



Project:	Post-Implementation Reviews	Meeting:	M190
Topic:	Project update	Agenda Item:	9.1
		Date:	5 September 2022
Contact(s):	Kim Carney kcarney@asb.gov.au Patricia Au pau@asb.gov.au Carmen Ridley cridley@asb.gov.au	Project Priority:	Medium
		Decision-Making:	Low
		Project Status:	Project update

Objective of this agenda item

- 1 The objective of this agenda item is to provide the Board with an update on the Post-Implementation Reviews (PIR) of domestic Australian Accounting Standards, including Interpretations.

Attachments

Agenda paper 9.2	NFP domestic PIRs – Summary of feedback on certain NFP topics
Agenda paper 9.3	NFP domestic PIRs – Summary of findings from academic and non-academic literature reviews
Agenda paper 9.4	Cover Memo – NFP domestic PIR draft Invitation to Comment (ITC)
Agenda paper 9.4.1	Draft ITC: PIR of Income of Not-for-Profit Entities
Agenda paper 9.4.2	Draft ITC: NFP Post-implementation Review of control and consolidation, the definition of a structured entity, related party disclosures by public sector entities and special purpose financial statements basis of accounting – compliance with Australian Accounting Standards

Background and reasons for bringing this paper to the Board

- 2 At the September 2021 meeting, the Board considered a detailed [PIR process](#) and [work plan](#) for the domestic PIRs to be carried out over the 2022–2025 period. As most recent Standards issued by the Board have not been subject to a formal PIR process, the Board considered for each Standard currently on issue:
 - (a) whether undertaking a PIR was appropriate, and if so,
 - (b) the expected timing.
- 3 As discussed at that meeting, the [AASB Due Process Framework for Setting Standards](#) sets out high-level steps for performing a PIR, supplemented by post-implementation evidence-informed activities outlined in the [AASB Evidence-Informed Standard-Setting Framework](#). However, the more detailed process being developed by the Board will support the consistent application of the domestic PIR process.

- 4 Following the September 2021 meeting, staff commenced various PIRs, and in May 2022, the Board considered a revised timeline for certain PIRs. This paper provides Board members an update on the overall PIR project (see Table 1).

Project update

	<i>Status</i>
<p><i>Not-for-profit (NFP) domestic PIRs (Category 1 in Table 1) addressing the following topics:</i></p> <ul style="list-style-type: none"> • Income; • Control/consolidation; • Definition of a structured entity; • Related party disclosures; and • SPFS basis of accounting – compliance with Australian Accounting Standards. 	<p><i>Commenced and on schedule.</i></p> <p><i>The overall project remains on schedule to be completed by the end of 2023 to comply with OBPR requirements.¹</i></p>

- 5 The NFP domestic PIRs have commenced. To date, staff have:
- (a) reviewed original project documentation and collated the issues we are already aware of in respect of all topics noted above;
 - (b) undertaken a literature review to identify any relevant academic research and other non-academic literature on all of the topics noted above; and
 - (c) gathered initial feedback from targeted stakeholders for all topics noted above (except income).²
- 6 Agenda Paper 9.2:
- (a) considers and analyses implementation and application matters which have been brought to staff’s attention via the initial targeted outreach;
 - (b) analyses implementation and application matters of known issues that staff were previously aware of;
 - (c) asks the Board to decide which matters should be included in the Invitation to Comment (ITC).
- 7 Agenda Paper 9.3 provides an overview of academic and non-academic papers relevant to the NFP domestic PIR topics.
- 8 Draft Invitations to Comment are set out in Agenda Paper 9.4.1 and 9.4.2. Staff are seeking direction from Board members regarding the content to be included in the ITC.

	<i>Status</i>
<i>AASB 1059 PIR (Category 2 Part B in Table 1)</i>	<i>Commenced and on schedule</i>

- 9 At the August 2022 meeting, the Board considered a working draft of the ITC and formed a subcommittee to finalise the ITC out of session. After the August 2022 meeting, staff received comments from stakeholders on that working draft.

1 To meet OBPR requirements, the PIR of the Standards covered by the income topic must be completed within 5 years of implementation. Staff consider the date of implementation of a pronouncement to be its mandatory effective date, which for the Standards covered by the income topic was 1 January 2019.

2 As previously communicated with the Board, gathered initial feedback from targeted stakeholders relating to income of NFP entities as part of the Board’s narrow-scope project on that topic

- 10 Staff are in the process of updating the ITC to address comments from the Board and stakeholders. The ITC is expected to be published on schedule by the end of September 2022³ for a 150-day comment period.

	<i>Status</i>
<i>Public Sector PIR including AASB 1050, AASB 1051, AASB 1052, AASB 1004 and Interpretation 1038 (Category 2 Part A in Table 1)</i>	<i>Commenced and on schedule</i>

- 11 The Public Sector PIR has commenced. To date, staff have:
- (a) continued reviewing the Basis of Conclusions and other documents to understand the history of the pronouncements, including the reasons for their initiation;
 - (b) started developing possible areas for stakeholder feedback on the various pronouncements.

- 12 This PIR is not due to be discussed by the Board until Q1 2023.

<i>Other planned PIRs:</i> <i>Category 2 Part C in Table 1</i>	<i>Due to commence shortly and no delays are anticipated</i>
<i>Category 3 in Table 1</i>	<i>Not due to commence until Q2 2023</i>

- 13 In preparation for the commencement of the **Category 2 Part C** PIR, staff largely completed a preliminary literature review. As expected, staff did not identify any directly relevant academic research due to the topic covered in this category. However, staff did identify related research which is currently being considered. Staff have also planned the resourcing needs of the PIR to ensure it can be undertaken as planned.
- 14 As the **Category 3** PIRs are not due to commence for some time and as the Standards in this category have only recently become effective, staff have not yet scheduled the literature review or performed any work on these PIRs.
- 15 Staff do not anticipate any difficulties meeting the previously agreed timelines for these PIRs.

	<i>Status</i>
<i>Possible PIRs identified since September 2021</i>	<i>Further work required</i>

- 16 As noted in agenda paper 4.1 to the May 2022 meeting, feedback received on other projects has highlighted a need for a possible PIR of the requirements of certain Standards that the Board did not previously consider necessary. There have been no changes in the suggested staff actions in relation to these matters.⁴

3 At the August 2022 meeting, the Board agreed to some changes to the previously agreed timeline – to issue the ITC in September rather than August and to provide a 150-day comment period rather than 120 days. Those changes are not expected to affect the overall timeline for completing the PIR in Q2 2023.

4 Refer to [Agenda Paper 4.1](#) to the May 2022 meeting.

Project timeline and milestones

17 Table 1 sets out the timeline for all planned domestic PIRs.

Table 1

Legend:

<p>CATEGORY 1 – Highest priority (NFP) NFP domestic PIRs addressing NFP:</p> <ul style="list-style-type: none"> Income; Control/consolidation; Definition of a structured entity; Related party disclosures; and SPFS basis of accounting – compliance with Australian Accounting Standards. 	<p>CATEGORY 2 – Medium priority (public sector) PART A</p> <ul style="list-style-type: none"> AASB 1050 AASB 1051 AASB 1052 AASB 1004 Interpretation 1038 <p>PART B</p> <ul style="list-style-type: none"> AASB 1059 	<p>CATEGORY 2 – Medium priority PART C</p> <ul style="list-style-type: none"> AASB 1056 Interpretation 1019 	<p>CATEGORY 3 – Lower priority</p> <ul style="list-style-type: none"> AASB 2020-2* AASB 1060* <p>* Staff note that this timing may change, subject to the IASB’s Subsidiaries without Public Accountability: Disclosures project</p>	<p>BM = Board meeting**</p> <p>TOR = targeted outreach only</p> <p>** Staff note that the timing of Board meetings are yet to be decided. As such indicative timing may change slightly</p>
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Suggested activities	Completed	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Planning													
1. Review of original project documentation (e.g. RIS and Basis for Conclusions).													
2. Collation of issues the Board are aware of.													
3. Academic research:													
• Identify potential researchers to review existing academic literature and assist with new research.													
• Collate relevant research and summarise.													
4. Seek preliminary feedback from targeted stakeholders (e.g. regulators, professional bodies, advisory panels, preparers and practitioners). Review feedback received.													
5. Prioritise issues from the planning phase to determine the scope of the consultation document.													
6. Discuss steps 1-5 with the Board.													

Suggested activities	Completed	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Outreach													
7. Draft consultation document.													
8. Discuss consultation document with the Board and the Board approve for issue.		Approve OoS via sub-committee	Approve OoS (Oct) ⁵		BM				BM				
9. Undertake general and targeted outreach to seek stakeholder feedback.		After Oct			TOR	TOR							
Consideration of feedback and next steps													
10. Consultation comment period closes.				End Mar									
11. Review and summarise responses received from consultation document and outreach. Perform follow-up procedures where appropriate.				End Feb									
12. Identify possible 'next steps' to respond to findings in conjunction with the AASB Evidence-Informed Standard-Setting Framework .													
13. Discuss feedback and possible next steps with the Board.				BM		BM		BM	BM			BM	
14. Prepare a feedback statement, discuss it with the Board and publish the feedback statement.					BM		BM		BM				BM

Question for Board members

Q1: Do Board members have any comments on the project update?

5 The NFP FRF project discussion paper is expected to be issued in September 2022, with a six-month comment period. Although the NFP PIRs consultation paper is expected to be issued in October 2022, staff intend to align the outreach for both consultation documents where possible as the consultation periods overlap.