

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

NEW YORK CITY OCTOBER 2019

Agenda ref 1C

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Consultative Groups—Annual Review

Introduction

1. This paper provides the DPOC with the technical staff’s annual review of the Board’s consultative groups.
2. No formal action is required to be taken by the DPOC.

Background

3. Paragraphs 3.58–3.63 of the *Due Process Handbook* set out the provisions relating to consultative groups. The *Handbook* notes that the Board usually establishes a consultative group for each of its major projects, such as a specialist or expert advisory group, in order to give the Board access to additional practical experience and advice.
4. The *Handbook* goes on to state:

3.63 All consultative groups are reviewed by the technical staff each year to assess whether each group is continuing to serve the function for which it was established and whether, if that is the case, the membership should remain the same. The outcome of the review is presented to the IASB and DPOC.

5. The Board currently has seven Standing Groups and four Project Consultative Groups.

Review

6. The staff have reviewed the Groups in line with paragraph 3.63 of the *Handbook*. The table in the Appendix provides an overview of the Groups.
7. Activities of the Groups in the period are summarised in the table starting on page 3.
8. We consider all currently active groups to be serving the function for which they were established. The Board has received useful input from all the Groups that have met in the period.

Performance indicators

9. At last year's meeting, the DPOC suggested that it might be worthwhile to consider whether more objective performance indicators could be developed to support future reviews.
10. We have made some progress on this and, in the table above, we have evaluated effectiveness by considering matters such as number of meetings the Group held compared with the its mandate and the Board's use of the input received. In addition, in the period we extended our use of surveys of the members of some of the Standing Groups following meetings to gather their views about the relevance of the topics discussed, the quality of the meeting materials and engagement of the presenters. We use the feedback in planning the selection of topics for future meetings and as input to staff development.
11. We did not survey the survey the members of the IFRS Taxonomy Consultative Group but are considering doing so at the next face-to-face meeting of the Group. In the period, we looked at the way we work with the Group and as a result plan to hold more face-to-face meetings rather than conference calls.
12. We plan to discuss performance indicators with you in February 2020.

Matters arising from the review

13. We are recommending that the Transition Resource Group for Revenue Recognition is disbanded. The TRG was formed jointly with the FASB in 2014 and last met jointly in November 2015. The FASB subsequently held two short meetings of their members of the TRG in 2016. The new revenue Standard, IFRS 15, has been in effect from January 2018 and the IFRS Interpretations Committee has been addressing questions relation to IFRS 15 as they arise.
14. As planned, the Consultative Group for Rate Regulation did not meet in the period. The Group last met two years ago. The Board will be determining how to use the Group in the next stage of the project in which it will be considering the feedback from next year's Exposure Draft. This will also entail reviewing the membership of the Group.

| Consultative group | Meetings per mandate | Meetings in review period | Date of last meeting | Topics on which consulted | Feedback to Group | Feedback requested from Group (see para 10) | Continuing to serve function |
|-------------------------------------|--|------------------------------|----------------------|--|--|---|------------------------------|
| Standing Groups | | | | | | | |
| Accounting Standards Advisory Forum | Normally 4 per year | 4 | Jul-19 | All aspects of the Board's work plan | At each meeting we provide ASAF with a summary of how the advice given at the previous meeting has or will be used. We have improved the feedback provided to ASAF, for instance by clearly identifying the Board papers in which their input has been reported to the Board. | We request feedback from the members after the meetings. Limited feedback was obtained after the July meeting; however, ASAF members were satisfied with the meeting. | ✓ |
| Capital Markets Advisory Committee | At least 3 times per year | 3 (1 joint meeting with GPF) | Jun-19 | Selected projects from the Board's work plan with a focus on those relating to Better Communication in Financial Reporting | At each meeting we provide CMAC with a summary of how the advice given at the previous meeting has or will be used. | We requested feedback from the members after the March and June joint meeting. Feedback indicates members were satisfied with the meetings. | ✓ |
| Global Preparers Forum | At such times and locations as it determines | 3 (1 joint meeting with GPF) | Jun-19 | | At each meeting we provide GPF with a summary of how the advice given at the previous meeting has or will be used. | We requested feedback from the members after the March and June joint meeting. Feedback indicates members were satisfied with the meetings. | ✓ |
| Emerging Economies Group | Generally 2 per year | 2 | Apr-19 | Rate-regulation and Financial Instruments with Characteristics of Equity | At each meeting we present a cumulative log of topics discussed at previous meetings showing how the advice given has or will be used. | The meeting in October 2018 in South Korea was well attended and there were good discussions. Although there were fewer EEG members at the meeting in April 2019 in Argentina, the meeting was observed by members from GLASS. The limited feedback suggested members are satisfied with the meeting. | ✓ |

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|------------------------------------|--|-------------------------------------|---|---|--|---|------------------------------|
| SME Implementation Group | Nil as planned (Group work is undertaken by email) | | | Reviewed selected Education Modules on the SMEs Standard. Provided advice on 2 application questions submitted about the SMEs Standard. Provided advice for the 2019 Comprehensive Review of the SMEs Standard. | n/a | n/a | ✓ |
| Islamic Finance Consultative Group | Not specified - currently aiming to meet around once a year | 1 | Met as part of the WSS meeting Sep-19. Last full meeting Mar-18 | Members present at the World Standard-setters meeting (together with some WSS participants and invited guests) participated in a 90-minute educational discussion on Takaful contracts in light of IFRS 17 | A summary of the meeting is circulated to the IFCG and the Board (and posted to the website) after each meeting. | | ✓ |
| IFRS Taxonomy Consultative Group | Frequency, format & timing of meetings driven by the number & timing of taxonomy releases and nature of topics | 4 (3 conference calls, 1 in person) | Jun-19 | Matters relating to the IFRS Taxonomy (strategy, development and proposed updates) | A summary of the meeting is circulated to the ITCG (and posted to the website) after each meeting. | | ✓ |

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|---|----------------------------------|---------------------------|----------------------|--|--|---|------------------------------|
| Project Consultative Groups | | | | | | | |
| Consultative Group for Rate Regulation | Not specified - meet as required | 0 | Oct-17 | n/a | n/a | n/a | see para 14 |
| Management Commentary Consultative Group | Not specified - meet as required | 2 | Apr-19 | Provided input on various topics relating to the Board's Management Commentary project | A summary of the meeting is circulated to the MCCG and reported to the Board (and posted to the website) after each meeting. At the subsequent meeting, staff update the MCCG on Board decisions and how the MCCG's input has been considered. | | ✓ |
| Transition Resource Group for Insurance Contracts | Not specified - meet as required | 1 | Apr-19 | Met to consider 46 stakeholder submissions (as reported to DPOC June 2019) TRG input was used in developing the recent ED | A summary of the meeting is circulated to the TRG and reported to the Board (and posted to the website) after each meeting. | | ✓ |
| Transition Resource Group for Revenue Recognition | Not specified - meet as required | 0 | Nov-15 | n/a | n/a | | see para 13 |

APPENDIX

| Consultative group | Objective | Composition | Chair | Board member representation at meetings |
|--|---|--|--|--|
| Standing Groups | | | | |
| Accounting Standards Advisory Forum | Advisory forum in which members can constructively contribute to the Board's technical projects | 12 National Standard-setters and regional bodies | Hans Hoogervorst (Chair) | The Vice-Chair plus Board advisers for the topic under discussions |
| Capital Markets Advisory Committee* | To provide the Board with regular input from the international community of users of financial statements | No more than 20 members - currently 18 members | Co-chaired by Mitch Reznick and Osman Sattar (Independent) | Nick Anderson (Board member) plus Board advisers for the topic under discussions |
| Global Preparers Forum* | To provide the Board with regular input from the international community of preparers of financial statements | Up to 16 members (currently 14 members) | Christoph Hütten (independent) | Martin Edelmann (Board member) plus Board advisers for the topic under discussions |
| Emerging Economies Group | To enhance the participation of emerging economies in the development of IFRS Standards | 12 permanent members (NSS) plus the chair | Amaro Gomes to 30 June 2019, Darrel Scott thereafter (Board members) | Darrel Scott normally attended in addition to Amaro Gomes. Vice-Chair attended April 2019 meeting. |
| SME Implementation Group | To support the international adoption of the <i>IFRS for SMEs</i> Standard and monitor its implementation | At least 12 members and not more than 30 members (currently 24 members) | Darrel Scott (Board member) | n/a |
| Islamic Finance Consultative Group | To focus on challenges that may arise in the application of IFRS Standards to instruments and transactions commonly referred to as Islamic finance | No size mandated - currently 15 members | Faiz Azmi (independent) | Martin Edelmann (vice-chair of Group and Board member) |
| IFRS Taxonomy Consultative Group | To assist the Board in its IFRS Taxonomy and related activities | 16-20 members including the Chair and the Vice-Chair (currently 20 members plus 4 observers) | Ann Tarca (Board member) | Other Board advisers attend |
| Project Consultative Groups | | | | |
| Consultative Group for Rate Regulation | To help the Board in its project on rate-regulated activities by providing a variety of expert perspectives, including those of preparers, auditors, users of financial statements and regulators | 13 members plus 2 observers | Board member chaired | Other Board advisers |

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| Management Commentary Consultative Group | To provide the Board with access to practical experience and expertise in developing, implementing and using management commentary regimes, and to advise the Board as it develops proposals for updating the Practice Statement | 16 members plus 4 observers | Hans Hoogervorst (Chair) | Other board advisers |
| Transition Resource Group for Insurance Contracts | To support implementation of the new Insurance Contracts Standard (IFRS 17) | 15 members plus 3 observers | Martin Edelmann (Board member) | Other Board advisers |
| Transition Resource Group for Revenue Recognition | To support implementation of the new revenue Standard (IFRS 15) | 15 members plus 1 observer | Board member chaired | Other Board advisers |

*While the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) function as standing consultative groups for the IASB, they are established as bodies independent from the IFRS Foundation. Consequently, members of CMAC and GPF are appointed by the CMAC members and the GPF Nominations Committee, in accordance with the CMAC Charter and GPF Constitution respectively.