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## Due Process of IASB – Draft Handbook of Consultative Arrangements

Dear Tom

GASB welcomes the opportunity to comment on the due process of IASB as proposed in the Draft Handbook of Consultative Arrangements.

Issuing a handbook of consultative arrangements clearly signals IASB's responsiveness to criticisms voiced in the past. Now IASB will be judged against the expectations raised with the concerted action of constitutional change, handbook of consultative arrangements, IFRIC's review of operations, and the Memorandum of Understanding on the role of accounting standard-setters and their relationship with the IASB.

The due process leaves some flexibility by including non-mandatory procedures. While acknowledging the need for flexibility when setting the process for both complex and minor, but urgent issues, GASB would welcome IASB's decision to use some of the non-mandatory procedure more frequently than in the past.

When setting the agenda the resource constraints seem to be seen only in staff availability. One factor not available unlimited is the Board's time for debating issues and finalising its deliberations. While staff resources can be increased by way of outsourcing, the Board's cannot.

As the first discussion paper has to be issued yet, there is no experience with the usefulness of preliminary views clearly marked as those of the authors and not the Board. The approval for publication by IASB might be seen as an endorsement. Without at least some notion of support by IASB discussion papers might not draw the comments necessary to build on for developing an exposure draft.

Field tests and field visits have not been employed except for Business Combinations Phase I and Performance Reporting. GASB sees these non-mandatory procedures contributing to producing standards that are understood, accepted and complied with;

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they help building a better communication with the constituents and confidence in standard-setting not being pursued in an ivory-tower.

If you would like any clarification of the above, please do not hesitate to contact me.

Yours sincerely,

Klaus Pohle



## Appendix

### Minor wording issues

- The text refers to partner standard-setters and other standard-setting organisations (paragraph 12), partner standard-setting bodies (paragraph 24), partner standard-setter (paragraphs 31, 32, 33, 39, 59, 84), liaison standard-setters (paragraphs 26, 80, 83), liaison bodies (paragraph 72): is there such a variety of arrangements with different rights and obligations attached?
- According to the constitution (paragraph 31 (d)(iv)), issuing a basis for conclusions is a non-mandatory step of the due process. However, paragraph 41 of the draft handbook states “and will be accompanied by a basis for conclusion and the alternative views” which rather suggests that the basis for conclusions has the same status as the mandatory issuance of dissenting opinions.
- The second sentence of paragraph 45 refers to changes from exposure drafts being posted on the website without any reference to the source or quality of such changes. Paragraph 76 is a little more explicit by giving as reason enhancing the transparency of the drafting process. Could the source and quality of changes be named: tentative decisions of the Board?
- In paragraphs 97 and 109 documents published for comment are listed: draft amendments to interpretations should be added; the amendment to SIC 12 will not remain the only case.
- Paragraph 105 refers to the format of round-table meetings being similar to that of SAC meetings; however, the operating procedures of the SAC do not include previously circulated questions which to our understanding would not be appropriate for SAC meetings.
- The size of the subheading “cost/benefit analysis” suggests a hierarchy below public hearings, possibly a typesetting error. Expanding the subheading by “cost/benefit analysis of standards” might better reflect the issue covered.
- In paragraph 109 first bullet point SAC should be added to the meeting schedules being published on the website as this is current practice already.