



Grupo Latinoamericano  
de Emisores de Normas  
de Información Financiera

Group of Latin American  
Accounting Standard Setters

July 29, 2019

## **IFRS Foundation**

7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

### **RE: ED–Proposed amendments to the IFRS Foundation Due Process Handbook**

Dear members of the IFRS Foundation:

The “Group of Latin American Accounting Standard Setters”<sup>1</sup> – GLASS welcomes the opportunity to comment on the Exposure Draft of Proposed amendments to the IFRS Foundation Due Process Handbook (the ED).

#### **Due Process**

The discussions regarding the ED were held within a specified Technical Working Group (TWG) created in May 2019. All country-members had the opportunity to appoint at least one member to participate in this TWG. Each standard setter represented in the TWG undertook different tasks in their respective countries (e.g. surveys, internal working groups). All results were summarized, and this summary was the platform for the TWG discussion process.

The TWG discussed the different points of view included in the summary during several conference calls. In those calls the TWG developed a final document on the basis of the agreed-upon responses and the technical points of view of its members. Finally, the TWG document was submitted to and approved by the GLASS Board.

#### **Overall Comments**

It is worth mentioning that this project is purely administrative, without technical issues to address. In general, all country-members support the focus of the project of the Due Process Oversight Committee (DPOC) to formalize and clarify the due process procedures included in the Due Process Handbook (DPH).

This is particularly important with respect to Agenda Decisions (AD), which have recently significantly increased in numbers and frequency. We believe it is very important that the Board emphasize that ADs do not add or change requirements in IFRS standards and do not represent rules or interpretations of IFRS, since the IASB itself states that ADs should be seen as “helpful, informative and persuasive”, which has resulted in some incorrectly believing that they in fact do add or change requirements in IFRS standards. All but one of the country-members agree with the recommendation that the DPH provide the Board with the ability to publish its own ADs, thereby formalizing the guidance and clarifications of IFRS that it publishes often in a very informal and inconsistent manner. The dissenting country-member is not convinced that the

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<sup>1</sup> The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Vice Chairman), Bolivia, Brazil (Chairman), Chile (Board), Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).



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benefits of providing the Board with the ability to publish its own ADs exceeds the potential confusion that could result from expanding the database of information to be studied and considered to make accounting decisions.

**Specific Comments**

Attached please find our specific responses to the questions presented in the ED.

**Contact**

If you have any questions about our comments, please contact [glenif@glenif.org](mailto:glenif@glenif.org).

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Eduardo Pocetti".

**Eduardo Pocetti**

Chairman

Group of Latin American Accounting Standard Setters (GLASS)



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### Question 1– Effect Analysis

The DPOC proposes to amend the section ‘Effect analysis’ to:

- embed explicitly the process of analysing the effects throughout the standard-setting process;
- explain the scope of the analysis;
- explain how the Board reports the effects throughout the process; and
- differentiate the effect analysis process from the final effect analysis report.

Do you agree with these proposed amendments?

With respect to the Effect Analysis (EA), there is general approval of the changes proposed by the IASB with respect to clarifying the process for the preparation of EAs, including continuing the practice of separately publishing EAs when a major new standard or amendment is issued, while for other new requirements the IASB could continue presenting its comments on the anticipated effects as part of the Basis for Conclusions.

The only recommendation we have is that the EA should not only be carried out throughout the development of the standard, but substantive EA results should also be published on a timely basis (during the process) so that interested parties can take them into account when responding to Discussion Papers and Exposure Drafts of the standards.

### Question 2– Agenda Decisions

The DPOC has proposed the following amendments relating to agenda decisions:

- to provide the Board with the ability to publish agenda decisions;
- to better explain the objective and nature of explanatory material in an agenda decision; and
- to reflect in the Handbook that an entity should be entitled to sufficient time both to determine whether to make an accounting policy change as a result of an agenda decision, and to implement any such change.

Do you agree with these proposed amendments?

With respect to Agenda Decisions (AD), we observed complete agreement with proposal to clarify the objective and nature of explanatory material in an AD, to make perfectly clear that ADs do not add or change requirements in IFRS standards. We believe that it is very important to clarify that ADs do not add or change requirements in IFRS standards and do not represent rules or interpretations of IFRS, since the IASB itself states that ADs should be seen as “helpful, informative and persuasive”, resulting in some believing that they in fact do add or change requirements in IFRS standards. The increased exposure and publication of ADs has given them increased visibility and requires preparers to take them into account, thereby significantly increasing the time to study the new guidance.

With respect to providing the Board with the ability to publish its own ADs, the consensus of the



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country-members is to recommend that the DPH provide the Board with such ability, thereby formalizing the guidance and clarifications of IFRS that it publishes often in a very informal and inconsistent manner. Despite the fact that the Board is not expected to publish ADs as frequently and the Interpretations Committee, the consensus of the country-members is that it would be a good idea to provide the Board with the ability to publish its own ADs.

However, one country-member is not convinced that the benefits of providing the Board with the ability to publish its own ADs exceed the potential confusion that could result from expanding the database of information to be studied and considered to make accounting decisions. It believes that the Board should share its concerns with the Interpretations Committee for its consideration and, as needed, communicate its clarifications and decisions via modifications of the *Basis for Conclusions* or illustrative examples in the standards.

### Question 3—Other Matters

The DPOC has proposed to amend the Handbook on other matters including:

- the type of review required for different types of educational material;
- consultation in connection with adding projects to the Board’s work plan;
- clarifications of the IFRS Taxonomy due process and Taxonomy updates and the role of the DPOC in overseeing Taxonomy due process.

Do you agree with these proposed amendments?

With respect to the other matters addressed in the ED, all country-members agree with the proposals.

As far as educational materials, we believe it would be appropriate to clarify the type of review required for the different types of educational materials. There was agreement that the updating of the preparation of educational materials, adapted to new information technologies for education and delivery, materials that use digital graphics, will improve reader comprehension and will give dynamism to the presentation of written material, summarized in high quality concrete content for the digital delivery of media information.

With respect to the procedures for adding projects to the Board’s work plan, we agree with the proposal to require the Board to consult before formally adding a major project to its work plan, if such project was not specifically contemplated in the most recent agenda consultation. Additionally, we believe it would be highly advisable to explain and justify when a project is transferred from the investigation program to the standard development program.

Finally, we agree with the proposals to clarify the due process for the IFRS Taxonomy.

### Question 4—Consequential amendments to the IFRS Foundation Constitution

The Trustees of the IFRS Foundation have proposed to amend the IFRS Foundation Constitution as a



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result of the proposed amendments to the Handbook relating to the role of the IFRS Advisory Council.

Do you agree with these proposed consequential amendments?

We support the proposal to amend the IFRS Foundation Constitution as a result of the proposed amendments to the Handbook relating to the role of the IFRS Advisory Council.