

Technical Advisory Group Issue Paper

AGENDA ITEM: TAGED02-03
8 September 2021 – Online

Approach to developing the draft and final Guidance

Summary	The paper sets out the plan to deliver the draft Guidance and the pathway to the final Guidance.
Purpose/Objective of the paper	This paper proposes the pathway to delivering the draft and final Guidance. It proposes that the draft Guidance is developed in phases, with a specific set of topics covered in each phase. This will give more time to those topics that are likely to be more contentious.
Other supporting items	N/A
Prepared by	Karen Sanderson
Actions for this meeting	<u>Comment</u> on approach to developing the guidance.

Technical Advisory Group

Approach to developing the draft and final Guidance

1. Background

- 1.1 In earlier papers to the TAG, we outlined a timeline for the development of the Final Guidance, built on three stages: consultation paper, development of draft Guidance and development of the final Guidance. In these papers these stages were outlined as sequential stages with an Exposure Draft being issued at the end of the Guidance development leading to final guidance in early 2025.
- 1.2 Since this timeline was developed there we have had the opportunity to reflect on experiences to date in developing the Consultation Paper and to reflect on the feedback being received through outreach. This has identified the likelihood that some issues will be more difficult to resolve and may require more time. Additional time would put the project timeline at risk. As a consequence, we have examined an alternative path to delivering the Guidance.
- 1.3 All plans are based on the topics as set out in the Consultation Paper. Any plans will need to be adjusted should we decide on a different set of topics for inclusion in the Guidance.

2. Phased development

- 2.1 To deliver the draft Guidance, based on current proposals we would need to develop Guidance for 10 specific topics and also provide some guidance to underpin the approach being adopted and the principles behind the way in which the Guidance has been developed..
- 2.2 The project team has resource constraints in terms of the availability of suitably qualified staff to develop the guidance as well as funding constraints in terms of the timing and availability on contributions from donors. Any plans to draft and deliver the Guidance need to recognise these constraints. It also has the constraint of time, as Guidance has been promised for early 2025.
- 2.3 A sequential approach to developing the Guidance works from a resource and funding perspective, however, it is risky from a timing point of view. If we were to hit a major obstacle or point of contention in response to the Exposure Draft,

under the current timeline (Annex A) there would be limited time to address this and still release the final Guidance to the agreed timeframes.

- 2.4 As an alternative to developing the Guidance sequentially, I have examined delivering the project using a phased approach. This phased approach would have 3 smaller Exposure Drafts, containing a package of topics (Bundle) with an exposure period of 3 months for each. This alternative delivery plan is based on:

Bundle	Content	Release date
1	Guidance overview (principles etc) Non-exchange revenue Inventory held for use or distribution Measurement of non-financial assets held for their service potential	September 2022
2	Grant expenses NPOs acting on behalf of other entities Reporting entity	May 2023
3	Presentation of financial statements Narrative reporting Classification of expenses Fundraising costs	November 2023
	Final Guidance	April 2025

- 2.5 Under this alternative, developing the final guidance for those topics in bundle 1 will be being developed at the same time as draft guidance is being developed for bundles 2 and 3. This means that any major points coming back through the consultation on bundle 1 can be fed into the development of draft Guidance for the other topics as well as contributing to the final guidance. This is more iterative and needs to be carefully managed, but could demonstrate that the project is listening to issues being raised and would allow up to two years to resolve any issues arising from the first bundle. Non-exchange revenue could raise significant issues.
- 2.6 The content of each bundle tries to bring together linked topics and prioritise those topics that might have significant issues. This needs to be set against the work programme for the IASB and for IPSASB, where there is overlapping content. Particularly for IPSASB the timeline for non-exchange revenue is likely to fit with the proposed timeline. However, IPSASB's measurement project may be a risk to developing content for the Measurement of non-financial assets held for their service potential. With this risk there may be an opportunity to bring

forward Reporting Entity into Bundle 1, or expand Bundle 2 to four topics if the risk to delay crystallises.

- 2.7 Annex A contains the more detailed delivery plan. The packaging of the content has been developed to expose the potentially more difficult issues first and to allow cross reference between topics. The bundling also reflects the relative areas of expertise amongst the team and maximising their availability for specialist areas. Please note that the plan shows the elapsed time for each stream, which isn't necessarily reflective of the level of input as some workstreams will have more intense activities than others.
- 2.8 Another key aspect of this approach is that TAG meetings would most likely be roughly quarterly with an agreed plan of which topics will come to each meeting. Meetings may continue over more than one day depending on each agenda. A quarterly, planned schedule will allow additional meetings or subgroups if needed. The schedule of TAG meetings would be as follows:

	Topic 1	Topic 2	Topic 3	Topic 4
September 2021	Part 1 (high level)	Delivery plan	Guidance form	
October 2021	Analysis of consultation responses – Part 1	Stats on Part 2	Comebacks	
December 2021	CP Response Part 1			
April 2022	Landscape - Draft	Non-exchange revenue - Draft		
July 2022	Measuring non-financial assets for service potential - Draft	Inventory held for use or distribution - Draft	Comebacks	
October 2022	NPOs acting on behalf of other entities - Draft	Reporting entity - Draft		
January 2023	Grant expenses - Draft	Comebacks		
April 2023	Presentation of financial statements - Draft	Classification of expenses - Draft	Fundraising costs - Draft	Narrative reporting - Draft
July 2023	Measuring non-financial assets for service potential - Final	Comebacks		
October 2023	Inventory held for use or distribution - Final	Landscape - Final	Comebacks	
January 2024	Non-exchange revenue - Final	Comebacks		

April 2024	Reporting entity - Final	Comebacks		
July 2024	Grant expenses - Final	Classification of expenses - Final	Narrative reporting - Final	Comebacks
October 2024	Presentation of financial statements - Final	Fundraising costs - Final	Comebacks	
January 2025	Comebacks			
April 2025	Launch			

- 2.9 This approach leaves time to revisit issues and in the last quarter of plan to review the topics to ensure that they create a coherent set of Guidance.
- 2.10 This approach would help maintain momentum with stakeholders across the sector as there would be more frequent new content with which they could engage. This would keep the profile of the project high. Outreach will include the development of explainer videos as well as an event at which stakeholders can attend.

Question 1: What are the TAG's views on the phased approach? Does the TAG have any concerns on an approach where work is developed in parallel rather than sequentially?

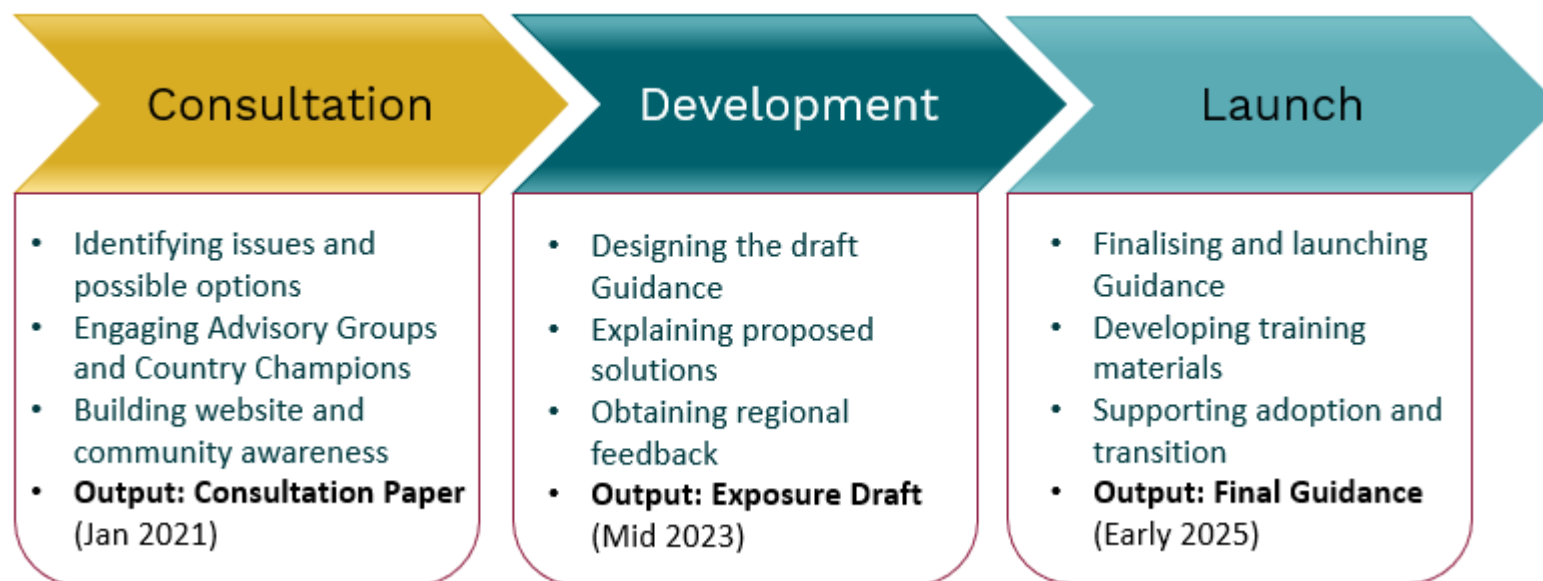
Question 2: What are the TAG's views on the packaging of topics for each of the bundles, particularly linked to the work of other standard setters?

Question 3: What are the TAG's views on how the TAG itself will operate over this period? Will the planned delivery approach cause any concerns or issues?

Question 4: Would members of the TAG be prepared to be part of working groups to help develop either the draft or final guidance?

September 2021

Annex A – Published timeline



Annex B – Alternative delivery plan

Resource plan to deliver Guidance

		2021				2022				2023				2024				2025			
		S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
Landscape	Phil																				
Non-exchange revenue	Paul																				
PPE	Sarah																				
Inventory	Sarah																				
Grant expenses	Paul																				
NPO's acting on behalf	Phil																				
Reporting entity	Karen																				
Financial statements	Karen																				
Classification of expenses	Sarah																				
Fundraising costs	Karen																				
Narrative reporting	Phil																				

Key

- Analysis of CP responses and drafting of Guidance
- Production of explainer videos and outreach
- Drafting of the final Guidance
- TAG meetings
- Launch of either draft or final Guidance



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