Due process relating to agenda decisions;
    - (i) Voting requirements (paragraphs 27-34);

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<sup>1</sup> [Agenda Paper 1F\(c\), October 2019.](#)

- (ii) Criteria for standard-setting—diversity in reporting (paragraphs 35-40);
  - (iii) Criteria for standard-setting—usefulness of information (paragraphs 41-44);
  - (c) Board agenda decisions (paragraphs 45-49); and
  - (d) Re-exposure criteria (paragraphs 50-52).
4. The paper has three appendices:
- (a) Appendix A—recommended wording for the *Handbook* relating to agenda decisions;
  - (b) Appendix B—other matters raised on agenda decisions; and
  - (c) Appendix C—Interpretations Committee process flow.

#### Questions for the DPOC

Does the DPOC agree:

- 1) to amend the description of agenda decisions, replacing the reference to 'helpful, informative and persuasive' as outlined in Appendix A?
- 2) to amend the description of agenda decisions, replacing 'new information' with 'additional insights' as outlined in Appendix A?
- 3) to amend the due process relating to agenda decisions by asking Board members whether they object to the publication of an agenda decision with explanatory material as outlined in paragraph 32?
- 4) not to provide the Board with a due process tool equivalent to an agenda decision?

## Improving the description of agenda decisions

### **Authority**

5. The Exposure Draft sought to explain with greater clarity the objective and nature of explanatory material in an agenda decision. Specifically, the *Handbook* would state that such material explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the agenda decision. It would also state that agenda decisions do not have the status of IFRS Standards (reflecting the position of the International Accounting Standards Board (Board)) and, therefore, cannot add or change requirements in the Standards. The Exposure Draft

proposed to retain the description already in paragraph 5.22 of the *Handbook* that explanatory material should be seen as ‘helpful, informative and persuasive’.

### *Respondents’ comments*

6. The focus of many responses to the Exposure Draft was on the status of agenda decisions and the proposed description of an agenda decision. There were respondents that explicitly agreed with the current status of agenda decisions and welcomed the proposed clarifications. However, others noted a tension between how agenda decisions are described in the proposed amendments and how they are applied in practice—ie they are often considered mandatory by accounting firms and regulators. Respondents said the phrase ‘helpful, informative and persuasive’ could give the impression that explanatory material is optional and can be ignored. This could be detrimental to consistent application and, therefore, counter to the stated objective of that explanatory material.
7. There were also respondents that said the *Handbook* should state that explanatory material is not mandatory. Those respondents said the proposed amendments implied (inappropriately, in their view) that an entity would be required to reflect the explanatory material in its accounting if the transaction or fact pattern described in an agenda decision is applicable to the entity.

### *Staff analysis and recommendation*

8. As noted above and in the Exposure Draft, the Board has confirmed that agenda decisions, and the explanatory material within them, are not part of IFRS Standards. This is because they do not add or change requirements in the Standards. The Board confirmed this in response to comments received on an Exposure Draft (published in 2018) proposing amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
9. Agenda decisions are first and foremost a statement of a decision not to undertake standard-setting—ie a statement that standard-setting would not be the most appropriate response to a question submitted to the Interpretations Committee. Nonetheless, in the context of those decisions and to improve consistency in application, agenda decisions often explain how to apply the *existing* principles and requirements in IFRS Standards. Therefore, if applicable, the explanatory material in

an agenda decision is not optional and cannot be ignored. In other words, an entity must determine whether the transaction or fact pattern described in an agenda decision is applicable to it (which, for example, would be the case if the transaction or fact pattern substantively aligns with the entity's circumstances). If that is the case, the entity needs to apply the accounting specified in the agenda decision because that is what IFRS Standards require. If in these circumstances the entity does not apply the accounting specified in an agenda decision, the entity is not applying IFRS Standards.

10. Accordingly, the authority of agenda decisions is derived from the Standards themselves.
11. The staff think it is important that the wording in the *Handbook* explaining the nature of agenda decisions avoids any impression that agenda decisions can be ignored when the transaction or fact pattern described in an agenda decision is applicable to an entity. Consequently, the staff recommend modifying the proposed wording in the Exposure Draft in this respect. Appendix A to this paper sets out our recommendations regarding the nature of agenda decisions.

### ***New information and sufficient time***

12. The *Handbook* proposed to include the following as part of its description of agenda decisions:
  - (a) that the process for publishing an agenda decision often results in explanatory material that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision.
  - (b) the Board's view that an entity is expected to be entitled to sufficient time to make that determination and implement any change.
13. This part of the proposed description was intended to acknowledge that applying a comprehensive set of high-quality Standards is not always straight-forward for all entities required to apply IFRS Standards around the world. Before the publication of an agenda decision some entities, in good faith, may have applied the requirements differently. Also, the analysis provided in explanatory material may enable an entity to improve its understanding of the existing requirements. Therefore this part of the

description was intended to explain that the Interpretations Committee’s process for publishing an agenda decision (which includes input from stakeholders via comment letters and the development of explanatory material) often provides additional insights about the application of IFRS Standards. Consequently, any change in accounting that results from an agenda decision would often not constitute the correction of an error. In addition, depending on the circumstances and the nature of the change, an entity may need some time to implement—in an orderly fashion—a change that results from an agenda decision.

14. This part of the proposed description of agenda decisions reflects the Foundation’s approach to supporting consistency in application—ie the Foundation’s activities proactively support consistent application by providing materials that enable entities to improve their accounting going forward, and to minimise impediments to achieving that outcome.
15. The proposed wording in the *Handbook* regarding sufficient time captures the Board’s view in this respect. As part of its project on IAS 8 (as noted in paragraph 8 above), the Board explained its view that an entity should be entitled to sufficient time both to determine whether it is necessary to make an accounting policy change as a result of an agenda decision and to implement any such change. Thus this concept—and the words ‘sufficient time’—were exposed for comment. Most respondents that commented on the concept agreed with the proposal but asked that it be given greater visibility. The DPOC agreed that it would be helpful to capture this view in the *Handbook*, alongside the description of an agenda decision. The Board’s view regarding sufficient time is also now included in the rubric introducing agenda decisions in IFRIC Update. Sue Lloyd also wrote an article on the topic in March 2019—[Agenda Decisions—Time is of the essence](#)—available on the Foundation’s website.

### *New information*

16. There were respondents that said the reference in the proposals to ‘new information’ is inconsistent with stating that agenda decisions do not add or change requirements in IFRS Standards. If explanatory material provides new information, then how could it not add or change existing requirements?

17. As noted above, one of the objectives of the additional clarity proposed about the nature of agenda decisions has been to explain that a change resulting from an agenda decision is often not the correction of an error. The proposed wording referring to new information was based on IAS 8's description of such a correction.
18. However, respondents' comments indicate that the proposed wording is confusing. The staff therefore suggest changing it to say that an agenda decision often provides 'additional insights' about the application of existing IFRS Standards. The additional insights provided by an agenda decision, importantly, are not the result of 'new information'—the agenda decision reflects only *existing* principles and requirements in IFRS Standards. However, the way that those principles and requirements are brought together in an agenda decision can provide additional insights, which might change an entity's understanding of the Standards. 'Additional insights' better captures the benefits of an agenda decision in aiding an entity's understanding of how to apply the Standards. In our view, it would not create the same tension or confusion as 'new information', and yet continues to convey the important point that a change resulting from an agenda decision is not necessarily the correction of an error.
19. Appendix A to this paper sets out the recommended changes to the proposals.

#### *Sufficient time*

20. There were respondents that agreed with including in the *Handbook* the Board's view on the timing of application of accounting policy changes that result from an agenda decision. Respondents noted that the Board's view is reasonable and pragmatic, although a number suggested clarifying what constitutes a 'sufficient' period of time to ensure changes resulting from an agenda decision are applied at about the same time.
21. There were respondents that suggested including some of the wording contained in the article written by Sue Lloyd on the subject (noted in paragraph 15 above). The article addresses how long is 'sufficient' by saying that it is a matter of judgement but 'companies need to consider agenda decisions and implement any necessary accounting policy changes on a timely basis'.
22. A few respondents (including a group of regulators) said they disagreed with the proposal because they disagree with the Board's view itself—ie in their view, an agenda decision should be immediately applicable unless impracticable.

23. In the proposed amendments, the DPOC proposed to include in the *Handbook* the Board's previously expressed view. The staff continue to think that it is helpful to capture this view in the *Handbook*, as one of the locations within the Foundation's literature in which it is captured.
24. The staff recommend adding a sentence to the *Handbook* regarding sufficient time to include the principle set out in paragraph 21 above. However the staff recommend not going further—this is because (a) the wording captures the Board's view previously exposed for comment as part of the proposed amendments to IAS 8, and (b) Sue Lloyd's article is readily available on the Foundation's website, in a more accessible format than in the *Handbook*.
25. Appendix A to this paper sets out the recommended changes to the proposals.

### **Due process relating to agenda decisions**

26. The DPOC proposed no change to the due process relating to agenda decisions and, accordingly, did not ask a question in the Exposure Draft on that due process. Nonetheless, respondents commented on the due process, suggesting changes.

### **Voting requirements relating to agenda decisions**

27. There were respondents that commented on the simple-majority vote required by the Interpretations Committee to publish an agenda decision with explanatory material—they said a simple-majority vote seems at odds with the conclusion that IFRS Standards provide an adequate basis to address a particular matter. Some of those respondents suggested changing the voting requirement to a super-majority of Interpretations Committee members present. The two recent letters to the DPOC about the Agenda Decision on lease term also commented on the simple-majority voting required by the Interpretations Committee.
28. If the DPOC agrees to be more explicit about how it expects agenda decisions to be applied (as recommended in Appendix A to this paper), the staff also recommend enhancing the related due process. The following paragraphs discuss two ways that the DPOC could do that.

### *Super-majority vote of the Interpretations Committee*

29. An agenda decision is first and foremost a decision not to undertake standard-setting. Accordingly, the simple-majority voting requirement for an agenda decision aligns with the simple-majority vote required by the Board when deciding whether to undertake standard-setting. It would therefore appear appropriate. That said, in the context of finalising an agenda decision with explanatory material, the DPOC could—in the light of comments received—consider requiring a super-majority vote of Interpretations Committee members present. A super majority would be one vote more than a simple majority. This could provide stakeholders with greater confidence that the Standards already provide an adequate basis to address a particular matter and, therefore, that standard-setting is not required. It might also provide greater confidence that the agenda decision does not add or change requirements in the Standards.

### *Board involvement*

30. The DPOC could also consider achieving the objective of enhancing due process by formally involving the Board in the process of publishing an agenda decision. Such involvement:
- (a) would enable the Board, as the body responsible for standard-setting, to confirm that it agrees that standard-setting is not required;
  - (b) could act as an additional check (by the body responsible for standard-setting) that the explanatory material does not add or change requirements in IFRS Standards;
  - (c) may provide stakeholders with greater confidence that the Standards provide an adequate basis than having a super-majority vote of the Interpretations Committee—because the Board would act as an independent check on the process; and
  - (d) may enhance the perception that agenda decisions are important and need to be applied when applicable.
31. The staff think both increasing the Interpretations Committee voting requirements *and* involving the Board is unnecessary. The Board's involvement would enhance the due process relating to agenda decisions for the reasons set out in paragraph 30 and, once



the Board is involved, we see little additional benefit in requiring a super-majority vote of the Interpretations Committee. The staff therefore recommend enhancing the due process relating to agenda decisions by involving the Board in that process. However, it is important that the Board's involvement should neither undermine the Interpretations Committee or its process, nor add unnecessary delay to the publication of an agenda decision.

32. With this in mind, the staff propose that the Board's formal involvement:
- (a) should take place following completion of the Interpretations Committee's process, and at the Board meeting immediately following the Interpretations Committee's finalisation of an agenda decision. The Interpretations Committee is responsible for developing an agenda decision and a tentative agenda decision can change in response to comments received—it is therefore important that the process is within the Interpretations Committee's control until it is complete.
  - (b) should take the form of not objecting to the publication of the agenda decision. The staff think the Board's involvement should not mirror the due process for standard-setting, which could involve debating the technical analysis, debating the wording of the agenda decision, etc. Instead, the staff recommend that the *Handbook* specify that the Board's involvement would confirm whether Board members object to the publication of an agenda decision. The formal questions would ask whether Board members object to the Interpretations Committee's conclusions that (i) standard-setting is not required, and (ii) the agenda decision does not add or change existing requirements. Finally, the staff suggest that an agenda decision be published if no more than three Board members (of a Board of 14 members) object. There is precedent for this approach—it would be the same as that applied when the Board is asked whether it objects to the publication of a Draft IFRIC Interpretation. If the Board were to object, the Board would then decide on the best way to proceed.
33. The staff acknowledge that the Board's involvement would add to the time taken to publish an agenda decision. However, had the Board been involved in the publication

of agenda decisions over the past year, it would have resulted in publishing an agenda decision on average only four weeks later than was the case.

34. In the staff's view, the benefits of strengthening the due process by involving the Board would outweigh this relatively short extension to the timeline.

### ***Criteria for standard-setting—diversity in reporting***

#### *Respondents' comments*

35. There were respondents that suggested the Interpretations Committee consider the significance of diversity in reporting when determining whether standard-setting is required. Some of those respondents said if the Interpretations Committee's process identifies that stakeholders have read the principles and requirements in the Standards differently, then this provides evidence in itself that those principles and requirements do not provide an adequate basis for an entity to determine the appropriate accounting. Consequently, applying this reasoning standard-setting is required. The two recent letters to the DPOC about the Agenda Decision on lease term also included this comment.

#### *Staff analysis*

36. One of the Interpretations Committee's criteria for standard-setting is to assess whether the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the appropriate accounting (taking into consideration the principle-based nature of the Standards). If the principles and requirements in the Standards already provide an adequate basis, then a change to the Standards is not needed. This criterion is aligned with the criteria that the Board applies when it determines whether to undertake standard-setting—ie the Board assesses whether there is a need to undertake standard-setting, and the benefits of doing so, before it adds a standard-setting project to its work plan.
37. Any standard-setting—no matter how narrow—creates costs for stakeholders in the numerous jurisdictions around the world where entities are required to apply IFRS Standards. Therefore, the Board (and the Interpretations Committee) must be able to support the need for standard-setting when it proposes amendments (or an IFRIC Interpretation). For this reason, the Board has recently confirmed that it will not

- propose ‘unnecessary’ standard-setting—if the Standards provide an adequate basis, then standard-setting is not required.
38. Critical to this criterion for standard-setting is that the Interpretations Committee appropriately applies the criterion and concludes that the Standards provide an adequate basis only when they do so. Stakeholders commenting on a tentative agenda decision have the opportunity to highlight that particular requirements have been read differently. When that is the case, the Interpretations Committee considers that feedback—importantly, including the reasons provided for those different readings—before reaching its conclusion on whether the Standards provide an adequate basis. The fact that Interpretations Committee members are involved in the day-to-day application of the Standards helps to ensure that the criterion is applied appropriately. If there is diversity in reporting despite the Standards providing an adequate basis, then the appropriate way to help resolve that diversity is by publishing an agenda decision with explanatory material.
39. A change to the Interpretations Committee’s criteria for standard-setting as suggested could, in our view, result in unnecessary standard-setting. It could also create a different threshold for adding a project to the standard-setting agenda, depending on whether the matter is raised first with the Interpretations Committee or the Board (for example, as part of its Agenda Consultation).
40. Therefore, the staff recommend no change to the *Handbook* in this respect.

### ***Criteria for standard-setting—usefulness of information***

#### *Respondents’ comments*

41. There were respondents that suggested the Interpretations Committee consider the usefulness of the information that results from the accounting reflected in an agenda decision before approving that agenda decision. Some of those respondents say there are situations in which IFRS Standards might provide an adequate basis to address a particular matter, but application of the Standards might not result in the provision of useful information.

### *Staff analysis*

42. When developing new requirements, an essential consideration for the Board or Interpretations Committee is the usefulness of the information that would be provided by those new requirements. However, this suggestion, if applied to the publication of an agenda decision, could be viewed as standard-setting without adequate due process—it would imply that an entity can ignore requirements in the Standards when it decides that the information provided by applying those requirements is not useful.
43. If in its work the Interpretations Committee identifies that requirements in the Standards could be improved, that information is reported to the Board for its consideration. This is already the case and the opportunity to do so would be enhanced if the DPOC adopts the staff recommendation to involve the Board in the process for publishing an agenda decision.
44. The staff recommend no change to the *Handbook* in this respect.

### **Board Agenda Decisions**

45. The Exposure Draft proposed giving the Board the ability to publish agenda decisions. Currently, only the Interpretations Committee can do so. On occasions, however, the Board is best placed to consider an application question—for example, a question on a new Standard arising from a transition resource group discussion soon after that Standard is issued. If the Board concludes standard setting is not necessary, it has no tool equivalent to an Interpretations Committee agenda decision—ie a document in which it can formally explain the application of a Standard to support consistent application. On such occasions, the Board has to use tools such as webcasts or articles, which as well as being less formal do not allow stakeholders the opportunity to comment. The Exposure Draft emphasised that the proposal was not intended to supplant the Interpretations Committee process and that the Board was expected to publish agenda decisions only in rare circumstances.

### *Respondents' comments*

46. There were respondents that agreed with the proposal, although some of those respondents suggested it would be necessary to clarify in the *Handbook* the situations in which the Board could publish an agenda decision. However, most respondents

disagreed with the proposal. Respondents thought it would add unnecessary complexity, saying the Board already has sufficient tools to respond to questions. Others said the proposal could create confusion between the role of the Board and the Interpretations Committee; they said the Board could in any case refer application questions on new Standards to the Interpretations Committee.

### *Staff analysis*

47. The Board does not currently have a mechanism to provide explanatory material with the same formality as an agenda decision. Therefore, the staff continue to think there would be benefits in giving the Board the ability to publish agenda decisions—it would enhance the Board’s ability to proactively support consistent application of the Standards, particularly for a new Standard after it has been issued but before it becomes effective. The staff also think some of the concerns raised could be overcome by specifying in the *Handbook* when the Board could publish an agenda decision.
48. That said, the staff acknowledge the concerns about complexity. At present, it is widely understood that agenda decisions are solely an output of the Interpretations Committee’s process. Introducing Board agenda decisions potentially creates some complexity and possible confusion. Given the Board was expected to publish agenda decisions only on rare occasions, the cost of that additional complexity appears not to outweigh the potential benefits. The staff think with these *Handbook* amendments it is better to focus on clarifying our expectations about Interpretations Committee agenda decisions, and not detract from that by introducing Board agenda decisions.
49. Accordingly, the staff recommend not proceeding with the proposal to give the Board the ability to publish agenda decisions.

### **Re-exposure criteria**

50. The staff recommendation for Board involvement in publishing an agenda decision responds to comments made in comment letters. It addresses stakeholders’ suggestions to enhance the due process, but it differs from the specific enhancements suggested by stakeholders. The staff have considered whether this change to the proposals would necessitate re-exposure and have assessed this against the criteria set

out in the *Handbook* (paragraphs 6.25-6.29) that the Board applies in considering whether standard-setting documents should be re-exposed.

51. The two main tests in the *Handbook* (paragraph 6.26) are:
- (a) ‘whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed’; and
  - (b) ‘whether the IASB will learn anything new by re-exposing the proposal’.
52. The staff view is that, in this case, the recommended change to involve the Board in publishing an agenda decision (described in paragraphs 30-34 of this paper) has been developed with regard to comments received and that further exposure would be unlikely to provide new information or insights. Accordingly, the staff conclude that re-exposure is not necessary. In addition, the staff think the comments received emphasise the benefit of introducing these amendments to the *Handbook* as soon as possible.

## Appendix A: recommended wording for the *Handbook* relating to agenda decisions (paragraphs 8.2-8.6)

### ***Suggested changes to the proposals are marked in the text below***

#### **Interpretations Committee agenda decisions**

8.2 If the Interpretations Committee decides not to add a project to the standard-setting agenda to address a question submitted (see paragraph 5.16), it explains why in a tentative agenda decision in IFRIC Update and on the IFRS Foundation website. The Interpretations Committee requests comments on tentative agenda decisions, the comment period for which is ~~at least~~ normally 60 days. After considering those comments, the Interpretations Committee will:

(a) confirm its decision and publish an agenda decision;

(b) revise its decision and propose an amended tentative agenda decision;

~~(b)~~ (c) add a project to the standard-setting agenda; or

~~(d)~~ (e) refer the matter to the Board. ~~The Board is not asked to ratify agenda decisions published by the Interpretations Committee. [If the DPOC agrees with the staff recommendation regarding Board involvement, drafting of the related amendments to the Handbook will be circulated in due course.]~~

8.3 In addition to explaining why the Interpretations Committee decides not to add a project to the standard-setting agenda, in many cases an agenda decision includes explanatory material. The objective of such explanatory material is to improve the consistency of application of IFRS Standards. An agenda decision typically includes explanatory material when the Interpretations Committee's reason for not adding a project to the standard-setting agenda is that the principles and requirements in the Standards provide an adequate basis for an entity to determine the appropriate accounting. Explanatory material is subject to comment as part of a tentative agenda decision.

8.4 Agenda decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Standards. Instead, explanatory material explains how the applicable principles and requirements in IFRS the Standards apply to the transaction or fact pattern described in the agenda decision. ~~By providing such explanation, additional information is provided. Agenda decisions (including any explanatory material contained within them) do not have the status of the Standards and therefore cannot add~~

or change requirements in the Standards. However, such explanatory material should be seen as helpful, informative and persuasive.

8.5 The explanatory material derives its authority from the Standards themselves. Accordingly, if the transaction or fact pattern described in an agenda decision is applicable to an entity (for example, if the transaction or fact pattern substantively aligns with the entity's circumstances), then the entity accounts for the transaction, other event or condition reflecting the explanatory material in the agenda decision (subject to it being entitled to sufficient time to implement that accounting—see paragraph 8.6).

~~8.65~~ ~~The process for publishing an agenda decision might often result in explanatory material often that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained~~ additional insights that might change an entity's understanding of the principles and requirements in IFRS Standards. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. It is expected that an entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change). Determining how long is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless entities would be expected to implement any necessary accounting policy changes on a timely basis.



## Appendix B: Other matters raised on agenda decisions

*The below outlines other matters raised in comments letters on the proposed amendments; these matters were highlighted to the DPOC in Agenda Paper 1F(c) for the October 2019 meeting. The staff recommend no changes to the Handbook in response to the comments below for the reasons set out in the accompanying staff analysis.*

Respondents' comments and suggestions	Staff analysis
Link the wording in the <i>Handbook</i> to the requirements in paragraph 9 of IAS 8 (paragraph 19 of AP1F(c)).	Paragraph 9 of IAS 8 addresses the Standards and material that accompanies them—for example, application guidance, implementation guidance and illustrative examples—and therefore does not address agenda decisions. It would be confusing to link the description of agenda decisions in the <i>Handbook</i> to that paragraph.
Specify an effective date for each agenda decision (paragraph 25 of AP1F(c)).	An agenda decision does not change IFRS Standards; therefore it is not possible to specify an effective date.  The Board has already addressed the timing of application by setting out its expectation regarding sufficient time.
Criteria for standard-setting—consider the clarity of the applicable requirements, and the extent to which it is possible to make any resulting accounting policy change applying the transition requirements in IAS 8 (paragraph 33 of AP1F(c)).	Consideration of the clarity of the requirements is embedded in the Interpretations Committee's assessment of whether the Standards provide an adequate basis to determine the appropriate accounting.  Consideration of transition as a criterion could result in unnecessary standard-setting.
Criteria for standard-setting—require standard-setting for all complex accounting matters (paragraph 33 of AP1F(c)).	The complexity of the matter does not dictate the need for standard-setting; undertaking standard-setting may add to the complexity. Such a criterion would also involve a subjective assessment of the degree of complexity required to trigger standard-setting.

Respondents' comments and suggestions	Staff analysis
<p>Criteria for standard-setting—require consideration of matters beyond those that have a widespread effect because, even if not widespread, the matter is important for any entity affected (paragraph 34 of AP1F(c)).</p>	<p>Such a change would imply the Interpretations Committee is a technical helpdesk for all stakeholders. That approach is neither feasible nor appropriate, and could undermine the role of others.</p>
<p>Criteria for standard-setting—the inclusion of explanatory material in an agenda decision suggests that IFRS Standards do not provide an adequate basis for an entity to determine the appropriate accounting (paragraph 35 of AP1F(c)).</p>	<p>Explanatory material is provided to improve consistency in application of the Standards in order to help stakeholders obtain a common understanding of the requirements. The material is not provided because there is something missing in the Standards. Indeed, that material cannot add or change the requirements.</p> <p>Stakeholders previously criticised the Interpretations Committee when it concluded that standard-setting was not needed but did not explain how to apply the Standards in that circumstance. The inclusion of explanatory material in agenda decisions is therefore a response to previous feedback from stakeholders in 2012, and was very much supported by stakeholders in response to the 2015 Trustees' strategy review.</p>
<p>Submission criteria—address only formal submissions prepared by external parties (paragraph 37 of AP1F(c)).</p>	<p>Although most questions discussed by the Interpretations Committee arise from formal submissions, the staff would not want to restrict the Interpretations Committee's work to only that source of questions. It would prevent the Board from asking the Interpretations Committee to consider a topic and could exclude stakeholders (eg investors) from the process. We would not want a change to the process that would (in practice) prevent investors from accessing it. Also, the staff note that there is no identified problem in this respect that needs resolution at this time.</p>

Respondents' comments and suggestions	Staff analysis
<p>Submission criteria—add criteria for submissions, which might include Board supervision (in the public domain) over which matters the Interpretations Committee discuss—to ensure the Interpretations Committee and staff use their time in the best way (paragraph 38 of APIF(c)).</p>	<p>This is a suggestion that might be worth considering in future as the Interpretations Committee's process continues to mature. However, the staff note that there is no identified problem in this respect that needs resolution at this time.</p>
<p>Align due process with that for IFRS Standards.  (paragraphs 39 of APIF(c))</p>	<p>An agenda decision is first and foremost a decision not to undertake standard-setting, and this decision is exposed for public comment. The explanatory material in an agenda decision is therefore also exposed for comment, which allows stakeholders to comment on it. Because that material cannot add or change IFRS Standards, it does not need the same due process as that for standard-setting.</p> <p>A change to the due process as suggested would counter successful actions taken to make the Interpretations Committee's process effective and responsive; those actions were taken in response to previous stakeholder feedback that the Interpretations Committee was not sufficiently effective or responsive.</p>
<p>Align due process with that for other Foundation materials, such as illustrative examples and educational material (paragraphs 40 of APIF(c)).</p>	<p>Each tool serves the same overall objective (to improve consistency of application of IFRS Standards), but the content of each is different.</p> <p>An agenda decision is first and foremost a decision not to undertake standard-setting in response to an application question. Illustrative examples are developed alongside the development of an IFRS Standard to assist entities in applying the requirements in the Standard. Educational material can take many forms (an article, a webcast) and are typically more high-level in nature.</p>

Respondents' comments and suggestions	Staff analysis
	The due process associated with each type of material is reflective of its content.
Tiering graphic—explain the different ‘levels of authority’ that materials have and where agenda decisions fit within that (paragraph 41 of AP1F(c)).	The Board’s position is that there are IFRS Standards and then all other materials that support the consistent application of IFRS Standards. It is not possible to specify a ‘hierarchy’ for the other materials; however, the <i>Handbook</i> can better explain the nature of the different materials. For example, the <i>Handbook</i> will better explain the nature of agenda decisions.
Either:  (a) extend the comment period to 120 days, or  (b) reduce the comment period to 30 days.  (paragraph 44 of AP1F(c))	Agenda decisions address particular transactions or fact patterns and reiterate existing principles and requirements. For these reasons, the staff think 60 days strikes the right balance between (a) allowing stakeholders sufficient time to comment (bearing in mind the need for translation in some cases); and (b) maintaining an effective and responsive process.  If a particular matter were urgent, a shorter comment period could be specified.
Increase the use of video-conferencing to respond quickly to ‘relatively simple questions’ (paragraph 47 of AP1F(c)).	The <i>Handbook</i> sets no limits on the use of video-conferencing or frequency of meetings. The staff also note that there is no identified problem in this respect that needs resolution—the Interpretations Committee has no backlog of submissions for discussion.
Develop a formal process to incorporate agenda decisions into IFRS Standards; ensure agenda decisions are appropriately included/excluded when new IFRS Standards are issued (paragraph 47 of AP1F(c)).	There is a process of assessing existing agenda decisions when new IFRS Standards are issued.  The accessibility of agenda decisions has been an area of focus for the Foundation. Agenda decisions are included in the annotated Bound Volumes, listed on the IFRS Foundation website and are included in a Compilation of Agenda decisions published twice a year.

Respondents' comments and suggestions	Staff analysis
Set up an appeals process (eg to the Monitoring Board) if a stakeholder disagrees with an agenda decision (paragraph 47 of AP1F(c)).	<p>The Interpretations Committee has a fully transparent process that involves a comment period and consideration of comments received.</p> <p>This suggestion, if enacted, would allow stakeholders to override due process, and may well have serious implications for the independence of the Board and Interpretations Committee's work.</p>
Codify the exact process to be followed by the Interpretations Committee in discussing a new matter (paragraph 47 of AP1F(c)).	There is no need for the <i>Handbook</i> to be this prescriptive.
Provide summaries of the matters to be discussed at upcoming Interpretations Committee meetings (when agenda papers made available) (paragraph 47 of AP1F(c)).	<p>We understand that this suggestion is asking for a summary of staff papers prepared for discussion by the Interpretations Committee. This was the previous approach taken for Board and Interpretations Committee papers—stakeholders were very supportive of the change to make <i>all</i> Board and Interpretations Committee papers publicly available. Producing summaries would risk misunderstanding because information important to the Interpretations Committee's analysis would be removed.</p> <p>The submissions to be discussed at a future meeting are made available on the IFRS Foundation website.</p>
Provide the Interpretations Committee with the ability to delay discussing a submission, considering possible disruption to implementation (paragraph 47 of AP1F(c)).	<p>The <i>Handbook</i> is silent about the exact timing of discussion, and the staff see no reason to change that.</p> <p>The staff note that in response to previous stakeholder feedback, the Interpretations Committee has made considerable efforts in recent years to ensure that its process is efficient and effective.</p>

**Appendix C—Interpretations Committee process flow**

