



<b>Project:</b>	<b>AASB Due Process Framework for Setting Standards</b>	<b>Meeting</b>	AASB September 2019 (M172)
		<b>Agenda Item:</b>	24
<b>Topic:</b>	<b>Policy paper</b>	<b>Date of Agenda Paper:</b>	10 September 2019
<b>Contact(s):</b>	Kris Peach <a href="mailto:kpeach@asb.gov.au">kpeach@asb.gov.au</a> 03 9617 7615	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Revised policy paper

### Objective of this agenda item

- 1 The objective of this agenda paper is to obtain the Board's approval of the revised *AASB Due Process Framework for Setting Standards*, which sets out the principles for the AASB setting Standards, based on strategic international influence, transparency, appropriate consultation and accountability.

### Attachment

Agenda Paper 24.2      *Revised AASB Due Process Framework for Setting Standards*

### Reasons for the Board to consider this paper at this meeting

- 2 The *AASB Due Process Framework for Setting Standards* sets out the minimum steps that the AASB must take to ensure that the accounting and external reporting Standards and guidance it develops, issues and maintains are principle-based, meet the needs of external report users and are capable of being assured and enforced.
- 3 The revised *AASB Due Process Framework for Setting Standards* is intended to be part of a suite of AASB policy documents that explain how the Board goes about its work.
- 4 The revised Framework is a replacement of the *AASB Policies and Processes* document (March 2011). The revised document incorporates changes such as a formal process of FRC signoff, shortening of an interpretation process, a complaint process, and guidance regarding educational support. The revised Framework document has eight questions for Board members' response.

### The proposed *AASB Due Process Framework for Setting Standards*

- 5 The Framework covers the development of Australian Standards based on the International Accounting Standards Board (IASB) Standards (IFRS Standards) or International Public Sector Accounting Standards Board (IPSASB) Standards and those developed domestically.

6 The Framework would operate in conjunction with the AASB and the AUASB *Board Charter (Charter)*, *The AASB’s For-Profit Entity Standard-Setting Framework* and *The AASB’s Not-for-Profit Entity Standard-Setting Framework*. The *AASB Due Process Framework for Setting Standards* sets out principles for how the Standards are set.

<b>Questions to Board members</b>	
Q1	Do Board members have any comments on the revised <i>AASB Due Process Framework for Setting Standards</i> ?
Q2	Do Board members approve for consultation with Financial Reporting Council and then external consultation?

**Next steps and timeline**

- 7 If the Due Process Framework is approved, staff will prepare an updated proposed *AASB Due Process Framework for Setting Standards* document incorporating Board members’ comments.
- 8 If the Board approve consultation with Financial Reporting Council and then external consultation then the document will be formally sent to the Financial Reporting Council for comments at its next meeting, on 6 November. Any substantive issues would be brought back to the Board, for consideration.
- 9 If the Board approves external consultation, then a standard comment period of three months would be appropriate. This comment period was adopted in 2017 for the Invitation to Comment on the draft for-profit and not-for-profit entity standard-setting frameworks.
- 10 The following timeline will apply if the Board approve for consultation with Financial Reporting Council and then external consultation:

Task	Date
Staff will prepare an updated proposed <i>AASB Due Process Framework for Setting Standards</i> document incorporating Board members	19 September - 21 October
Staff will send it to the Financial Reporting Council for their comments for their meeting on 6 November	21 October
Staff will publish for external stakeholder feedback	13 November – 13 February
Staff to provide a summary of feedback to the Board	Mailout for March 2020 Board meeting
Board to discuss the feedback	March Board meeting
Revised draft to be prepared – next steps per Board decision	Subsequent to the Board meeting

<b>Question to Board members</b>	
Q3	Do Board members support the next steps and timeline?