

Due Process Handbook

5 Influencing processes

Setting-up a technical work plan and prioritising technical projects

- 5.1 The UKEB's due process influencing processes begin with a technical work plan. This plan comprises the set of technical projects the UKEB manages.
- 5.2 The UKEB's technical work plan includes:
- (a) technical issues identified by the IASB and by its IFRS Interpretations Committee¹,²; and
 - (b) other technical issues (refer to Section X on the UKEB's research and thought leadership activities³).
- 5.3 Technical issues identified by the IASB are added to the UKEB's technical work plan. As a starting point, the UKEB assumes that where a technical issue is significant enough to be added to the IASB's technical work plan, similar problems exist in the UK.
- 5.4 The UKEB's technical work plan is updated regularly to reflect estimated project timelines based on recent UKEB's decisions and is available on the UKEB website.

Prioritising technical projects

- 5.5 The technical work plan is presented by the Technical Director of the UKEB for the Board to approve at each private meeting. Once approved, it is uploaded onto the UKEB website. The work plan is regularly updated to reflect any changes made based on UKEB decisions.
- 5.6 In prioritising individual projects and allocating resources to them, the level of activities should be proportionate to the issue being addressed. To help assess the issue, the UKEB considers various factors, including:
- (a) the importance of the issue to the users of financial reports;
 - (b) whether the issue has or is expected to have, a widespread impact on UK entities using UK-adopted international accounting standards;

¹ These can consist of IASB projects and activities that are steps toward possible publications including research papers, discussion papers, requests for information, requests for views, exposure drafts, draft IFRIC Interpretations, final Amendments, Standards and final IFRIC Interpretations, or post-implementation reviews.

² This section is under development and will be considered at a subsequent Board meeting.

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- (c) interactions with other current or proposed projects on the work plan;
 - (d) the urgency of the issue; and
 - (e) the availability of staff resources.
- 5.7 The assessment is not limited to using the IASB's assessment of the potential impact of a project as the UKEB's remit is different. The IASB considers the potential impact on many jurisdictions whereas the UKEB is assessing the potential impact from a UK perspective. This may mean that in the UK we allocate a different significance for a project when compared with the IASB. For example, where UK entities do not undertake the types of transactions addressed in an IASB project, the project would be allocated a lower significance and a reduced number of outreach activities would be planned.

Overview of UKEB project

- 5.8 The expected milestones for most projects are:
- (a) Project initiation plan.
 - (b) Desk-based research.
 - (c) Outreach.
 - (d) Draft comment letter.
 - (e) Final comment letter.
 - (f) Project closure, including Feedback statement and Statement on Compliance with due process.

Project Initiation Plan

- 5.9 For a technical project to be incorporated into the UKEB's work plan, a "Project Initiation Plan" (PIP) is prepared for approval by the Board.
- 5.10 The objective of the PIP is to assess the potential impact and scale of the proposals/amendments and, consequently, the level of analysis and outreach that should be undertaken.
- 5.11 The PIP outlines the approach to the project, including the amount of desk-based research, outreach and proposed timeline. The activities described in the PIP should be proportionate to the issue being addressed. This approach should help ensure an appropriate level of resource is allocated to each project. An example of where the proportionate approach could apply are:
- (a) The public consultation for a proposed narrow-scope amendment may be limited to the publication of a draft comment letter or an issues paper on the UKEB's website, with an associated subscriber alert.

- (b) The public consultation for an urgent proposed narrow-scope amendment, consultation may be undertaken only with “such persons considered to be representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts” (SI 2019/685, Regulation 8) due to the time constraint.

5.12 A PIP for a that is not categorised by the IASB as a narrow-scope amendment is discussed, revised as directed and approved by the Board in a public meeting as a separate agenda item. For an IASB project that is a narrow-scope amendment, a PIP is tabled for noting, thereby giving Board members the opportunity to discuss it. The Board can then determine whether it should be discussed as a separate agenda item.

Desk-based research

5.13 Desk-based research is undertaken to assist with the assessment of proportionality and to gather evidence on the issue. This will usually include a review of the IASB’s previous work on this issue. It may also include, for example, a literature review, review of financial statements, review of past papers by other NSS or other stakeholders (such as accounting firms, government, etc).

Outreach

5.14 The UKEB promotes awareness and generally responds to all IASB projects that are relevant to the UK. The typical consultation documents issued by the IASB and periods that these documents are exposed for comment is shown in the table at Appendix A⁴.

5.15 Outreach or consultation is conducted with stakeholders that represent different communities, (such as financial statement users, preparers, accounting practitioners and academia) to gather their input, views, opinions or feedback on specific projects or technical matters.

5.16 The UKEB undertakes outreach in the following ways:

- (a) obtaining input from advisory groups such as Technical Advisory Groups (TAGs) or from sector advisory groups (e.g. academics or investors). These groups comprise experts to advise the UKEB on topics requiring input. The UKEB works through its advisory groups to give it access to additional practical experience and expertise;
- (b) undertaking fieldwork (see below); and
- (c) arranging for IASB members and/or staff to participate in UK outreach events.

Fieldwork

5.17 Fieldwork can be undertaken in a variety of ways and could include, but is not limited to:

⁴ Extract from *the IFRS Foundation Due Process Handbook*, August 2020.

- (a) **Surveys**—organised to gather data, information, and facts on a specific subject;
- (b) **Field tests**—include testing the application of technical proposals as if they were already in effect, in order to assess the understandability of the requirements and/or the resulting implementation issues. Field tests can be based on, for example:
 - (i) the completion of case studies;
 - (ii) asking participants to assess how a technical proposal would apply to actual transactions;
 - (iii) asking users how they process information; or
 - (iv) assessing how accounting systems may be affected;
- (c) **Workshops or interviews**—bring interested parties together and allow for in-depth analysis (for example to assess how technical proposals might be interpreted or applied) or to ensure the correct understanding of the results of a survey or field test.
- (d) **Public events**—meetings with a larger number of interested stakeholders and organisations to listen to, and exchange views on, specific topics. These could take the form of roundtables, discussion forums, webinars and webcasts. These public events provides stakeholders the opportunity to better understand and present their views on developing proposals.

5.18 Field work can focus on one or more specific groups of stakeholders (such as preparers, auditors or users).

Project closure

Feedback statements

5.19 Input and feedback received is recorded, assessed, the evidence evaluated, and then incorporated into the analysis and discussion of the technical issues.

5.20 The purpose of a Feedback Statement is to inform stakeholders how the UKEB has responded to, or has addressed, the main comments or views received from stakeholders who participated in a specific outreach events or submitted comment letters on a specific project.

5.21 Feedback statements demonstrate the UKEB's adherence to its overarching guiding principles as follows:

- (a) *Accountability* to stakeholders who submitted comment letters and/or participated in outreach, to the FRC as oversight body, and others, that the UKEB is taking account of stakeholders' views and fulfilling its due process obligations.
- (b) *Transparency* about how the main comments or views have been addressed.

- (c) *Independence* in that the UKEB acts in the UK's long term public good and is independent in its assessment of comments or views received from stakeholders and in determining the content of its final comment letter to the IASB.

5.22 Although the objective of all Feedback Statements is the same, the form and content will be proportionate to the objective of the underlying document, e.g. Discussion Papers have different objectives from Exposure Drafts. In general, a Feedback Statement includes the following content:

- (a) an objective;
- (b) a brief description of technical IASB's proposal(s), i.e. summary background;
- (c) an explanation of the main feedback received through comment letters or other fieldwork or outreach activities;
- (d) a description of the UKEB's response (i.e. how comments or views received from stakeholders have been addressed); and
- (e) a summary of the sources of stakeholder comments, e.g. from individual stakeholder meetings, formal responses to draft comment letters or via other outreach events.

5.23 The UKEB discusses and provides comments on draft Feedback Statements. The Chair approves them for publication.

5.24 A Feedback Statement is published on the UKEB's website, normally within a month of submitting a final comment letter to the IASB.

Statement on compliance with due process

5.25 For each technical project, the UKEB assesses whether it has complied with the UKEB's due process activities as set out in this Handbook.

5.26 The activities undertaken for a project are set out in, the "Statement on compliance with due process steps". This document provides a record of what was done compared with what was agreed in the PIP. It would retrospectively validate that the process undertaken complied with the PIP and thus complies with due process requirements. Or, if what was done was different to the PIP, it includes an explanation as to why and how the activities meet due process requirements.

5.27 The Statement on compliance with due process steps includes the following sections:

- (a) a description of due process steps undertaken;
- (b) a summary of any matters raised about due process, the extent of stakeholder engagement and the areas in a proposed international accounting standard that are likely to be controversial;
- (c) evidence and evaluation of the process that was undertaken (e.g. number of meetings held and summary of those meetings);

- (d) an explanation of why the UKEB decided not to undertake a due process step for a given project (i.e. why it did not establish a technical advisory group); and
- (e) a conclusion as to whether, in the UKEB Secretariat's opinion, there was compliance with applicable due process steps.

5.28 The UKEB discusses and approves them for publication.

5.29 The Statement on compliance with due process steps is published on the UKEB's website, usually at the same time as the Feedback statement.

DRAFT FOR DISCUSSION

Appendix A – IASB’s consultation documents

This Appendix has been included for information.

Consultation document	Description	Comment period
<i>Discussion Paper (DP) / Research Paper</i>	<p>One of the main outputs of the IASB’s Research programme is a Discussion Paper or a Research Paper. These documents:</p> <ol style="list-style-type: none"> are designed to elicit comments from interested parties that can help the IASB decide whether to add a standard-setting project to their work plan. include a comprehensive overview of the issues, possible approaches to addressing the issues, the preliminary views of the IASB and an Invitation to Comment (ITC) that precedes or accompanies the Discussion Paper or Research Paper. <p>A Discussion Paper commonly outlines a wide range of possible accounting policies on a particular topic and conveys any significant differences in IASB members’ views. It is typically used to refine the number of options being considered as the solution to an issue and is commonly issued for IASB major projects before an Exposure Draft (but this is not a requirement). The matters presented will have been discussed in public meetings of the IASB.</p> <p>A Research Paper can be prepared by IASB technical staff or by other accounting standard setters at the request of the IASB. It includes a clear statement of the extent of the IASB’s involvement in the development or endorsement of that research paper. In some cases, the IASB will not have discussed the research paper in a public meeting and will not, therefore, have developed any views on the matters set out in the paper.</p>	<p>Generally, the IASB gives a 120-day comment period.</p>
<i>Request for information (RFI) / IASB Agenda Consultation</i>	<p>Requests for Information are formal requests by the IASB for information or feedback on a matter related to technical projects or broader consultations. This includes seeking comment on the IASB’s technical work plan every five years, post-implementation reviews, or help in assessing the practical implications of a potential financial reporting requirement.</p>	<p>Generally, the IASB gives a 120-day comment period for an RFI on the technical work plan. Other RFI’s generally allow a minimum of 60 days.</p>
<i>Exposure Draft (ED)</i>	<p>An Exposure Draft is a mandatory step in the IASB due process before a new IFRS Standard can be. An Exposure Draft includes a specific proposal, a basis for conclusions that explains the rationale for the proposal and, if relevant, alternative views. It is developed at public meetings and includes an invitation to comment describing the issues that the IASB has identified as being of particular interest.</p>	<p>Normally, the IASB gives a 120-day comment period. For issues that are narrow in scope and urgent the period can be reduced to at least 30 days. Only in exceptional circumstances is less than 30 days permitted.</p>
<i>Annual Improvements (ED)</i>	<p>Annual Improvements contain a group of proposed amendments to IFRS Standards that are sufficiently minor or narrow in scope that can be packed together and exposed in a single document, even if the amendments are unrelated. The IFRS Interpretations Committee can assist the IASB in developing these amendments.</p>	<p>Normally, the IASB gives a minimum of 90 days comment period.</p>

Consultation document	Description	Comment period
<i>Narrow Scope Amendment (ED)</i>	Narrow Scope Amendments are proposed amendments to an existing Standard. The IFRS Interpretations Committee can assist the IASB in developing this type of amendments.	Normally, the IASB gives a minimum of 120 days comment period.
<i>Draft IFRIC Interpretation (DI)</i>	A Draft IFRIC Interpretation is a mandatory step before issuing an IFRIC Interpretation. It is a draft of a proposed Interpretation of a Standard and is the equivalent of an ED for a Standard. It is developed in public meetings of the IFRS Interpretations Committee and is ratified by the IASB (Board). It sets out a specific proposal in the form of a proposed Interpretation. It includes an invitation to comment and a basis for conclusions which explains the rationale for the specific proposal.	The minimum comment period is normally 90 days. If the matter is narrow in scope and urgent the comment period can be reduced, down to a minimum of 30 days.
<i>Tentative Agenda Decisions (TAD)</i>	Tentative Agenda Decisions are issued by the IFRS Interpretations Committee. These decisions explain why a standard-setting project should not be added to the IASB's technical work plan to address a submitted question. After considering the comments, the IFRS Interpretations Committee will confirm its decision and publish an Agenda Decision (subject to the IASB not objecting to this decision) or decide that a standard-setting project should be added to the IASB work plan. An Agenda Decision explains why a standard-setting project has not been added to the work plan and, in many cases, includes examples and other explanatory material that provides new or clarifying information.	The IFRS IC requests comments on TADs within 60 days.
<i>Post-implementation reviews (PIR)</i>	The IASB conducts a post-implementation review of each new IFRS Standard or major amendment. A post-implementation review normally begins after the new requirements have been applied internationally for two years (generally about 30–36 months after the effective commencement date). The PIR is accompanied by a Request for Information (RFI) which sets out the initial identification and assessment of the matters to be examined.	The IASB gives a 120-day comment period.