



Key performance indicators (KPIs) for the IFRS Foundation

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Strategic goals: a reminder

1. Develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles
2. Pursue the global adoption of IFRS
3. Support the consistent application and implementation of IFRS globally
4. ensure that the IFRS Foundation, as an organisation, is independent, stable and accountable

Measuring performance/success metrics: What do we want them for?

- Metrics designed to:
 - help guide our decision making;
 - help us to drive activity and track progress, on the organisational as well as the personal level
 - build on our strengths and identify areas for development;
 - provide and strengthen accountability to the Trustees, to the Monitoring Board, and to external stakeholders.

Measuring performance/success metrics: Constraints and Considerations

- Measuring *Effectiveness* Vs. *Efficiency*:
 - Some metrics can be quantified, many cannot.
 - Particularly difficult to quantify outcomes (measures of effectiveness).
 - Effectiveness often reflected in public perception and general reputation which are very challenging to measure
- Measuring outcomes that do not entirely depend on the Foundation's activity:
 - External factors that impact performance (Vs. internal efforts)
 - Difficult to isolate impact of IFRS alone in outcomes – other factors play a part eg quality of enforcement, wider regulatory and legal regimes etc.

Focus today on *effectiveness*

- Performance measures that focus on efficiency are relatively easy to develop, as they tend to be quantitative and objectively measurable.
- The challenge where we would like your input is to develop measures that focus on effectiveness, which is more qualitative and subjective
- Focus on **Strategic Goals 1 and 3**

Strategic goal 1: single set high quality of Standards

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Secondary Goals

- Maintain and further enhance and develop IFRS
- Ensure IFRS serve the public interest
- Embed best professional practices
- Ensure relevance of IFRS is maintained

Success metrics

- Work plan: delivered + addresses priority issues, meeting quality control standards in Due Process handbook.
- Market participants **acknowledge** that IFRS achieve objectives. Evidence through surveys, studies, research
- **Recognition** of effective practices and processes
- Due process **acknowledged** as international benchmark
- **Feedback** on usefulness of information in IFRS financial reports

Strategic goal 1: examples of evidence of success metrics

- Positive feedback to Agenda Consultation.
- Reports from investors and other market participants on usefulness and relevance of IFRS information financial reports eg CFA UK Annual Survey on Financial Reporting and Analysis.
- Conduct our own survey of investors and others eg regulators? (proposal elsewhere on the agenda for this meeting).
- Develop IFRS Research Centre and monitor relevant academic research to promote and assess evidence-supported standard-setting.
- Assessed as meeting best practice when benchmarking the organisation and our due process against appropriate frameworks and similar organisations.

Secondary Goals

- Maintain an Effective Interpretation process
- Provide implementation support to IFRS adopters
- Further develop educational activities

Success metrics

- Interpretation committee **considered** as striking the right balance (responsiveness vs. principle base)
- Effective consultation networks
- Recognition on effective contribution of Education activity to consistency

Strategic goal 3: examples of evidence of success metrics

- Measuring and monitoring increase in IC activity
- Undertake follow-up review of effectiveness of the Interpretations Committee.
- Post-Implementation Reviews (PIRs) reveal the Standards being reviewed have achieved the objective assigned to them in terms of improving the quality of financial reporting.
- Annual reports on IFRS enforcement and regulatory activities eg ESMA reveal evidence of good implementation and consistent application.
- Review MoUs: Positive reactions from MoU partners and consultation networks.
- Monitor periodic reports by regulators on enforcement of IFRS

Challenges on Strategic Goals 1 and 3

- How to measure high quality?
- Should standards be seen as successful if they are immediately applied, or if they are seen as challenging and change behaviour?
- Should we measure the level and consistency of application at the outset, or the way that the standards affect behaviour? Or both?

- How to balance the need for a rigorous and transparent due process with the need to develop and deliver standards promptly? (*should the Foundation have an explicit KPI for the time it takes to develop a standard?*)
- Can measures of effectiveness be SMART (Specific, Measurable, Attainable, Relevant and Timely). Is that desirable in standard setting?

What we would like from you

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Questions for the breakout discussion:

1. Do we have the right success metrics for assessing effectiveness on the two strategic goals?
2. Do we have the right examples of evidence?
3. Should we focus on quantitative (SMART) measures or qualitative measures?
4. Should we have formal targets or measure trends?
5. What else should we consider?

Note re organisation of breakouts: Two breakout groups will discuss above questions in the context of strategic goal 1 (high quality standards) and the other two groups will discuss the same questions in the context of strategic goal 3 (consistent application of IFRS Standards)