

31 August 2012

IFRS Foundation
30 Cannon Street
LONDON EC4M 6XH
United Kingdom
Email: CommentLetters@ifrs.org

Dear Sir/Madam

**SAICA SUBMISSION ON THE IFRS FOUNDATION CONSTITUTION –
*DRAFTING REVIEW: SEPARATING THE ROLE OF THE IASB CHAIR AND
THE EXECUTIVE DIRECTOR***

In response to your request for comments on the IFRS Foundation – *Drafting Review: Separating the role of the IASB Chair and the Executive Director*, attached is the comment letter prepared by Accounting Practices Committee (APC) of The South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of the APC, which comprises members from reporting organisations, regulators, auditors, IFRS specialists and academics.

We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely

Sue Ludolph
Project Director – Financial Reporting

cc: Paul O’Flaherty (Chairman of the Accounting Practices Committee)

SAICA SUBMISSION ON REVISIONS TO THE IFRS FOUNDATION CONSTITUTION

GENERAL COMMENTS

In our submission to the IFRS Foundation Monitoring Board on the consultative report on *The Review of the IFRS Foundation's Governance*, dated 8 April 2011, we commented on the proposal to separate the roles of the IASB Chair and the CEO of the IFRS Foundation as follows:

"We agree that these roles should be separated, but that the Trustees should be responsible for clarifying and separating the roles and responsibilities of the IASB Chair and the CEO of the IFRS Foundation and not the Monitoring Board. There should be a clear distinction between these roles, whereby the IASB Chair is responsible for standard setting activities and the CEO responsible for the day-to-day management and administration of the Foundation. At present the Constitution does not deal much with the role of the Foundation, as opposed to that of the IASB, and therefore any change would need to clarify the role and function of the Foundation as distinct from the IASB" and we continue to maintain this view.

Accordingly we support the proposed change to separate the role of the IASB Chair and the Executive Director. In addition, with the roles already having been split, we support the Trustee's view that it is essential that the IFRS Foundation Constitution (Constitution) be updated as soon as possible to reflect this change.

However, as noted above, we remain concerned regarding clarity as to the role and function of the Foundation in relation to operational issues. The current Constitution refers to the Trustees making operational arrangements to achieve the Foundation's objectives, including leasing premises (section 12), establishing or amending operational procedures for the Trustees (section 13(b)) and to *"establish and amend operating procedures, consultative arrangements and due processes for the IASB"* (section 15(f)), but no other clarity is provided regarding operational issues.

The proposed change to section 47 of the Constitution refers to both the IASB Chair and the Executive Director being responsible for overseeing operational decisions affecting the day-to-day management of the IFRS Foundation and its staff, but it is not clear which operational issues are the responsibility of these two positions. With the Executive Director reporting to the IASB Chair on standard setting activities and to the Trustees on all other matters, it is possible that conflicts could arise regarding these operational issues or there could be questions as to who is responsible for various issues. Accordingly we believe that there is merit in clarifying the respective responsibilities of the IASB Chair and the Executive Director for operational decisions in the Constitution at the same time as the other changes are made.

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