

Overview

1. At its meeting in June 2010 the Council decided to conduct a self-review of its performance. In addition to getting feedback from Council members, it was decided to send a questionnaire to IASB members and Trustees to obtain additional feedback from those groups. 11 responses were received from IASB members and four from Trustees. This represents a 73% response rate from the IASB and about 20% response rate from the Trustees. This paper presents the results of the IASB and Trustee responses to questionnaire. Due to how few responses were received from Trustees this paper analysis the responses of both groups together.

Overall responses

2. The IASB and the Trustees seem generally satisfied with how the Council operates. The main areas of concern seem to be the size of the Council and how the council is being utilised by the IASB and the Trustees and the interaction between the Council and IASB/Trustees.

Results

3. The questionnaires were divided into the following sections and the responses to individual question are discussed in more detail below;
 - (a) background information (paragraphs 4 – 6),

This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council of the IASB.

The views expressed in this paper are those of the authors.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretation Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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- (b) objectives and scope of activities of the Advisory Council (paragraphs 7 – 11);
- (c) membership (paragraphs 12 – 15);
- (d) operating procedures (paragraphs 16 – 23);
- (e) interaction with the IASB and the Trustees (paragraphs 24 – 31);
- (f) general (paragraphs 32 – 35);
- (g) other comments (paragraphs 36 – 43)

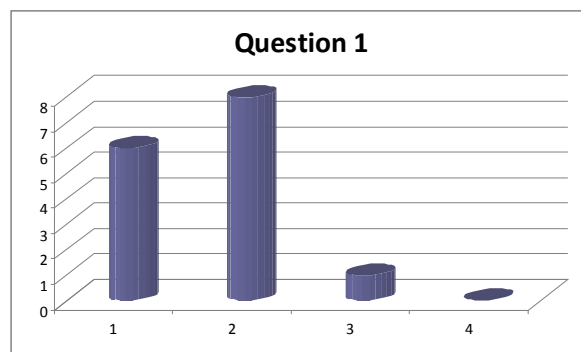
Background information

4. The first part of the questionnaire asked for background information on the respondents and whether they had attended Council meetings and how many. All the IASB members responding had attended Council meeting but only one Trustee. On average the respondents, that responded to this question, had attended about two meetings.
5. The questionnaire was set up to get the views of respondents based on their experience of the Council. It employed a rating graduation:
 - 1 = strongly agree;
 - 2 = agree;
 - 3 = agree somewhat, but needs improvement; and
 - 4 = strongly disagree
6. Respondents were also encouraged to provide comments on all aspects of performance, especially on the things they considered in need of improvement or were unhappy with. The following sections provide the result of answers to individual question in the questionnaire.

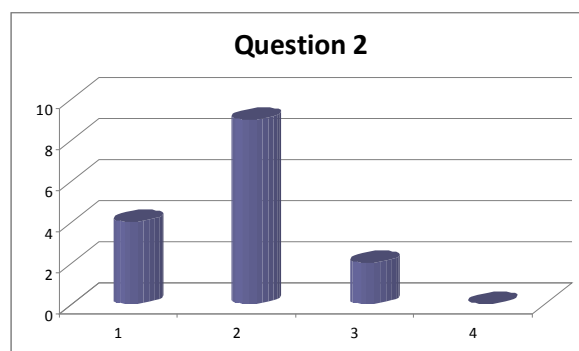
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Objectives and scope of activities of the Advisory Council (questions 1 – 4)

7. Respondents seem to find the objectives of the Council to be appropriate and that the activities of the Council are also appropriate to achieve those objectives.
8. Question 1 - *The Council understands the objectives and roles of the IASB and the Trustees and these are reflected in the Council's deliberations.* The average score for this question was 1.67 which indicates that the respondents generally agree with this and no respondent strongly disagreed, only one respondent agreed somewhat.

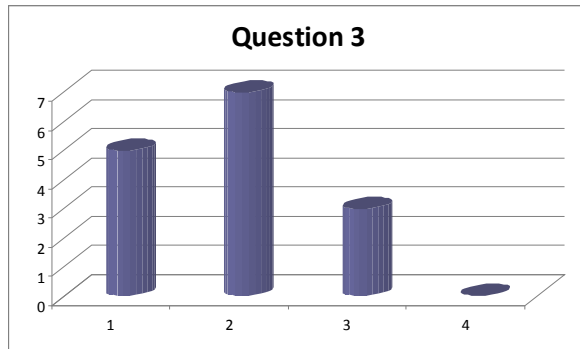


9. Question 2 - *The Council understands its advisory role relative to the roles of the Board and the Trustees.* The average score for this question was 1.87 which indicates that respondents largely agree that the Council understands its advisory role relative to the roles of the IASB and the Trustees. Only two respondents did not agree or strongly agree on this question. Comments on this question indicated concern over the Council taking formal votes on technical matters and concern that some Council members might inadvertently or deliberately seek to go beyond their mandate.

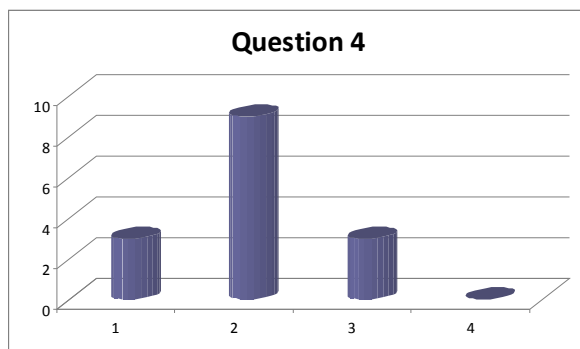


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10. Question 3 - *The Council’s stated objectives and scope of activities are appropriate to assist the IASB in fulfilling its role of serving the public interest.* The average score for this question was 1.87 which indicates that respondents think that the Council’s objective and scope of activities are appropriate. Only one respondent did not agree or strongly agree on this question.

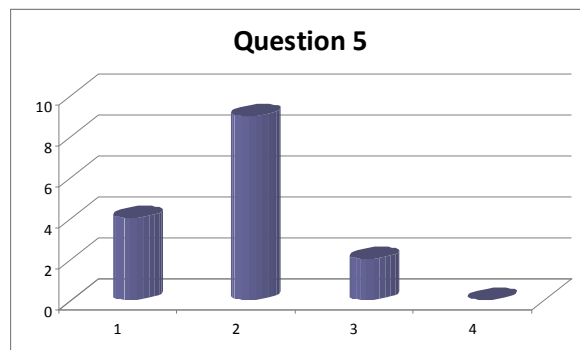


11. Question 4 - *The Council’s activities appropriately balance the three stated objectives.* The average score for this question was 2 which shows that respondents seem to agree that the activities of the Council balance its stated objectives. Three respondents think that these aspect of the Council’s activities need improvement. Comments on this question indicate that there is a feeling that the council should provide the IASB with an ‘early warning’ of where it will have problems with projects given the direction of IASB deliberations and that the council may be too focused on due process issues.



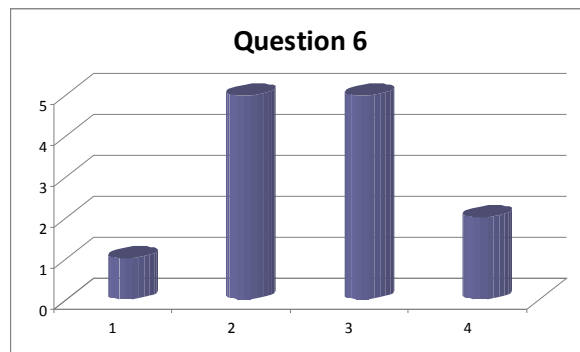
Membership (question 5 – 7)

12. Respondents seem to agree that representation within the Council is about right, there does however seem to be concern over the size of the Council and respondents seem to think that the Council may be too big to function as effectively as possible. A substantial part of the respondents does also think that the Council could be utilized better by the IASB and Trustees.
13. Question 5 - *The Council has a sufficiently broad range of collective expertise, experience and geographical representation to ensure its effective and efficient operation.* The average score for this question was 1.87 which indicates that respondents seem to think that the current composition of the Council is appropriate. Two respondents think that there is need for improvement on this aspect of the Council. Comments on this question show that respondents feel that having Council members represent organization is an improvement and that more public policy officers from key countries could and should be appointed to the Council.

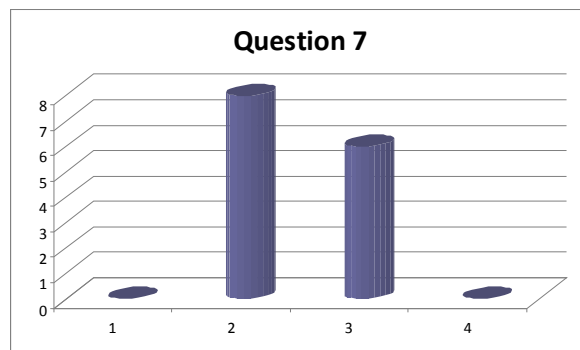


14. Question 6 - *The size of the Council is appropriate.* The average score for this question was 2.62 which indicates that majority of the respondents does not think that the current size of the Council is appropriate. Comments on this question show that some respondents think that the Council is too big and that size could limit its effectiveness. However, some respondents also say that the current size of the Council, which is quite big, is necessary to get the appropriate representation. One respondent was uncertain on this question.

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15. Question 7 - *The Council's experience and expertise are being utilized by the IASB and the Trustees on important issues.* The average score for this question was 2.43 which indicates that a big part of the respondents does not think that the Council is being utilized in the right way by the IASB and the Trustees. Comments on this question indicated that the IASB could and should make better use of the Council and that the interaction between the Council and the IASB is insufficient. One respondent was uncertain on this question.

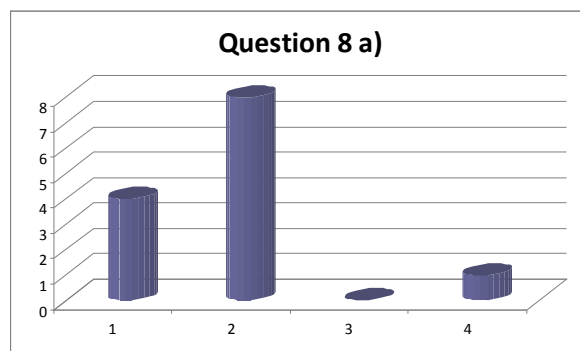


Operating procedures (question 8)

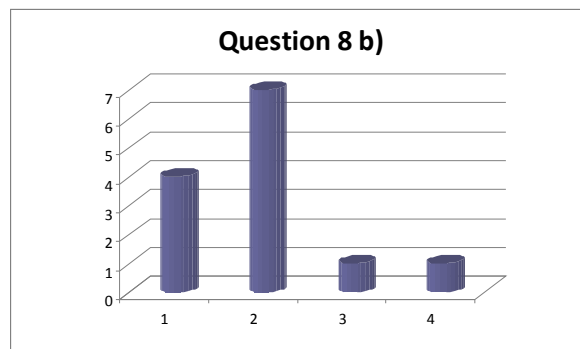
16. Respondents agree that the length and frequency of the Council's meetings is appropriate. They do however not agree that the Council resolves issues in a timely and effective manner, the view is however quite divided on this issue. As for the breakfast meetings, few respondents have actually attended these and it is therefore difficult to get a clear result on those questions.

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17. Question 8 of the questionnaire asked respondents about Council meetings and whether they thought that different aspects of the meetings were efficient and effective.
18. Question 8 a) - *Frequency*. The average score for this question was 1.85 which indicates that respondents are happy with the current arrangements where the Council meets three times each year. Two respondents were uncertain on this question.



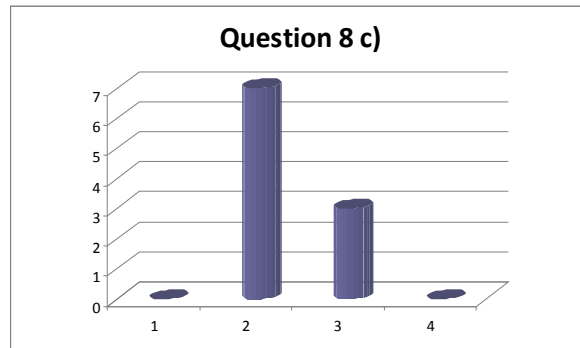
19. Question 8 b) - *Length*. The average score for this question was 1.92 which indicates that respondents generally think that the length of the meetings is about right. Two respondents were uncertain on this question.



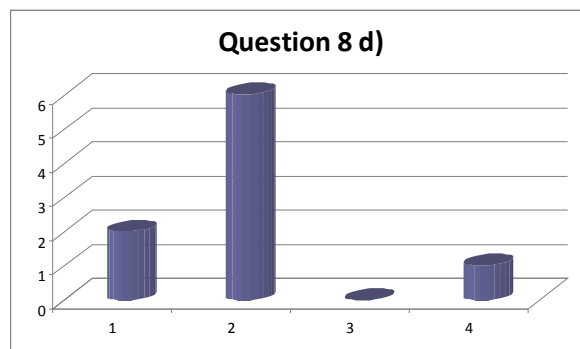
20. Question 8 c) – *Timely and effective resolution of issues*. The average score for this question was 2.30 which indicates that some respondents do not think that the Council resolves issues in a timely and effective manner, about quarter of the respondents think that this area needs improvement. Comments on this question show conflicting views as one comment says that the Council should

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not resolve issues while another says that the Council could be crisper. Four respondents were uncertain on this question.

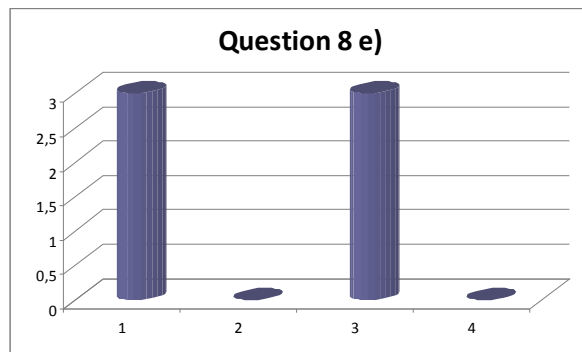


21. Question 8 d) – *Meeting notes reflect the significant activities and outcomes of Council meetings.* The average score for this question was 2 which indicates that respondents are generally satisfied with the meeting notes. Five respondents were uncertain on this question and one did not answer.

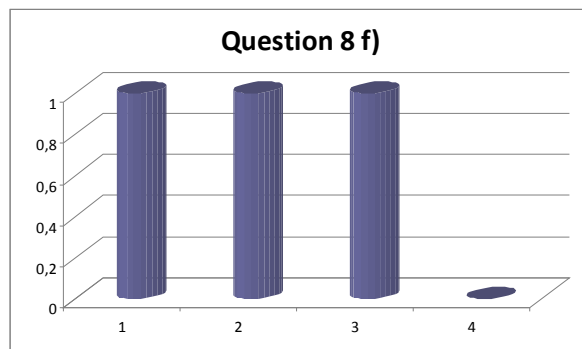


22. Question 8 e) - *Closed breakfast meetings for users are useful.* The average score for this question was 2 which indicates that respondents on average agree, however half of the respondents seems to think that these meeting need to be improved. Comments on this question are that they are somewhat a duplication of the activity of the Analyst Representative Group. Eight respondents were uncertain on this question and one did not answer.

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23. Question 8 e) - *Closed breakfast meeting for emerging markets are useful.* The average score for this question was 2 which indicates that respondents are on average satisfied with these meetings. Comments on this question were that respondents had not attended them. Nine respondents were uncertain on this question and two did not answer.



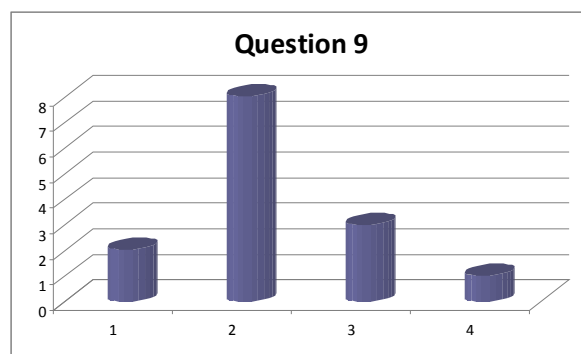
Interaction with the IASB and the Trustees (questions 9 – 15)

24. This sections deals with the interaction between the Council and the IASB and the Trustees. From the responses to the questions in this section it is clear that respondents think that this is an area that needs improvement. The thing that respondents think is in most in need of improvement is IASB members and Trustee participation in Council meetings. Other things that need improvement are that the Council is given a reasonable opportunity to provide views on standard setting projects and that the Council provides timely and comprehensive input on matters referred to it. Some respondents also seem to think that there is need for improvement regarding the Council's advice to the

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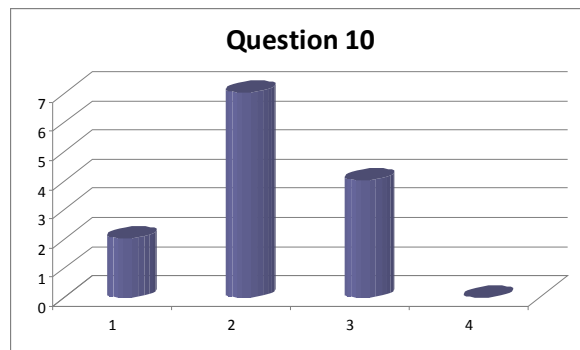
IASB and the Trustees and that the Council is not sufficiently responsive in dealing with financial reporting issues.

25. Question 9 - *The extent of attendance and participation of IASB members/Trustees in Council meetings is appropriate and effective.* The average score for this question was 2.21 which indicates that this is an area that respondents think is in need of improvement. Comments on this question show that respondents think that IASB members should attend all Council meetings if possible. It is also considered important that IASB members and staff that are attending the meeting communicate the message from the Council to the IASB. One comment said that IASB members should not attend the Council meetings. One respondent did not answer this question.

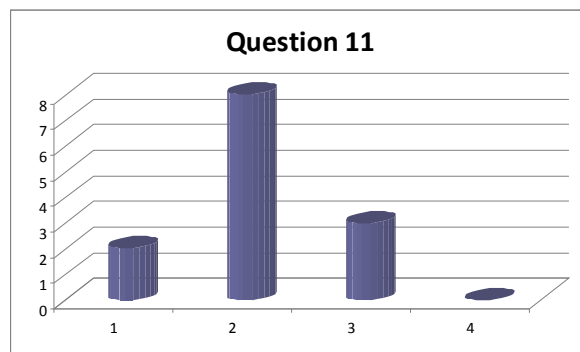


26. Question 10 - *The Council is given reasonable opportunity to provide views to the IASB on major standard-setting projects.* The average score for this question was 2.15 which indicates that this is an area in need of improvement. Comments on this question show that one respondent for instance thinks that some time presentations by IASB staff take too long and do not provide the Council with sufficient time to discuss issues. Two respondents did not answer this question.

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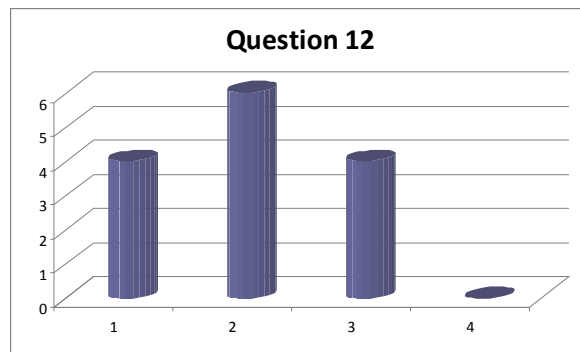


27. Question 11 - *The Council provides advice to the IASB and the Trustees on other important matters, as appropriate.* The average score for this question was 2.08 which again indicates that this is in some need for improvement. Two respondents were uncertain on this question.

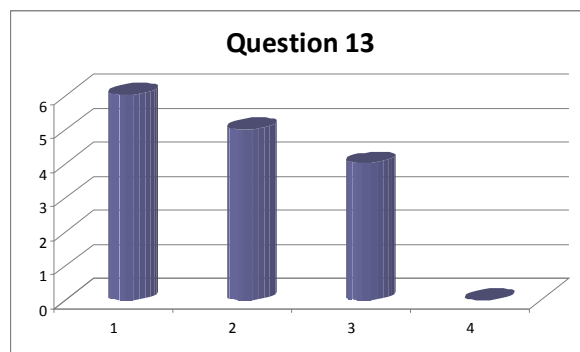


28. Question 12 - *The Council's views and advice are given due consideration by the IASB and the Trustees.* The average score for this question was 2 which indicates that respondents do on average agree that this is the case. The comments on this question indicate that lack of IASB presence at the Council meetings could be one factor and that the IASB could do better in giving advice adequate consideration. One respondent was uncertain on this question.

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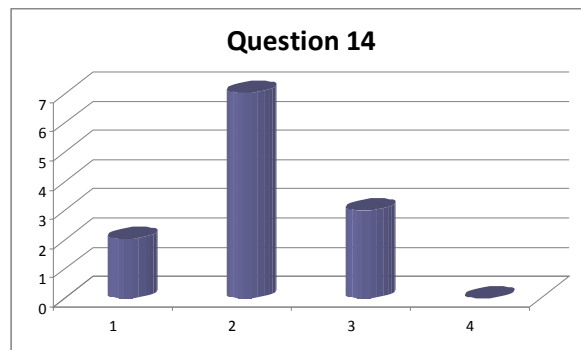


29. Question 13 - *Reports to the Trustees and the IASB by the Council Chairman are timely and informative.* The average score for this question was 1.87 which shows that respondents seem to agree that the reports are timely and informative. Comments indicate that timing of these reports could be an issue especially if there is long period between the meeting and the report.

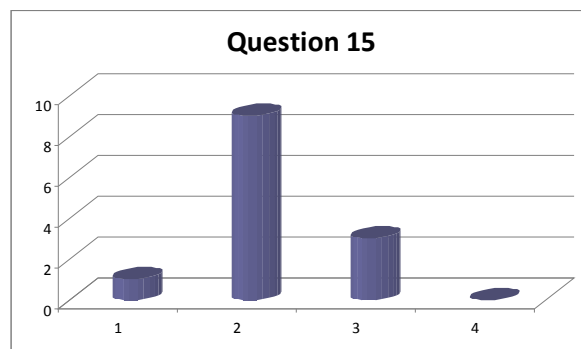


30. Question 14 - *The Council is sufficiently responsive in dealing with financial reporting issues.* The average score for this question was 2.08 which indicates that this is an area which needs improvement. Comments on this question indicate that respondents were uncertain about what was being asked about here. Two respondents were uncertain on this question and one respondent did no answer.

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31. Question 15 - *The Council provides timely and comprehensive input to the IASB/Trustees on matters referred to Council by them.* The average score for this question was 2.15 which shows that respondents think on average that this is an area in need of improvement. Comments on this question indicate that timeliness of report back from the Council and that only the view of those that speak on issues at Council meetings may be reported back to the IASB. One respondent was uncertain on this question and one did not answer.

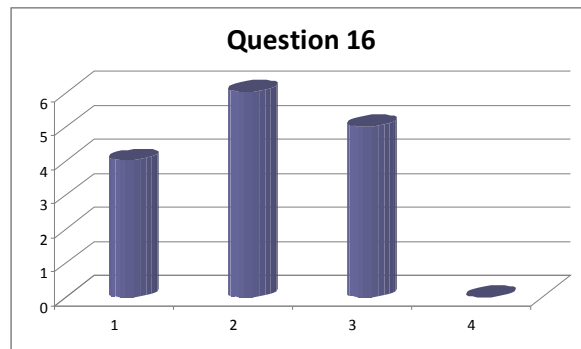


General (questions 16-18)

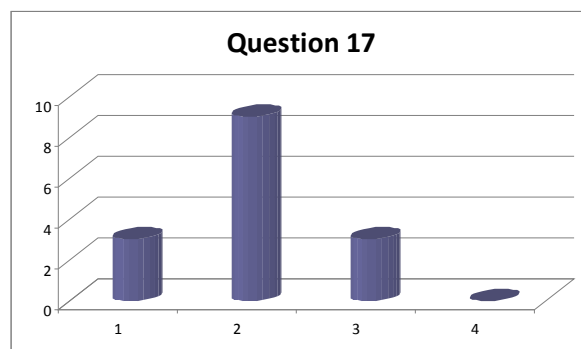
32. Respondents seem to generally agree that the Council is meeting is objectives and contributing to the quality and global acceptance. They also generally agree that the Council is contributing to the IASB's due process and that the Council is achieving its stated objectives and scope of activities.
33. Question 16 - *The Council effectively and efficiently contributes to the quality and global acceptance of IFRS.* The average score for this question was 2.07 which indicates that respondents do not totally agree with this. The comments

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indicate that respondents think that the Council may misunderstand the politics of certain situation, that there is uncertainty about whether Council members really behave as ambassadors of IFRS and that Council members may not be effective advocates for IFRS as they disagree with too much of what the IASB is doing.

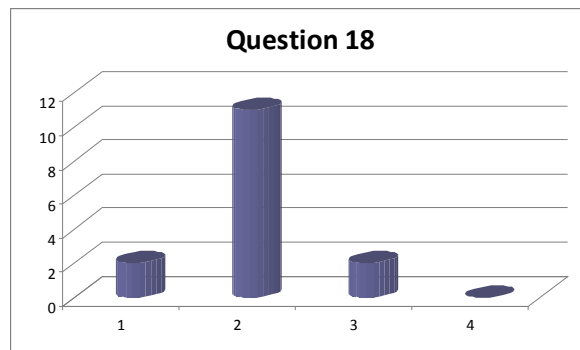


34. Question 17 - *The Council effectively and efficiently contributes to the IASB's stated due process.* The average score for this question was 2 which shows that respondents on average agree with this. Comments indicate similarly that respondents generally agree with this and think that the Council should provide views on the IASB's agenda and that the Council is a part of the IASB due process.



35. Question 18 - *Overall, the Council is achieving its stated objectives and scope of activities.* The average score for this question was 2 so respondents generally agree that the Council is achieving its objectives with its activities.

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Comments on other issues

36. The questionnaire also respondents for comments on other issues and some of the respondents provided comments on those issues. The main comments are highlighted here below.

Primary source of information regarding the Council's activities

37. Respondents were asked to identify their primary source of information regarding the Council's activities. The responses that were most common were the following, number of respondents that identified each item in brackets.
- (a) Reports of the Council Chairman (8)
 - (b) Attendance of Council meetings (6)
 - (c) Notes from Council meetings (4)

Preferred means of interaction with the Council

38. Respondents were asked to identify their preferred means of interaction with the Council. The responses that were most common were the following, number of respondents that identified each item in brackets.
- (a) Attendance at Council meetings (4)
 - (b) Report of the Council Chairman (2)
 - (c) Via the Council Chairman (1)

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General comments (suggestions that would improve the effectiveness of the Council and any general comments)

39. The comments that were made in this section indicate that the Council should do more of its work in small groups with a report back to the full Council, which should also enable more interaction between Council members from different geographical area and members with different functional specialties. Another comment said that more public policy officials were needed in the Council. It was also commented that the Council is more effective now as it comprises individuals representing organisations with interest in financial reporting and that the change made last year which has IASB members attending only one Council meeting each year is not a good idea. Finally it was said that the major dialogue should be between the IASB and Council, the Trustees are only to ensure the general structure works, however the Trustees could be encouraged on an occasional basis to attend Council meetings, especially the closed meetings.

Ways to improve the process for self-assessment

40. This question seems to have been generally misunderstood by the respondents as most respondents that commented did so in the context on how to improve the Council's performance. The comments on how to improve the Council's self-assessment look at the questionnaires as a good starting point.
41. The comments that were received here are as follows. The Council can not set the technical priorities as it is too remote from the action. When Council members become more comfortable with the new formulation, members will become even more effective in representing the views of their constitutions and/or regions. It is too soon to make any judgments about the effectiveness of the new Council composition as it might lead to another reorganization.
42. The Council should report full details regarding how IASB treats opinions from the Council and utilizes it for the next appropriate action in written manner to the Trustees.

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Role of the Advisory Council in the governance structure and in setting the technical priorities

43. Respondents were asked to comments on the role of the Council. Comments indicate that respondent think that the present approach seems to be working well and that the Council's role should be purely advisory. In addition to this comments indicated that regarding technical priorities, the Council should have an advisory role in agenda decisions, it could be both in response to IASB requests and through independent solicitation of views. Regarding governance structure the Council should participate in Trustees' reviews as requested by Trustees. The Council should be careful not to stray into Trustees' governance responsibilities.