

STAFF PAPER

March 2015

Accounting Standards Advisory Forum

Project	Review of the Accounting Standards Advisory Forum		
Paper topic	Update on Initial Findings		
CONTACT(S)	Michelle Sansom	msansom@ifrs.org	+ 44 (0)20 7264 6963

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the Accounting Standards Advisory Forum and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Review of the Accounting Standards Advisory Forum

Purpose

36. Sitzung IFRS-FA am 05.03.2015
36_07f1_IFRS-FA_ASAF review

1. The purpose of this paper is to:
 - (a) provide Accounting Standards Advisory Forum (ASAF) members with a summary of the feedback received to date on the review of the ASAF;
 - (b) seek members' views on the feedback received; and
 - (c) outline the next steps of the review.

Background

2. The scope, content and timing of the ASAF review was agreed with the IFRS Foundation Trustees at their meeting in October 2014. The Trustees agreed that:
 - (a) the scope of the review would be to assess how the ASAF has performed in relation to its Terms of Reference and the Memorandum of Understanding, which was signed by the IASB and ASAF members;
 - (b) it would collate initial views through:
 - (i) a detailed questionnaire for ASAF members, IASB members and IASB staff;
 - (ii) a simpler questionnaire for other national standard-setters and regional groups; and

- (iii) a discussion with the IFRS Advisory Council (the ‘Advisory Council’).
 - (c) the findings would be followed up through interviews;
 - (d) a Feedback Statement would be issued following completion of the review; and
 - (e) the current ASAF members’ terms of office would be extended to allow the findings of the review to be considered prior to a public call of nominations for members.
3. We have now completed the initial collation of views. In the following sections we have provided a high level summary of the feedback received—a more detailed analysis is provided in the appendices of this paper.

Key findings from ASAF members’ questionnaires

4. We would like to thank members for the time taken to complete the questionnaire and for the constructive comments that we received. Overall, members are positive about the ASAF, and several members noted that it is effective and expressed support for its continuation.

5. The questionnaire asked members to rate a series of statements using the following scale:

Ratings: 1 = strongly agree; 2 = agree; 3 = agree somewhat, but needs improvement; 4 = strongly disagree.

6. As you are aware, the questionnaire was divided into six topics; the average ratings by topic are as follows:

Topic	Average rating ¹
Objectives and scope of activities of the ASAF	Agree
Membership	Strongly agree
Meetings	Agree
Communications and liaison activities	Agree
Interaction with the IASB	Agree
Overall evaluation of the ASAF	Agree

7. Appendix A of this paper sets out a summary of the responses to the questionnaires received from members. From the detailed summary of responses set out in Appendix A,

¹ Two ASAF members chose not to complete the questionnaire, but provided written comments.

we considered that there are three areas in which members are looking for improvement or on which further investigation is needed:

- (a) agenda materials;
- (b) agenda topics; and
- (c) feedback.

Agenda materials

8. ASAF members noted that although there have been improvements to the timing of distributing ASAF agenda materials, those materials need to be received four weeks in advance of the meetings to ensure that ASAF members can consult their constituents.
9. In addition to the need to receive papers four weeks in advance of the meetings, ASAF members made suggestions regarding improving the quality of agenda materials. Among the suggestions were that agenda topics should be summarised and tailored to focus on major points and questions to be discussed at the ASAF meetings.
10. The IASB staff acknowledge the points made by ASAF members and will continue to make improvements to the quality of agenda papers and will address the timely provision of agenda materials. For this ASAF meeting our aim was to have both IASB and ASAF member papers distributed by the end of February 2015.

Agenda topics

11. Several members noted that although the agenda-setting process has improved, agendas still do not meet their expectations. This suggests that the concern of ASAF members is not about the agenda-setting process, but about the content of the meetings. There is, however, diversity in the views of ASAF members about the actual topics that should be included on the ASAF agenda (see paragraph A12).
12. At present, IASB staff propose a draft agenda at the end of each ASAF meeting and request comments from ASAF members. In response to comments received at the meeting, a second draft agenda is distributed to members for further comment. Only after further comments have been received is the agenda finalised.

Feedback

13. The concern regarding the feedback and how the IASB makes use of the advice it receives from the ASAF has already been identified by the IASB as an area for improvement. The Due Process Oversight Committee discussed, at its meeting in February 2015, a proposal to improve the feedback provided to the IASB's consultative bodies. It has been agreed that

the ASAF will in future receive a summary of the advice it has provided and how this advice has been taken forward. Appendix C of Agenda Paper 11 includes a feedback table.

Other matters

14. There are a number of other more detailed points that have been raised by ASAF members that will require further consideration. These points include whether the ASAF should have a more formal role in the IASB’s due process and whether it should be incorporated into the IASB’s *Due Process Handbook*.

Key findings from national standard-setters questionnaires

15. There were 20 national standard-setter respondents to the questionnaire, and 17 other respondents. We have analysed the responses from national standard-setters and the 17 other respondents separately.

National standard-setters

16. In Appendix B of this paper we have set out a summary of the responses to the questionnaires from national standard-setters. The average ratings to the questionnaire are as follows:

Topic	Average rating
Communications and liaison activities	Agree
Objectives and scope of activities of the ASAF	Agree
Membership	Agree
Overall evaluation of the ASAF	Agree

17. Within the section of the questionnaire on communication and liaison activities, a number of national standard-setters raised concerns regarding:
 - (a) sufficiency of the time to collate views and prepare the ASAF representative member in advance of the meeting; and
 - (b) adequacy of the time for the ASAF member to liaise with national standard-setters, and other organisations in their region, on matters relating to the ASAF agenda items.
18. These comments correspond with the comments made by members of the ASAF and will be addressed simultaneously with the ASAF member comments.

19. There was a difference in responses between ASAF members and national standard-setters who are not ASAF members in relation to the membership of the ASAF. While ASAF members strongly supported the current membership arrangements, non-members supported an increase in the size of the ASAF.

Other respondents

20. Although we did not seek responses other than from national standard-setters, 17 responses were received. This group is a very mixed range of respondents, including audit firms, academics and a preparer, among others. From such a wide range of respondents, it is difficult to draw a summary.
21. There were some comments from this group regarding the membership of the ASAF; for example, whether the ASAF should include regulators as part of its membership and on the balance of geographical representation.
22. There were also comments that echoed the concerns of ASAF members and national standard-setters regarding the importance of the matters to be discussed at the ASAF meetings (agenda topics) and the importance of the IASB providing feedback on how it uses the advice it receives from the ASAF.

Key findings from IASB members' questionnaires

23. Appendix C of this paper provides an overview of the summary of responses from IASB members. It should be noted that, in responding to the questionnaire, IASB members draw on their experience from the sessions of the ASAF meeting that they attend. As a consequence of this, there was a wide distribution in views among IASB members.
24. The most significant concern from IASB members was the depth of the discussion at the ASAF meeting. IASB members highlighted that sometimes the discussion at ASAF has tended to remain on the surface and therefore this has not generated sufficient debate about some of the key issues and concerns of ASAF members. IASB members noted that the ASAF and the IASB should work collaboratively and that it is important the IASB understands the individual views of ASAF members so that it can build on these views to develop its thinking and formulate proposals.

Feedback from the discussion with the Advisory Council

25. At the Advisory Council meeting in February 2015 the IASB staff presented an overview of the findings from the responses to the questionnaires from ASAF members and national

standard-setters and sought the Advisory Council's advice on the following three questions:²

1. Should consultation with the ASAF be a mandatory due process step for the IASB?
 2. Should the scope of the ASAF activities be extended to include the IASB's agenda priorities, including research activities?
 3. Should changes be made to the size of the ASAF and, if so, how should ASAF seats should be allocated?
26. Appendix D of this paper summarises the discussion at the Advisory Council. Overall, the Advisory Council did not support consultation with ASAF becoming a mandatory due process step for the IASB. The reasons stated include ensuring that the IASB retained its accountability for setting Standards and that mandatory consultation with the ASAF has the potential to create two tiers of constituents—ASAF and non-ASAF members.
27. The Advisory Council, overall, preferred that its role and that of the ASAF should retain their current distinction and, therefore, they would prefer the ASAF not to be consulted on agenda priorities. However, there was support for consultation with the ASAF on research priorities.
28. In relation to the size of the ASAF, overall, the Advisory Council did not support increasing the size of the ASAF but supported the rotation of members. The Advisory Council also did not support expanding the membership of the ASAF to include regulators.

² The presentation to the Advisory Council is available on the IASB website and can be accessed [here](#).

Questions to ASAF members

29. This paper provides ASAF members with an update on the progress of the review of the ASAF. At this time, we are not making any formal proposals but we are seeking members' feedback on:

Questions for ASAF members

1. Do ASAF members consider that the summary (paragraphs 4–14) relating to ASAF members' questionnaires appropriately reflect their key concerns?
2. Do ASAF members have any suggestions on how we may improve the selection of topics to be discussed at each meeting?
3. Do members have any further comments on the findings?

Next steps

30. The next step are outlined below:

Date	Event
2015 February	Follow-up interviews with ASAF members
2015 March	Discuss findings with the ASAF and agree next steps
2015 April	Trustees' meeting: (a) draft report on the findings from the review; (b) agree next steps; and (c) call for nominations for membership.
2015 June	Trustees' meeting: (a) final report on the findings from the review; (b) Feedback Statement issued following completion of the review; and (c) appointments/reappointments of ASAF members.
2015 July	ASAF meeting

Appendix A—Findings from ASAF members’ questionnaires

A1. The ASAF members’ questionnaire was divided into six topics:

- (a) objectives and scope of activities of the ASAF;
- (b) membership;
- (c) meetings;
- (d) communication and liaison activities;
- (e) interaction with the IASB; and
- (f) overall evaluation of the ASAF.

A2. The questionnaire asked ASAF members to rate a series of statements corresponding to the above topics using the following scale:

Ratings: 1 = strongly agree; 2 = agree; 3 = agree somewhat, but needs improvement; 4 = strongly disagree

A3. Two ASAF members chose not to complete the questionnaire, but provided written comments. The following section provides a summary of the key points raised (including comments from members that chose not to complete the questionnaire).

Objectives and scope of activities of the ASAF

A4. Overall, ASAF members agree with the objectives and scope of the ASAF activities as set out in the Terms of Reference (TOR) and the Memorandum of Understanding (MOU). In particular, several ASAF members noted that the ASAF has enhanced the dialogue between the IASB and the global accounting standard-setting community.

A5. Comments made by ASAF members include:

- (a) the TOR for the ASAF imply that the ASAF should have a more formal role in the IASB’s due process than that of its other consultative bodies. The IASB’s *Due Process Handbook* could incorporate a provision that requires the IASB to consult the ASAF before making decisions on matters of fundamental importance.
- (b) in supporting the IFRS Foundation in its objectives, the ASAF could discuss wider concerns and issues that affect the IFRS Foundation in achieving its objectives. For example, the ASAF could discuss jurisdictional issues regarding whether, how and when new Standards are adopted, and directional issues relating to the quality, understandability and enforcement of existing Standards (ie not specific implementation issues).

- (c) the ASAF should be more proactively consulted on the IASB’s agenda priorities and its work plans.
- (d) ASAF members should focus more on finding solutions instead of putting forward their own positions. This includes greater discussion on the topic of convergence with US GAAP.
- (e) one member noted that most ASAF members do not have a mandate for adoption in their jurisdictions—this is often within the remit of other political or legal bodies. This member recommended that the ASAF objective should exclude the ‘facilitation of the adoption of International Financial Reporting Standards’.
- (f) the ASAF should be relied upon for advice in the selection and development of the IASB’s research activities.

Membership

- A6. Overall, the members agreed with the current membership arrangements and encouraged the IFRS Foundation to maintain the current size of the group. Several members noted that the current size of the group permits effective discussions.
- A7. The following points were noted by members:
 - (a) the importance of geographical representation. One member noted that if the size of the ASAF is reduced, then the representation level of Europe and Asia should be reviewed.
 - (b) representation could be enhanced by having more member jurisdictions that have fully adopted IFRS.
 - (c) the ASAF should include IFRS jurisdictions that have relatively smaller economies, because they have experience in dealing with specific accounting issues such as those associated with the lack of a deep market.
 - (d) one member encouraged the IFRS Foundation to consider the merits of retaining a degree of stability in the ASAF membership to assist with the retention of ‘corporate knowledge’.
 - (e) one member recommended that the EFRAG, the Asian-Oceanian Standard-Setters Group (AOSSG) and the Group of Latin-American Standard-Setters (GLASS) as regional groups should be permanent members of the ASAF.

Meetings

- A8. Overall, ASAF members agreed that the meetings are effective. It was also noted that the IASB has introduced improvements since the ASAF was established, which have improved the effectiveness of the meetings.
- A9. There were three statements with which members agreed somewhat, but indicated that the area needs improvement:
- (a) issues are identified and deliberated in a timely and effective manner;
 - (b) timely provision of agenda materials; and
 - (c) the agenda-setting process operates efficiently to ensure that the appropriate topics according to the IASB's work plan are discussed.

Issues are identified and deliberated in a timely and effective manner

- A10. ASAF members commented that:
- (a) the ASAF discussion sometimes comes after the IASB meeting and therefore consultation with the ASAF is too late; and
 - (b) the ASAF discussion comes too close to the end of the comment period.

Agenda materials

- A11. ASAF members noted that although the timing of the ASAF agenda materials had improved, they suggested further improvements, including:
- (a) the agenda materials need to be improved to ensure an effective and efficient discussion at the ASAF meeting. The agenda topics should be summarised and tailored to focus on some major points and questions to be discussed at the ASAF meeting. The detailed IASB staff papers, research papers prepared by national standard-setters and other similar papers could serve as background papers.
 - (b) the papers should more clearly articulate the objective of the discussion.
 - (c) papers should be received four weeks in advance of the meetings to ensure that ASAF members can consult their own constituents.

The agenda-setting process operates efficiently to ensure that the appropriate topics according to the IASB's work plan are discussed

- A12. Several members noted that although the agenda-setting process has improved, agendas still do not meet expectations. This suggests that ASAF members are concerned about the

content of the meetings, not the agenda-setting process. There is, however, diversity in views about what should be on the ASAF agenda:

- (a) one member commented that more time should be allocated to items on the IASB's current agenda;
- (b) another member proposed that the ASAF could contribute more effectively to the research agenda; and
- (c) two members suggested expanding the agenda to include controversial topics, including narrow-scope amendments.

A13. Other comments in relation to the ASAF meetings include:

- (a) it was suggested that the meeting would be more valuable if more IASB members participated in or observed the discussion; that is, in addition to the IASB members who are advisers to the project;
- (b) one member suggested that the effectiveness of meetings could be improved if there was a short feedback questionnaire at the end of meetings; and
- (c) the effectiveness of meetings could be improved if papers were more focused on assisting the IASB's objectives instead of providing another forum for existing views to be aired.

Communication and liaison activities

A14. The most significant matter raised was that members did not consider that they have adequate time to liaise with their organisations (and therefore whether members receive sufficient input from their organisations). This concern is related to the concern regarding the timing of agenda materials (and, to some extent, the quality of the papers), which is discussed in paragraphs A8–A13

A15. Other comments made by ASAF members include:

- (a) several members supported the IASB staff summarising discussions at the end of agenda topics, but thought that this should go further by including a 'straw poll' of those members that agree and those that do not;
- (b) the written summary of the meeting could be improved; and
- (c) one member suggested that the ASAF should be empowered to agree on the agenda and the meeting note.

Interaction with the IASB

A16. Overall, ASAF members agreed with the statements in the questionnaire, but there were two areas in which ASAF members considered that there was a need for improvement:

- (a) the extent of attendance and participation of IASB members; and
- (b) adequacy of feedback provided to the ASAF by the IASB on the views and advice expressed at the ASAF meetings.

The extent of attendance and participation of IASB members

A17. It was noted that the attendance of the IASB Chair and Vice-Chair at every meeting demonstrates the high level of commitment by the IASB in ensuring effective engagement with national standard-setter groups.

A18. A member noted that some hold the view that the ASAF should, for good governance reasons, have an independent Chair. They, did not, however, support such a change, because the current process has worked well.

A19. It was noted that although there has been an improvement in the participation of IASB members in recent meetings, the IASB needs to be clear about what it intends to take from the meeting.

A20. One member suggested that more IASB members should participate in the discussion, including IASB members who are not advisers to the project that is being discussed.

Adequacy of feedback provided to the ASAF by the IASB on the views and advice expressed at the ASAF meetings

A21. Several members noted that there is a need for the IASB to make its thought process on arriving at a decision/view clearer by, for example, explaining why other suggestions/views put forward by ASAF members have been declined.

Overall evaluation of the ASAF

A22. Overall, ASAF members strongly support the objectives of the ASAF and consider that it should continue. There are areas in which ASAF members consider that the effectiveness of the ASAF can be improved. Nevertheless, it is acknowledged that a series of changes have been instituted over the short period since the inception of the ASAF.

Appendix B—Findings from national standard-setters questionnaires

- B1. There were 20 complete national standard-setter respondents to the questionnaire (including the International Public Sector Accounting Standards Board).
- B2. The questionnaire for national standard-setters was shorter than the ASAF members' questionnaire and addressed the following areas:
- (a) communication and liaison activities;
 - (b) objectives and scope of activities of the ASAF;
 - (c) membership; and
 - (d) overall evaluation of the ASAF.
- B3. The questionnaire asked national standard-setters to rate a series of statements corresponding to the above topics using the following scale:

Ratings: 1 = strongly agree; 2 = agree; 3 = agree somewhat, but needs improvement; 4 = strongly disagree

Communications and liaison activities

- B4. Consistently with responses from ASAF members, national standard-setter respondents identified two particular areas for improvement:
- (a) your organisation has sufficient time to collate views and prepare your ASAF representative member in advance of the meeting; and
 - (b) your ASAF member has adequate time to liaise with your organisation and other organisations in your region on matters relating to ASAF agenda items.
- B5. Specific national standard-setter comments include:
- (a) our ASAF representative is a regional body with 26 member jurisdictions, of which 23 member jurisdictions do not attend the ASAF in person. The number and composition of member jurisdictions, for example, each having its own specific national mandate and different stages of development, inherently means that a broad range of issues and diverse views exist in this region. Although the IASB encourages different perspectives, the limited time allocated to a wide range of typically contentious topics in practice constrains the effectiveness of the ASAF as a platform for communicating individual jurisdictions' views to the IASB.
 - (b) our ASAF representative is supported by technical projects working group leaders, who are responsible for collating and analysing views from member jurisdictions in the region in advance of the quarterly ASAF meeting. Because a substantial portion

of the ASAF agenda papers is only available 2–3 weeks prior to the meeting, a quick turnaround is required of each working group leader to manage this process and to concurrently develop views on the other topics. We observe that providing inputs to a broad range of typically contentious topics within a short turnaround time could be challenging, even for jurisdictions with reasonable standard-setting capability. There is inevitably a trade-off between quick turnaround and how substantive inputs could realistically be.

- (c) considering the volume of materials distributed before each ASAF meeting, we believe that the time is often insufficient to be able to prepare and adequately express an opinion on all issues.
- (d) ASAF meeting minutes are difficult to access and are not presented in chronological order. Suggest accumulating and managing the ASAF minutes in one specific place, similar to the IASB *Updates* or IFRIC *Updates*.
- (e) the IASB should provide an explanation of its position when it differs from those expressed by ASAF members.
- (f) more interaction between the IASB and ASAF members in setting the agenda of meetings and a focus on research projects. Benefits could arise from the involvement, to some extent, of the International Forum of Accounting Standard Setters (IFASS) in providing useful inputs, giving a more comprehensive picture of issues not always represented at regional level, as well as being a forum in which to present research projects.

Objectives and scope of activities of the ASAF

- B6. The national standard-setter respondents supported the current objectives and scope of the ASAF activities. Several national standard-setter respondents noted that the establishment of the ASAF is a significant enhancement to the IASB’s due process, noting that prior to the ASAF there was no opportunity to have open multilateral discussions between major national standard-setters.
- B7. Some specific points noted include:
 - (a) because of a quick turnaround, member jurisdictions may resort to providing substantive inputs to some, but not all, of the topics and, hence, the feedback shared by the ASAF representative may not necessarily represent the collective views of the member jurisdictions of the regional body.
 - (b) the current ASAF focuses on the IASB’s projects when setting its agenda. However, resolving implementation issues that arise in practice in countries that have actually adopted IFRS is just as important as setting the Standards, and

thus we would like to suggest that the ASAF should consider addressing IFRS implementation issues.

- (c) the ASAF should not increase its activities, for instance by adding research projects to the agenda. National standard-setters and regional bodies are not really experts in research, and therefore they may be informed, but not knowledgeable enough to offer useful views. It is also important to remember that the ASAF is an adviser to the IASB, and it should not be a decision-making body, either explicitly or indirectly.

Membership

- B8. Overall, national-standard setters agree with the survey statements on the size, geographical representation and range of technical experience and abilities. Nevertheless, several national standard-setter respondents proposed that the size of the ASAF should be increased, because this would give the opportunity for other views to be presented.
- B9. There was support for the existing geographical representation. It was, however, noted that membership for national standard-setters should be rotated among jurisdictions with major capital markets as well as those with smaller, but internationally relevant, capital markets that are not represented on the IASB. This would enable the IASB to obtain views and inputs more directly from different jurisdictions with internationally relevant capital markets and dispel any notion that the IFRS Foundation is interested in obtaining views only from major capital markets.
- B10. Other comments noted by national standard-setters include:
 - (a) the current members of the ASAF have been appointed based on criteria such as the expertise of the member's organisation, the size of the capital market of the member's jurisdiction, the level of contribution towards the IASB, etc. In particular, the IASB should consider adding the criterion of IFRS adoption to give priority to views of the members who have actually adopted, and are currently using, IFRS when setting the Standards.
 - (b) current representation on the ASAF is from large economies and regional groups. A representative from a small economy would help to represent the specific interests of smaller economies, such as the lack of a deep capital market, or trading occurring predominantly in foreign currencies.
 - (c) the term of office for ASAF members should be three years, not two, because two years is a very short period and does not give the participants enough time to fully understand some complex topics.

- (d) limiting membership to 12 has excluded significant national standard-setters from the ASAF.
- (e) give priority to countries applying IFRS and move towards a composition like the G20, which has been shown to be workable. In any case, national standard-setters representing countries that are members of the G7 should not be excluded from the ASAF. It would be acceptable for the membership of the ASAF to be structured taking into account criteria that are already internationally recognised.
- (f) increasing Asia-Oceania's representation in the ASAF would enable the views of different jurisdictions to be more effectively communicated to the IASB.
- (g) representation of public sector interests on sector-neutral topics would be desirable.

Overall evaluation of the ASAF

B11. Overall, national standard-setter respondents support the objectives of the ASAF and encourage the IASB to enhance the operation of the ASAF.

B12. Some specific comments from national standard-setters include:

- (a) the importance of the ASAF has grown significantly, because it has contributed to the IASB much more than what had been initially expected. Consequently, if we take into consideration that giving opportunities to participate in the ASAF to a larger number of members would strengthen the justification for the IASB's standard-setting process, expansion of the ASAF membership could well be looked at favourably.
- (b) the establishment of the ASAF represents a significant enhancement to the IASB's due process. The ASAF benefits national standard-setters, because it acknowledges the privileged access to the IASB for such standard-setters, and provides a forum for effective technical discussions on standard-setting issues via representatives that have a good knowledge of their jurisdictions and regions.
- (c) one area in which improvements need to be made is the timely distribution of agenda papers in advance of the ASAF meetings. The key factor in ascertaining that the IASB receives input from jurisdictions and regions around the world is time, ie to provide the ASAF agenda papers sufficiently in advance to permit the full liaison process to take place.

Appendix C—Findings from IASB members' questionnaires

C1. The IASB members' questionnaire was similar to the questionnaire for ASAF members and applied the same scale:

Ratings: 1 = strongly agree; 2 = agree; 3 = agree somewhat, but needs improvement; 4 = strongly disagree
--

Objectives and scope of activities of the ASAF

C2. Overall, IASB members agree with the objectives and scope of ASAF activities as set out in the TOR and the MOU.

C3. The most significant concern raised by IASB members was in relation to the depth of the technical discussion at the ASAF meetings. Members expressed a variety of concerns including:

- (a) the agenda should include fewer topics to allow for more in-depth discussion with the ASAF. This should also permit the expertise of members to be better used.
- (b) sometimes the discussion at ASAF has tended to remain on the surface and therefore has not generated sufficient debate about some of the key issues and concerns of ASAF members.
- (c) the ASAF and the IASB should work collaboratively. It is important for the IASB to understand the individual views of ASAF members so that it can build on these views to develop its thinking and formulate proposals.

Membership

C4. IASB members held a variety of views regarding the membership arrangements for the ASAF, including:

- (a) a larger group would be difficult to manage. In contrast, other members considered that the ASAF could be expanded by two additional members.
- (b) increasing the size of the ASAF would provide an opportunity for more jurisdictions to contribute.
- (c) regional bodies are important to the membership of the ASAF.
- (d) it is useful to have smaller standard-setters as well as the larger standard-setters as members of the ASAF.
- (e) if the ASAF was smaller, more time could be allocated to individual members to discuss topics, which might improve the quality of the debate.

Meetings

- C5. Overall, IASB members agreed that meetings are effective and noted that improvements had been made. However, some IASB members noted that they are not aware of the agenda-setting process and are not consulted on the topics for discussion at the ASAF meetings.
- C6. Comments made by IASB members include:
- (a) improving the agenda topics could improve the quality of discussion at the meeting;
 - (b) we need to clarify the objective of the closed administration session;
 - (c) some IASB members also raised concern about the communication with ASAF members between meetings and a suggestion was made that interim discussions may be helpful;
 - (d) an IASB member noted that the advice of the ASAF should be sought earlier in a project's life;
 - (e) two IASB members suggested lengthening the meetings to improve the discussion; and
 - (f) it was also suggested that IASB members could increase their participation, to improve the quality of discussions.

Communication and liaison activities

- C7. IASB members were asked if they considered that the ASAF activities were sufficiently transparent to stakeholders. Overall, members considered that they were. There was little additional comment on this question.

Interaction with the IASB

- C8. Comments raised by IASB members include:
- (a) a concern about the feedback provided to the ASAF by the IASB;
 - (b) a recommendation that more IASB members should participate in discussions; and
 - (c) a concern that the discussion with the ASAF is too late in the process.

Overall evaluation of ASAF

- C9. Overall, IASB members strongly support the objectives of the ASAF and consider that it should continue. There are areas in which IASB members consider that the effectiveness of the ASAF can be improved.

Topics that we asked IASB members but not ASAF members

- C10. In the questionnaire to IASB members, we included three questions that sought to obtain the IASB members' views on topics that had been raised by ASAF members in their responses to the questionnaires. These included:
- (a) *the TOR for the ASAF imply that the ASAF should have a more formal role in the IASB's due process than that of its other consultative bodies. The IASB's Due Process Handbook could incorporate a provision that requires the IASB to consult the ASAF before making decisions on matters of fundamental importance.*
- C11. There were mixed responses from IASB members on this question. A concern was raised as to what 'consult the ASAF' would entail. Depending on the exact requirement, an IASB member questioned whether ASAF members would have the resources to do this.
- C12. There was also a concern that the ASAF might become a 'vetting' organisation for the IASB.
- (b) *in supporting the IFRS Foundation in its objectives, the ASAF could discuss wider concerns and issues that affect the IFRS Foundation in achieving its objectives. For example, the ASAF could discuss jurisdictional issues regarding whether, how and when new Standards are adopted, and directional issues relating to the quality, understandability and enforcement of existing Standards (ie not specific implementation issues).*
- C13. On balance, IASB members considered that it was better to focus on global issues instead of jurisdictional issues. However, one member noted that when the issue related to a conceptual issue, it would be useful to discuss this.
- (c) *the ASAF should be more proactively consulted on the IASB's agenda priorities and its work plans.*
- C14. IASB members were more supportive on this point, in contrast to their views to the suggestion regarding due process.
- (d) *the ASAF should also discuss controversial narrow-scope amendments.*
- C15. Some members raised a concern as to whether there is sufficient agenda time available to do this and considered that it would be more useful to focus on the globally important issues. Another member highlighted that the IFRS Interpretations Committee already provides advice on narrow-scope amendments.
- C16. In contrast, one member noted that if the issue was wide-ranging, then consultation with the ASAF would be appropriate and a further member noted that the ASAF's technical advice may be helpful.

Appendix D—Feedback from the IFRS Advisory Council

- D1. The IASB staff presented an overview of the Review of the Accounting Standards Advisory Forum to the IFRS Advisory Council (the ‘Advisory Council’) at its meeting in February 2015. The presentation provided an overview of the scope of the review and the feedback received from ASAF members and national standard-setters.³
- D2. The IASB staff sought the views of the Advisory Council on the following questions:
- (a) Should consultation with the ASAF be a mandatory due process step for the IASB?
 - (b) Should the scope of the ASAF activities be extended to include the IASB’s agenda priorities, including research activities?
 - (c) Should changes be made to the size of the ASAF and, if so, how should ASAF seats should be allocated?

Should consultation with the ASAF be a mandatory due process step for the IASB?

- D3. Overall, the Advisory Council did not support the ASAF becoming a mandatory due process step for the IASB. The reasons for not supporting that proposal included:
- (a) requiring consultation with the ASAF has the risk of lengthening the time taken to produce Standards;
 - (b) requiring consultation with the ASAF has the potential to create two tiers of constituents—ASAF and non-ASAF members; and
 - (c) the IASB is accountable for its Standards; requiring consultation with the ASAF could be seen as reducing the IASB’s accountability.

Should the scope of ASAF activities be extended to include the IASB’s agenda priorities, including research activities?

- D4. Regarding the scope of the ASAF activities, it was noted that the Advisory Council is the body that provides input on the IASB’s agenda priorities. Involving the ASAF in the process could blur the distinction between the roles of the two bodies.
- D5. In contrast, some members suggested that consultation with the ASAF on the IASB research priorities might be useful, because many ASAF members undertake accounting research.

³ The presentation to the Advisory Council is available on the IASB website and can be accessed [here](#).

- D6. There was some support for the ASAF providing advice on implementation matters and Post-implementation Reviews.
- D7. It was noted that the reason for the success of the ASAF was the high quality debate on technical matters—caution should be taken in moving away from a technical discussion.

Should changes should be made to the size of the ASAF and, if so, how should ASAF seats should be allocated?

- D8. In relation to the size of the ASAF, it was noted that the current size appears to facilitate a good discussion. However, there should be rotations of members to ensure that more national standard-setters are heard. The aim should be to ensure that members are effective and make a positive contribution to the ASAF.
- D9. Several Advisory Council members noted that they did not support restricting the membership of the ASAF to IFRS adopters only. It was noted that retaining non-IFRS adopters promoted the opportunities for convergence.
- D10. Several Advisory Council members did not support expanding the membership of the ASAF to include regulators⁴. The reasons for not supporting the inclusion of regulators included:
- (a) this could create a potential overlap with the Advisory Council;
 - (b) the ASAF is successful because it is focused on technical accounting—it is better to retain the current focus of standard-setters and not to mix the membership of the group;
 - (c) the role of regulators extends beyond technical accounting and therefore they may not have the technical accounting knowledge of standard-setters; and
 - (d) dialogue with regulators should be maintained.

Other comments

- D11. A member asked how the IASB addressed potential conflicting views from ASAF members, or when there are differing views between ASAF members and investors. It was noted that the IASB is well versed in dealing with conflicting views.
- D12. There is a view that the ASAF could be used more effectively and that advice should be sought from the ASAF in advance of discussions with the IASB.

⁴ See paragraph 21 of this agenda paper.

D13. There was agreement (in response to the matter having been commonly raised in the responses) that the IASB should improve feedback to the ASAF on how it had made use of the advice provided.