AcSB Standard-setting Due Process Manual

March 2026

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Introduction

1. This document sets out the due process that the Canadian Accounting Standards Board (AcSB) follows in setting financial reporting standards. It guides the AcSB staff on performing the required due process activities and informs the public on how the Board sets standards and how they can participate in the process.

2. The AcSB is an independent body with the authority to establish accounting standards for use by all Canadian entities outside the public sector. It is directly accountable to the Reporting and Assurance Standards Oversight Council (Oversight Council) for its performance in fulfilling its mandate, including the adherence to due process. This Due Process Manual provides the Oversight Council with a basis for holding the Board accountable for the due process procedures that it follows in practice.

Standard-setting Due Process

3. The AcSB's due process is built on its Terms of Reference and Statement of Operating Procedures, and is based on the following principles:

   (a) transparency: conducting its standard-setting process in a transparent manner;

   (b) consultation: considering the perspectives of those affected by Canadian financial reporting standards; and

   (c) accountability: analyzing the potential effects of its proposals on affected parties and explaining the rationale for the Board's decisions when developing or changing a standard.

4. The AcSB determines the content of the CPA Canada Handbook – Accounting (the Handbook), applied by private sector entities that prepare financial statements in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP encompasses four separate frameworks:

   (a) IFRS® Accounting Standards – Part I of the Handbook:
   Publicly accountable enterprises apply these standards. They may also be applied by private enterprises and not-for-profit organizations (NFPOs).

   (b) Accounting Standards for Private Enterprises – Part II of the Handbook:
   Private enterprises may apply these standards. They may also be applied by NFPOs when applying the Accounting Standards for Not-for-Profit Organizations.

   (c) Accounting Standards for Not-for-Profit Organizations – Part III of the Handbook:
   NFPOs may apply these standards.

   (d) Accounting Standards for Pension Plans – Part IV of the Handbook:
   Pension plans, and benefit plans with characteristics similar to pension plans, apply these standards.

5. For purposes of this document, the term "standard" includes all material included in the Handbook, including IFRIC® Interpretations, which are included in Part I of the Handbook, and Accounting Guidelines, which are included in Part II of the Handbook.

Consultation and Communication

6. Consulting widely with interested and affected parties enhances the quality of financial reporting standards. This is why consulting the public and gathering feedback on documents for comment is an integral part of due process. During the AcSB's deliberations, feedback from interested and affected parties helps identify when additional effort is required.

7. The AcSB encourages communication with interested and affected parties by developing communication plans for public outreach. At every stage of its due process, the Board seeks information and views using various communication channels to maximize public input and transparency. The Board's objective is to reach a wide target audience through communication platforms such as roundtables, public meetings, social media, surveys and written responses to public consultation documents.

8. The AcSB posts summaries of its decisions online after each meeting. The decision summaries inform the public in a timely manner of progress on projects and compliance with due process.

Advisory committees and working groups

9. Another key source of consultation is advisory committees and working groups, which provide input and advice to the AcSB on a variety of matters and contribute to developing standards.

10. The AcSB works through its advisory committees and working groups to plan its projects, giving the Board access to additional practical experience and expertise. These committees and working groups are an important part of the Board's governance infrastructure, helping to maintain, develop and improve standards. The advisory committees and working groups assist the Board by:

    (a) giving advice and recommendations on standard-setting priorities and specific agenda projects; and

    (b) providing input from representatives from different communities, such as academia, preparers, accounting practitioners and financial statement users.

11. Each advisory committee or working group has terms of reference, setting out:

    (a) the committee's or group's objectives;

    (b) the AcSB's expectations of the members; and

    (c) the Board's responsibilities to the committee or group.

12. Once work on a project starts, AcSB staff consults advisory committees and working groups when it is beneficial to the project to do so. The staff informs committee and group members about the project's progress and reports the committee's and group's feedback to the Board.

Comments received from the public

13. Input and feedback are obtained from interested and affected parties and the public through various mechanisms including in-person and virtual roundtables, meetings, surveys, and comment letters, emails and other written feedback.

14. Comment letters play an important role in the AcSB's deliberation process because they provide public responses to a formal consultation. However, all feedback from respondents is considered equal regardless of the channel through which it is received. When considering all comments received, the Board reviews issues and related explanations that all respondents raise.

15. Feedback with strong analysis and supporting evidence is one of the bases for developing standard-setting options. The analysis of feedback may result in the AcSB doing additional outreach and analysis; for example, if the views of particular sectors are shared or divided. All comment letters that the Board receives are available on its webpage unless a respondent requests confidentiality.

Translation

16. The AcSB issues all its consultation papers, exposure drafts and standards simultaneously in both English and French. The Board adopts and applies a policy for the translation of published materials to ensure accessibility of critical materials in both official languages of Canada.

Due Process Applicable to IFRS Accounting Standards and Domestic Standards

17. The AcSB's standard-setting due process begins with its strategic plan. This plan sets out its multi-year policy objectives and is established after extensive consultations with interested and affected parties, including being exposed for public comment.

18. The AcSB applies due process to IFRS Accounting Standards and domestic standards. The level of effort required within the due process varies depending on the type of project. Some factors influencing the level of effort include:

    (a) the extent and significance of proposed changes;

    (b) the types of interested and affected parties involved (e.g., preparers and users);

    (c) the extent of consultation required to build acceptance; and

    (d) differing regional practices.

19. The AcSB carries out the following mandatory due process activities:

    (a) deliberates proposals in a meeting, except for an International Accounting Standards Board (IASB) narrow-scope proposal or an IASB package of minor improvements, provided all the AcSB members agree this is unnecessary due to the nature of the proposed change;

    (b) exposes a draft of any proposed new standard or amendments to a standard for public comment;

(c) provides an explanation of, and reasons for, key changes to existing standards and their expected effects in each exposure draft for domestic standards (IASB exposure drafts provide this information);

(d) conducts a consultation process and considers feedback received;

(e) considers whether to re-expose proposals related to domestic standards;

(f) publishes a basis for conclusions for final domestic standards;

(g) considers whether the IASB has appropriately followed its due process for new and amended IFRS Accounting Standards;

(h) publishes a separate document summarizing its endorsement activities undertaken for IFRS Accounting Standards;

(i) exposes a draft of a new strategic plan for public comment;

(j) consults the Oversight Council on strategic and operating plans, the technical agenda and work priorities;

(k) provides information to the public that is transparent; and

(l) responds on a timely basis to the concerns raised by interested and affected parties.

20. The AcSB considers undertaking the following significant due process activities and explains its reasons to the Oversight Council if they are not carried out. The Board:

(a) provides the minimum comment period for all documents issued for comment as set out in the relevant sections of this manual;

(b) conducts outreach in proportion to the topic through advisory committees and working groups, activities with interested and affected parties, and information sessions;

(c) re-exposes proposals for domestic standards when it is likely that re-exposure will reveal new concerns; and

(d) discusses whether to carry out a public consultation as part of its post-implementation review process for a new domestic standard or major amendment to a domestic standard after it has been effective for two years.

21. The AcSB is directly accountable to the Oversight Council for its performance in fulfilling its mandate, including its adherence to due process in the conduct of its activities. At each Oversight Council meeting, the Board reports on its compliance with due process.

Due Process Specifically Related to IFRS Accounting Standards

22. The AcSB has a shared goal among global standard setters of high-quality accounting standards that result in comparable financial reporting outcomes.

23. Early in the process and throughout the life of IFRS Accounting Standards projects, including post-implementation reviews, the AcSB influences the development of IFRS Accounting Standards. This is done by conducting research, raising awareness, providing opportunities for

interested and affected parties to express their views, responding to documents for comment on the IASB's proposals and leveraging roundtables and other discussions. The Board maintains a strong global presence on the international stage to enhance Canada's influence.

24. The AcSB's IFRS® Accounting Standards Discussion Group advises the Board, helping it influence the development of IFRS Accounting Standards and support their application in Canada.

25. The IFRS® Interpretations Committee is the IASB's interpretative body working to support the application of IFRS Accounting Standards. The AcSB supports the IASB's interpretation activities through its IFRS Interpretations Committee Member Support Group and other advisory committees or groups to ensure that Canadian views are considered during the development of IFRS Accounting Standards and IFRIC Interpretations.

Endorsing IFRS Accounting Standards

26. Newly issued new or amended IFRS Accounting Standards are not part of Canadian GAAP until the AcSB has endorsed and incorporated them into Part I of the Handbook. As a national standard setter, the Board has the authority to incorporate new or amended IFRS Accounting Standards into Canadian GAAP and does so only after performing its endorsement activities. The Board must apply its own processes before it comes to its own conclusions to endorse a new or amended IFRS Accounting Standard and incorporate it into the Handbook.

27. The IASB issues IFRS Accounting Standards according to its own rigorous due process. To be able to rely on the IASB's due process, the AcSB has put in place procedures to fulfill its responsibilities under its Terms of Reference. Staff monitors the IASB's activities to ensure that the IASB is following its due process. For example, staff may read IASB meeting agenda papers, monitor IASB meeting discussions, review other project-related material on the IASB's website and discuss issues with IASB members and staff. Staff raises to the AcSB any potential areas of concern.

28. The AcSB performs the following three steps before reaching a conclusion on whether a new or amended IFRS Accounting Standard is appropriate for application in Canada, and whether the Board should endorse and incorporate it into Part I of the Handbook:

    (a) Step 1: Gain an understanding of the new or amended IFRS Accounting Standard.

    (b) Step 2: Assess the IASB's due process in developing the new or amended IFRS Accounting Standard – This step includes assessing whether there are indications that the IASB did not meet its due process requirements.

    (c) Step 3: Evaluate whether the requirements of the new or amended IFRS Accounting Standard are appropriate for application in Canada – This step includes exposing the new or amended IFRS Accounting Standard for public comment in Canada and evaluating whether the IASB's proposals are appropriate for application in Canada based on feedback, including comment letters, from interested and affected parties (see paragraphs 31-32).

29. The AcSB considers any concerns raised by interested and affected parties when endorsing and incorporating new and amended IFRS Accounting Standards into Canadian GAAP. In

considering such concerns, the Board takes into account the perspectives of users, preparers, auditors of financial information, regulators and others. The Board carries out a balloting process, as described in paragraphs 33-36, to consider information obtained through these three steps and decide whether it is satisfied that due process has been followed and whether to endorse the new or amended IFRS Accounting Standard in Canada.

30. After following its due process, the AcSB may decide, based on whether it is in the Canadian public interest, not to endorse a new or amended IFRS Accounting Standard, to modify it when endorsing and incorporating it into Canadian GAAP, or to amend or remove a previously endorsed IFRS Accounting Standard. This is expected to be rare. On issues of particular importance, the Board communicates with the Oversight Council.

Consulting on IASB documents in Canada

31. The AcSB generally responds to all of the IASB's documents for comment. In developing a new standard or making major amendments to a standard, the IASB normally issues a discussion paper to consult interested and affected parties and solicit their comments on the proposals. As part of its due process, the AcSB promotes awareness of IASB discussion papers in Canada, and consults interested and affected parties, and its advisory committees and working groups for input.

32. When the IASB has issued an exposure draft, the AcSB Chair approves a corresponding "wraparound" exposure draft issued as part of the AcSB's endorsement process. The wraparound exposure draft asks for input on whether the proposed new or amended IFRS Accounting Standard is appropriate for application in Canada. The AcSB reviews responses to its wraparound exposure draft and other feedback received to identify any unique Canadian circumstances that might justify a departure from a proposed new or amended IFRS Accounting Standard.

Balloting

33. When the AcSB is ready to endorse a new or amended IFRS Accounting Standard and incorporate it into the Handbook, staff prepares documents to help the Board:

    (a) understand the new or amended IFRS Accounting Standard, including comments made by Canadians and the Board on the relevant IASB exposure draft and possible application challenges for Canadians;

    (b) consider the feedback on whether the new or amended IFRS Accounting Standard is appropriate for application in Canada; and

    (c) assess whether due process was followed.

    A vote in meetings or a written ballot outside of meetings is required to approve all decisions related to incorporating new or amended IFRS Accounting Standards into Canadian GAAP.

34. Prior to a ballot draft, the AcSB may direct staff to prepare a pre-ballot draft for review. Further drafts may be required if new issues arise during the review. After considering the results of these reviews and making appropriate revisions, the staff prepares the ballot draft for voting for approval.

35. The ballot draft of a new or amended standard is ready for balloting after all outstanding issues are resolved and the AcSB agrees to proceed. A balloting package includes:

    (a) a ballot form;

    (b) a memorandum summarizing major changes from the pre-ballot draft; or, when a pre-ballot draft has not been necessary, major changes from the most recent draft;

    (c) a summary of the due process activities undertaken by the Board in endorsing the IFRS Accounting Standard or finalizing the standard; and

    (d) a ballot draft, with marked-up changes from the preceding draft or a clean final draft.

36. AcSB members may vote in meetings on the questions set out in the ballot form or use the ballot form to record whether they assent to, or dissent from, the endorsement of a new or amended IFRS Accounting Standard in Canada, and whether they are satisfied that due process has been followed. The results of votes taken in AcSB meetings are documented in the minutes. Paragraphs 92-94 in the "Dissensions" section describe the process when a Board member dissents. The Board endorses a new or amended IFRS Accounting Standard into Canadian GAAP with an affirmative vote of two-thirds of all its members.

Procedures following endorsement and incorporation of an IFRS Accounting Standard into Canadian GAAP

37. The IASB issues a basis for conclusions for final IFRS Accounting Standards, amendments and IFRIC Interpretations. The AcSB issues a summary of its endorsement activities that:

    (a) discusses how the AcSB satisfied itself that the IASB followed its due process for a project;

    (b) identifies the consultation and other due process activities it undertook to determine that the new or amended IFRS Accounting Standard is suitable for application in Canada; and

    (c) incorporates the anonymous views of any dissenting AcSB member(s), as relevant.

    The AcSB may decide to issue a single document covering all new and amended IFRS Accounting Standards and IFRIC Interpretations incorporated into Canadian GAAP during a year.

38. The AcSB monitors new or amended standards after they are incorporated into Part I of the Handbook. For example, the IFRS Accounting Standards Discussion Group, which may advise the AcSB on proposed new and amended IFRS Accounting Standards, helps to identify implementation issues that the AcSB may recommend the IASB or the IFRS Interpretations Committee consider for interpretive or other action.

39. The AcSB also participates in IASB post-implementation reviews of IFRS Accounting Standards. The AcSB responds to IASB post-implementation review requests for information. As part of its due process, the AcSB promotes awareness of IASB post-implementation reviews in Canada, and seeks input from interested and affected parties, its advisory committees and working groups.

40. If the IASB issues editorial changes to previously issued IFRS Accounting Standards, the Director, Accounting Standards, informs the AcSB, which decides whether to discuss them at a Board meeting before incorporating the changes into Part I of the Handbook.

Due Process Specifically Related to Domestic Standards

41. The AcSB issues financial reporting standards for Canadian entities outside the public sector for private enterprises (Part II), NFPOs (Part III) and pension plans (Part IV). Domestic standards, Parts II-IV of the Handbook, are developed when the Board identifies an issue or a gap in the financial reporting standards.

42. Depending on the complexity and extent of change required in developing a new or amended standard, the AcSB categorizes the required level of change in domestic standard-setting projects as follows:

    (a) New standards:
    A new standard is developed:
    (i) to fill a gap in the existing framework; or
    (ii) when changes made to an existing standard are so significant that the existing standard is replaced.

    (b) Major amendments:
    Major amendments result in significant changes to standards. A significant change would cause a major change in practice; for example, a suggestion to change a fundamental or pervasive part of a standard would generally be a major amendment.

    (c) Narrow-scope amendments:
    Narrow-scope amendments address concerns about a specific aspect of a standard. These types of amendments would affect practice.

    (d) Package of minor amendments:
    Some proposed amendments are minor or narrow enough in scope to package together and expose in one document even though the amendments are unrelated (see paragraphs 60-61). These types of amendments may affect practice.

    (e) Accounting guidelines:
    Accounting guidelines set out how the existing Sections in Parts II to IV should be applied in specific cases or address other application issues or topics of concern with respect to financial reporting.

    The Board applies its judgment in considering the most appropriate approach to address the issues raised by interested and affected parties.

43. Due process procedures are applied to the different categories of domestic standard-setting projects and may be tailored depending on the type of change required. The various phases of the due process for domestic standard setting are set out below and described in subsequent paragraphs in further detail:

(a) setting the priorities;

(b) publishing a consultation paper;

(c) publishing an exposure draft;

(d) finalizing a standard; and

(e) conducting a post-implementation review.

Setting the priorities

44. The first step in developing a new financial reporting requirement is to identify, assess and define the problem within the existing reporting practice. As part of this process, consultation is required. The AcSB may consult with its advisory committees and working groups and other interested and affected parties, or issue surveys.

45. When setting priorities to address issues related to financial reporting and adding to its active agenda, the AcSB considers the:

(a) relevance and importance to the primary users of financial statements;

(b) types of entities likely to be affected, and how pervasive or acute an issue is likely to be;

(c) possibility of developing a feasible standard-setting solution to address the issue, which includes considering existing guidance in the standards or other frameworks;

(d) quality of the standard or amendments to be developed relative to the Financial Statement Concepts;

(e) constraints on its resources and those affected; and

(f) input from its advisory committees and working groups.

Project proposal

46. The AcSB reviews project proposals based on information gathered during research and then makes formal decisions on whether to move projects to the standard-setting phase.

47. The AcSB evaluates the merits of a project to develop a new standard or amend an existing one based primarily on the benefits to financial statement users, while taking into account the costs of preparing the information in financial statements. The Board also considers whether there are sufficient resources to undertake a project, as well as available expertise.

48. If the AcSB decides that some issues require additional research, such issues may be considered as research projects and stay within the research phase.

49. A project proposal highlights key project issues to be addressed. It outlines the:

    (a) project scope;

    (b) type of project, whether a new standard or an amendment to a standard;

    (c) associated research;

    (d) potential benefits and costs;

    (e) resource requirements for the project;

    (f) evaluation of risks; and

    (g) estimated timelines to meet project milestones.

50. The project proposal helps the AcSB decide whether to undertake a standard-setting project. It determines the project category (see paragraph 42) to clarify the project's scope and to reduce the risk of committing resources to a project when other projects should have a higher priority.

51. After considering the nature of the issues and the level of interest among interested and affected parties, the AcSB approves the project proposal and works through its advisory committees and working groups to execute on the project. It may establish a project-specific working group. Regular discussions are held with relevant advisory committees and/or working groups to ensure that the issues are thoroughly considered and well-informed recommendations are made to the Board.

Consultation paper

52. A consultation paper for domestic standards in Parts II-IV of the Handbook is not mandatory within the due process. However, one may be issued for a new standard or major amendment to seek comments from interested and affected parties. The AcSB might conclude that a consultation paper is not necessary because it has sufficient input from its research, including consultations with the appropriate advisory committees and working groups, and other relevant parties, to proceed directly to an exposure draft. Narrow-scope amendments and a package of minor amendments proceed directly to an exposure draft.

53. A consultation paper:

    (a) defines the issues and the scope of a project;

    (b) identifies relevant financial accounting and reporting considerations;

    (c) discusses research findings and relevant literature;

    (d) includes alternative solutions to the issues being considered; and

    (e) presents the arguments and implications relevant to each.

54. When the AcSB has completed its deliberations and all mandatory due process requirements, it votes to have staff prepare the ballot draft of a consultation paper for approval. The balloting

process for domestic consultation papers is consistent with the process for IFRS Accounting Standards, as described in paragraphs 35-36. The Board approves publishing a consultation paper after an affirmative vote of two-thirds of all its members. Once approved, the consultation paper is open for a minimum 90-day comment period. When the comment period ends, staff analyzes and summarizes the feedback received. It might consult further with interested and affected parties to get more input. The Board reviews the analysis and summary to understand the feedback.

Exposure draft

55. Publishing an exposure draft is a mandatory step in the due process before issuing a new standard or amending an existing standard. An exposure draft is the AcSB's main mechanism for consulting interested and affected parties, and soliciting comments through roundtables, meetings, advisory committees and working groups, and written responses. It reflects specific proposals in the form of a proposed standard or amendment to a standard. An exposure draft also includes consequential amendments to other standards to maintain internal consistency of the complete set of standards. Insignificant changes to cross-references, terminology and other matters that are administrative in nature may be omitted from the exposure draft. The rationale behind the Board's decisions is included in a basis for conclusions that accompanies the exposure draft for new or amended standards.

56. When the AcSB has completed its deliberations and all mandatory due process requirements, it votes to have staff prepare the ballot draft of the exposure draft for approval. The balloting process for domestic standards is consistent with the process for IFRS Accounting Standards, as described in paragraphs 35-36. The Board approves the proposals in an exposure draft with an affirmative vote of two-thirds of all its members.

57. Explanatory information is included in the exposure draft. It helps readers understand the AcSB's rationale for the decisions it reached and improves the comment process.

58. The AcSB allows for a comment period generally between 30 and 90 days. However, the specific length of the comment period is decided by the Board considering the urgency, significance and complexity of the exposure draft and the length of time interested and affected parties need to consider and comment on the proposals. The following are the guidelines for exposure draft comment periods:

    (a) Exposure drafts proposing a new standard or major amendments to an existing standard would generally provide a comment period of 90 days.

    (b) Exposure drafts for a package of minor amendments and new accounting guidelines would generally provide a comment period of a minimum of 30 days.

59. When the comment period ends, staff analyzes and summarizes the feedback received and the results of other consultations, such as roundtables. The AcSB reviews:

    (a) written feedback received;

    (b) a summary of the comments received;

(c) feedback from other consultations; and

(d) an analysis of the major points.

In considering the input, the Board consults with its advisory committees and working groups as appropriate. To seek further comments and suggestions, the Board may conduct further consultations.

Exposure draft for a package of minor amendments

60. A package of minor amendments follows the same due process as other amendments to standards, except that they consist of unrelated amendments that are issued for comment in a single exposure draft. A basis for conclusions is not required for a package of minor amendments.

61. The justification for exposing unrelated improvements in one document is that such amendments are limited to changes that either clarify the wording in a standard or correct relatively minor unintended consequences, oversights or conflicts between existing requirements of standards. The amendments do not propose a new principle or a change to an existing principle, but they may change practice. Although consultation or outreach is not required for a package of minor amendments beyond the comment letter process, the AcSB may nonetheless choose to do so.

Finalizing a standard

62. The new or amended standard is drafted early in the process so that the AcSB can review the preliminary versions. The mandatory parts of a standard are:

(a) principles and the related application guidance;

(b) defined terms; and

(c) effective date and transition provisions.

63. A standard may have appendices that provide authoritative guidance, and illustrative examples and other material that are not authoritative.

64. When a new standard or amendment to a standard is issued, it is accompanied by consequential amendments to other standards as needed.

65. The final decision to issue, amend or withdraw a standard is made during AcSB meetings and confirmed by voting in AcSB meetings or written ballot outside AcSB meetings in line with its Statement of Operating Procedures.

66. Once the AcSB finalizes its deliberations, it approves issuing the final standard or amendment, subject to final drafting and the balloting process. The balloting process to finalize a new or amended domestic standard is consistent with the process for IFRS Accounting Standards, described in paragraphs 35-36. The Board approves the final standard or amendment with an affirmative vote of two-thirds of all its members.

Assessing whether re-exposure is warranted

67. Before approving a final standard, the AcSB decides, by formal vote, whether the proposals can be finalized or whether they should be re-exposed.

68. When deciding whether to re-expose, the AcSB:

    (a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;

    (b) assesses the evidence that it has considered;

    (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements, and actively sought the views of interested and affected parties;

    (d) considers whether the various viewpoints were appropriately discussed in the exposure draft;

    (e) assesses whether the revised draft includes any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the exposure draft;

    (f) considers what additional steps it has taken to consult with interested and affected parties since issuing the exposure draft (e.g., using advisory committees, working groups or targeted consultation can give the Board information that supports a decision to finalize a revised draft without re-exposure); and

    (g) considers whether it will learn anything new by re-exposing a revised draft.

69. If the AcSB is satisfied that the revised draft responds to the feedback and that it is unlikely that re-exposure will reveal any new concerns, it proceeds to finalize the proposed requirements. The reasons not to re-expose are described in the basis for conclusions prepared when the project is completed.

70. If the AcSB decides that re-exposure is necessary, the due process is the same as for the first exposure draft. The public comment period for such documents is normally a minimum of 60 days.

Effective date and transition

71. A standard, or an amendment to a standard, has an effective date and transition provisions. The mandatory effective date is set so that those applying the standard have sufficient time to prepare for the new requirements. The AcSB also considers the effect of the transition provisions on first-time adopters of Canadian financial reporting standards. This includes the interaction of the transition provisions with those in Section 1500, *First-time Adoption* in Part II of the Handbook and Section 1501, *First-time Adoption by Not-for-Profit Organizations* in Part III of the Handbook.

Basis for conclusions

72. A basis for conclusions accompanies exposure drafts for new or amended standards in Parts II-IV of the Handbook, other than for a package of minor amendments given their nature. A basis for conclusions is issued for all final standards including new or amended standards and for a package of minor amendments.

73. The AcSB explains the rationale behind its decisions in developing a proposal or changing a standard for private enterprises, NFPOs or pension plans in the basis for conclusions. The document includes:

(a) reasons for undertaking the project;

(b) alternatives considered and why the Board made the decisions reflected in the proposals or final standard;

(c) an effects analysis, including a discussion of the expected effects that the proposal or final standard will have on financial reporting, such as costs and benefits, with a conclusion that the benefits justify the costs;

(d) a summary of the significant issues raised by interested and affected parties on proposals and the reasons for the Board's decisions on these issues;

(e) reasons for not re-exposing the standard or amendments; and

(f) any dissenting views.

Publication

74. Before the AcSB issues a standard or an amendment to a standard, it decides what communications should be developed to promote awareness of the new standard or amendment.

Post-publication procedures and maintenance

75. After a standard is issued, the AcSB consults with its advisory committees and working groups, and other interested and affected parties to determine whether unexpected issues have arisen from the implementation of the standard and the potential effect of its provisions. If necessary, the Board considers amending the standard to clarify or address these issues (see paragraphs 79-91 on post-implementation review).

76. An issue can be identified through consultations or submissions from interested and affected parties. Whether an issue arises from implementing a new or amended standard, or from applying an existing standard, the AcSB uses its Guidance Framework to assess when to discuss the issue. The Board discusses an issue that meets the criteria set out below:

(a) the issue is prevalent;

(b) there is diversity in practice; and

(c) the accounting outcome will impact financial statement users' decisions.

77. If an issue meets the criteria, the AcSB seeks input from the relevant advisory committee or working group to understand the judgments involved in reaching an accounting conclusion

and decides whether to develop authoritative guidance, issue non-authoritative guidance or take no further action. A summary of the issues discussed and the Board's decision are included in the Board's decision summaries.

78. From time to time, there may be a need for an editorial correction to revise minor inaccuracies, including misspellings, mistranslations, numbering and grammatical mistakes. Such corrections do not alter the technical meaning of the text. These are made without exposure and with the approval of the Director, Accounting Standards. AcSB members are informed of any change and may request that these be discussed at a Board meeting before the change is made to the Handbook.

Post-implementation review

79. A post-implementation review assesses the effect of a new standard or major amendment and whether there are any significant unexpected changes to financial reporting or operating practices resulting from the application of the standard. The objectives of the assessment are to determine whether the standard is understandable and it is being applied as intended, and whether preparers are able to report the information reliably.

80. A post-implementation review commences post-issuance of a new standard or major amendment. The post-implementation review has three stages:

    (a) Stage 1 – Targeted consultation post-issuance of a new standard or major amendment that focuses on preparers and practitioners (see paragraphs 84-85).

    (b) Stage 2 – Targeted consultation post-effective date of a new standard or major amendment that focuses on financial statement users (see paragraph 86).

    (c) Stage 3 – Deciding whether public consultation is needed two years post-effective date (see paragraphs 87-91).

81. A post-implementation review is not a standard-setting project. However, the AcSB may decide to start a standard-setting project to amend a standard during or after any stage of the review to clarify or address any issues identified. In this case, the Board follows the same process as when it develops a new standard or amends an existing standard.

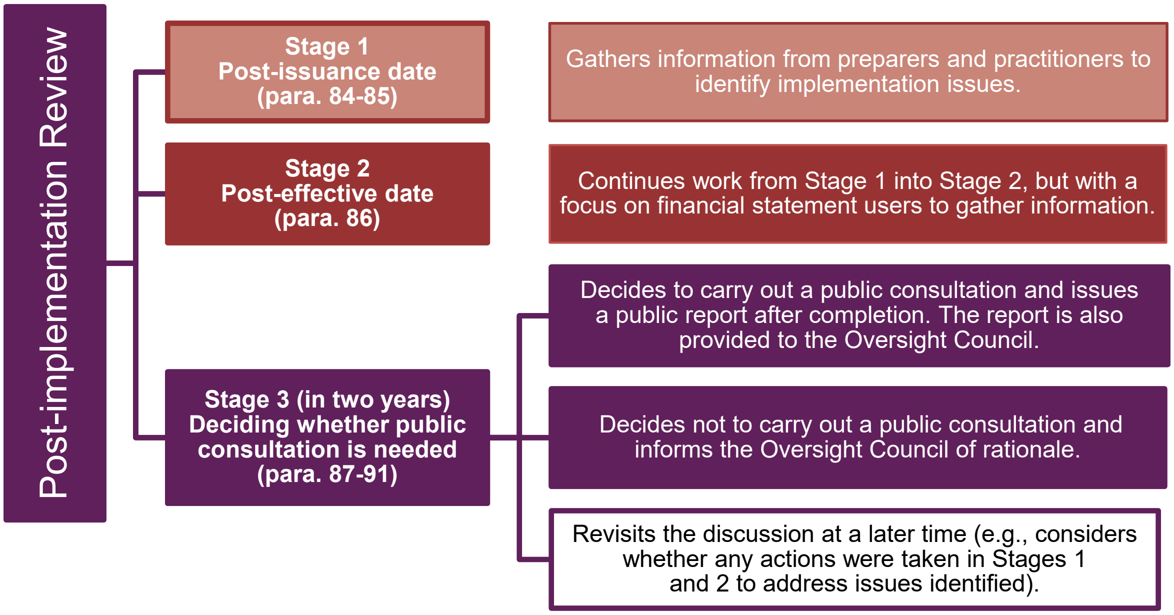
82. A post-implementation review gathers information to determine whether:

    (a) there are unexpected costs or challenges in applying the new standard or major amendment;

    (b) there are areas of the standard that represent interpretation challenges and, as a result, impair the consistent application of the new standard or major amendment; and

    (c) the new standard or major amendment applied to develop financial statement information is useful to users.

83. The diagram below illustrates the three stages of the post-implementation review. The diagram should be used in conjunction with paragraphs 84-91.



Stage 1: Targeted consultation post-issuance of a new standard or major amendment

84. After a new standard or major amendment is issued, the AcSB gathers information through targeted consultations with preparers and practitioners to determine whether there are any implementation issues in practice. The focus of the consultations is on gathering information from preparers and practitioners because the standard or amendment is not effective and therefore new information is not yet available in financial statements to users. Targeted consultations are primarily conducted through the Board's advisory committees and working groups, or via specific communication channels as appropriate.

85. The AcSB assesses an implementation issue identified using its Guidance Framework (see paragraphs 76-77) to determine what activities it needs to undertake to address the issue. The issue may be perceived as prevalent due to the initial implementation of the new standard or major amendment by preparers.

Stage 2: Targeted consultation post-effective date of a new standard or major amendment

86. After entities have prepared their financial statements applying the effective new standard or major amendment, the AcSB continues to conduct targeted consultations, but with a focus on financial statement users. The targeted consultations described in Stage 1 continue into Stage 2 to determine whether the standard is understandable and is being applied as intended, and whether preparers are able to report the information reliably.

Stage 3: Deciding whether public consultation is needed

87. Based on the information gathered during Stages 1 and 2, the AcSB decides whether to carry out a public consultation to review the effects of a new standard or major amendment. A public consultation is intended to gather information from a wider group of interested and affected parties. The Board makes this decision based on whether the information gathered during Stages 1 and 2 suggests there could be significant unexpected changes to financial reporting and operating practices resulting from the application of the standard.

88. The AcSB discusses whether to carry out a public consultation two years after the new standard or major amendment becomes effective. The Board may determine the need to revisit this discussion at a later time. One of the factors that the Board considers in revisiting this discussion is whether any actions were taken in Stages 1 and 2 to address the issues identified.

89. If the AcSB decides not to carry out a public consultation to review the effects of a new standard or major amendment, the Board informs the Oversight Council of its decision, providing the rationale behind it and confirming that the post-implementation review is concluded.

90. If the AcSB decides to carry out a public consultation, it normally allows a minimum of 90 days for comment. The Board considers the comments that it has received from the public consultation, along with the evidence and information that it has obtained from any additional analysis. When the Board completes its deliberations, it presents its findings in a public report and provides a copy of the report to the Oversight Council.

91. In addition to post-implementation reviews that respond to a new standard or major amendment, the AcSB may decide to conduct a review in response to changes in the financial reporting environment and regulatory requirements, or concerns about the quality of a standard that have been expressed by the Board's advisory committees and working groups, the Oversight Council or other interested and affected parties.

Due Process Considerations

Dissensions

92. An AcSB member who dissents during the balloting process does so on the entire document subject to the ballot. A dissenting Board member should make their views clear at a Board meeting, which are recorded in the minutes, or on the ballot form.

93. Disagreeing on one matter or issue within a document does not necessarily mean the AcSB member should dissent on that document. In deciding to dissent, a Board member considers the following factors:

    (a) For the endorsement of a new IFRS Accounting Standard or amendment, Board members dissent if they think the changes are not suitable for application in Canada.

(b) For domestic standard-setting projects, Board members dissent if they think the proposed or new requirements will not improve financial reporting.

94. In considering whether to dissent, an AcSB member is informed by the findings from outreach with all interested and affected parties and applies their judgment and experience to consider the likely effects of the document. This includes, but is not limited to, consideration of:

(a) the alignment to the underlying conceptual framework or financial statement concepts and other existing standards;

(b) whether the new requirements are in the public interest and result in an improvement to financial reporting;

(c) the burden to preparers compared with the benefits to users of financial statements; and

(d) for IFRS Accounting Standards and amendments, the views and underlying decisions of the IASB, and feedback on the AcSB's wraparound exposure draft.

95. If an AcSB member intends to dissent, they should indicate their intention at a Board meeting prior to the balloting process. This should include the justification for why they think the factors in paragraph 93(a) or (b), as relevant, have been met.

96. For domestic standards, dissenting views are incorporated into the consultation paper, or the explanatory information in the exposure draft or into the background information and basis for conclusions document for a final standard or amendment. For IFRS Accounting Standards, the dissenting views are included in the summary of the AcSB's endorsement activities. The dissenting views are included as views considered by the Board but are not separately identified as dissenting views of Board members.

Non-authoritative guidance

97. Non-authoritative guidance includes basis for conclusions and other guidance accompanying the standards.

98. Non-authoritative guidance also includes other material published on the AcSB's website such as its decision summaries, staff publications, webinars, videos and podcasts. The AcSB Chair and Director determine whether the Board should discuss and approve the release of such material.

Visuals

Due process – IFRS Accounting Standards and domestic standards

Parts I-IV of the Handbook

Oversight

The Oversight Council oversees and provides input to the AcSB on its activities. The Board is directly accountable to the Oversight Council for its performance and reports on its compliance with due process at each Oversight Council meeting

Due Process

The AcSB applies due process to both IFRS Accounting Standards and domestic standards

AcSB Strategic Plan

The due process begins with the strategic plan, which sets out the Board's multi-year policy objectives. The strategic plan is established after extensive consultation

Mandatory due process activities

(a) Deliberate proposals to change standards at AcSB meetings

(b) Expose a draft of any proposed new standard or amendments to a standard for public comment

(c) Provide explanations of, and reasons for, key changes to domestic standards

(d) Conduct a consultation process and consider feedback received

(e) Consider whether proposals to domestic standards need to be re-exposed

(f) Publish a basis for conclusions for final domestic standards

(g) Consider whether the IASB appropriately followed its due process for IFRS Accounting Standards

(h) Publish a separate document summarizing endorsement activities undertaken for IFRS Accounting Standards

(i) Expose a draft strategic plan for public comment

(j) Consult the Oversight Council on strategic and operating plans

(k) Provide information to interested and affected parties to ensure transparency

(l) Respond to the concerns raised by interested and affected parties on a timely basis

Other significant due process activities

(a) Provide the minimum comment period for all documents issued for public comment

(b) Conduct outreach with interested and affected parties that is proportionate to the topic

(c) Re-expose domestic standard proposals when it is likely that re-exposure will reveal new concerns

(d) Discuss whether to carry out a public consultation as part of its post-implementation review process for a new domestic standard or major amendment

Part I of the Handbook

1 Influence

The AcSB influences IFRS Accounting Standards developed by:

- Raising awareness of IASB standard-setting activities among Canadians
- Discussing issues arising from application of IFRS Accounting Standards through the IFRS® Accounting Standards Discussion Group
- Giving interested and affected parties a platform to share their views by communicating with the IASB and the AcSB
- Participating in IASB activities, such as roundtable events and advisory groups, to ensure Canadian perspectives are shared
- Discussing issues directly with IASB members and staff

2 Consult

The AcSB consults Canadians on IASB proposals by:

- Promoting and providing feedback opportunities on IASB discussion papers and exposure drafts
- Issuing AcSB exposure drafts corresponding to IASB exposure drafts
- Consulting advisory committees and working groups on IASB proposals

3 Endorse

The AcSB considers for endorsement new and amended IFRS Accounting Standards as issued by the IASB by:

- Understanding new or amended IFRS Accounting Standards
- Assessing whether the IASB met its due process requirement
- Evaluating whether the IASB proposals are appropriate for application in Canada

4 Post-implementation

The AcSB conducts and participates in post-implementation activities by:

- Responding to IASB post-implementation review requests for information
- Consulting Canadians on implementation challenges
- Consulting with the IFRS Accounting Standards Discussion Group

Parts II-IV of the Handbook

Awareness, outreach and education

1 *Set the priorities*

Identify, assess and define the problem within the existing reporting practice

2 *Release a consultation paper*

The AcSB may elect to get feedback early in the standard-development process via a consultation paper. The Board deliberates the feedback and consults with its advisory committees and working groups

3 *Issue an exposure draft**

A mandatory step to consult interested and affected parties before a new standard is issued or an existing standard is amended. The Board deliberates the feedback and consults with its advisory committees and working groups

* A single exposure draft is issued for a package of minor amendments that consists of unrelated amendments.

4 *Finalize a standard or amendment*

The publication of a final standard includes:

- An effective date and transition provisions
- A basis for conclusions
- Consultations with advisory committees and working groups on application to identify unexpected issues

5 *Post-implementation review*

A post-implementation review commences post-issuance of a new standard or major amendment. It has three stages:

- Stage 1 – Targeted consultation post-issuance of a new standard or major amendment
- Stage 2 – Targeted consultation post-effective date of a new standard or major amendment
- Stage 3 – Deciding whether public consultation is needed

Domestic Standards: Standard-setting Project Categories

- New standards
- Major amendments
- Narrow-scope amendments
- Minor amendments
- Accounting guidelines

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