

Addressing perceptions about timeliness

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The IFRS Foundation is highly rated for:

transparency and independence

however, it is not considered

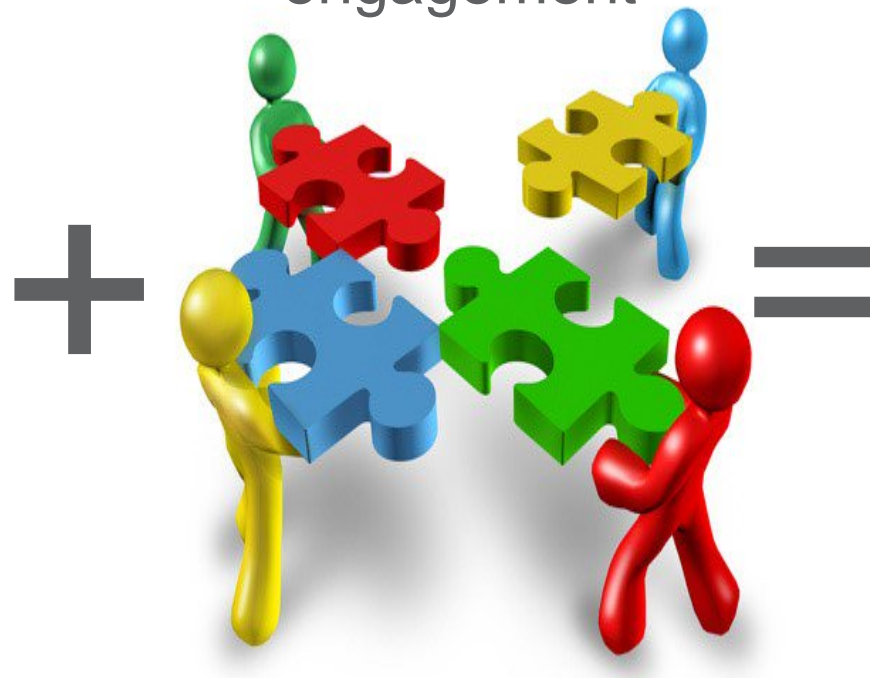
to be **timely**

Drivers of reputation

Due process



Stakeholder engagement



Transparency
Independence
Support for IFRS

Time

- Address the perception regarding **timeliness** from the *Perceptions of the IFRS Foundation* report
 - Discuss perceptions about **timeliness**
 - Seek advice on the balance between **timeliness** and **due process**
 - Seek advice on the balance between **timeliness** and **stakeholder engagement**



Understanding “timeliness”

What does “timeliness” mean?

(1) Achievement of target dates?

- In the past, project target dates have not been achieved

(2) Length of process?

- Time taken to develop Standards is often criticized

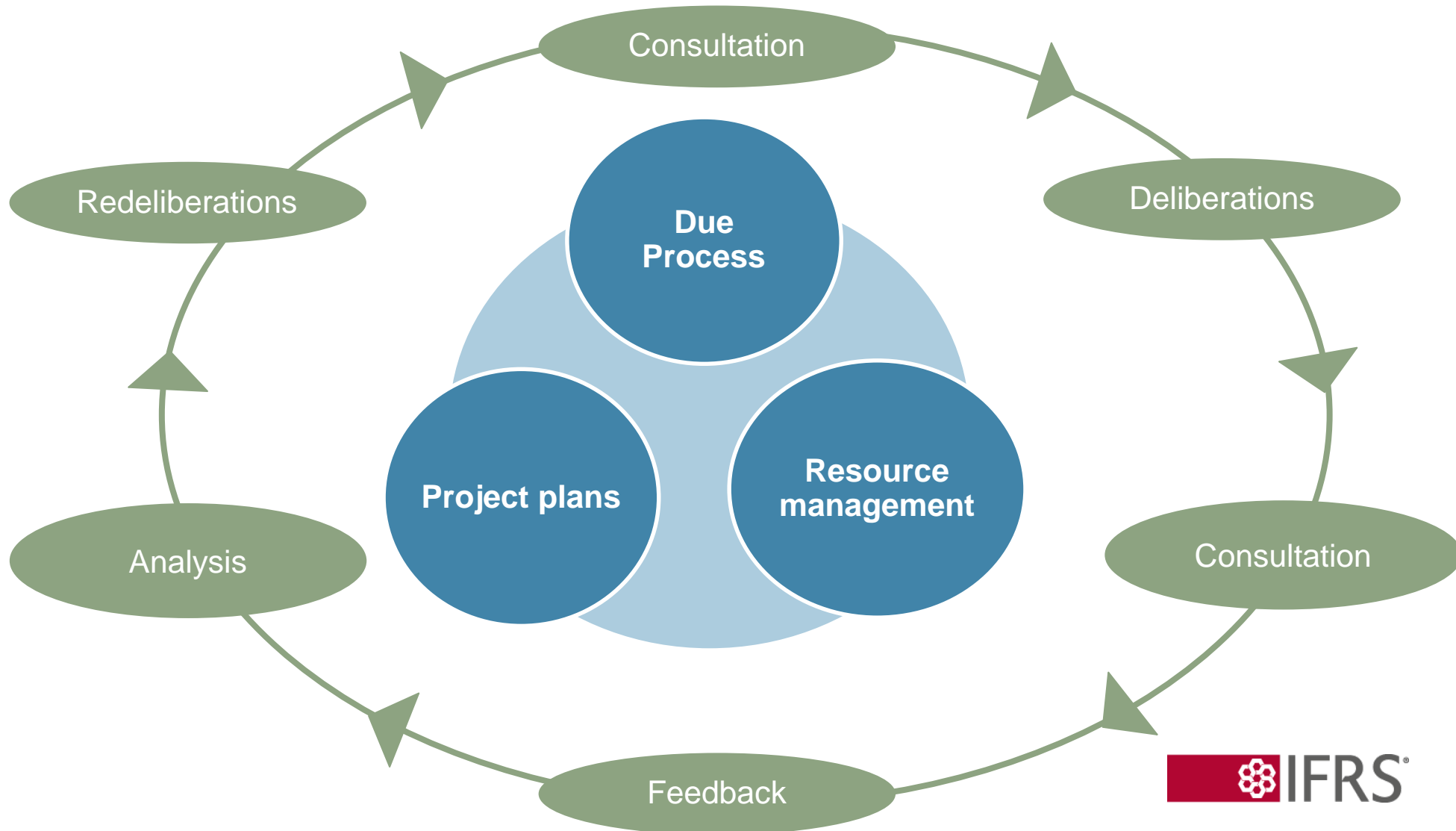
(3) Response times?

- Criticism that Board does not respond quickly to requests

What does “timeliness” mean?

(1) Challenges of setting target dates

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What does “timeliness” mean?

(2) Length of process – time needed to develop Standards



 IFRS®

600+ board papers



900 meetings, round-tables and discussion forums



600 comment letters



4 rounds of fieldwork and testing

What does “timeliness” mean?

(3) Responding to requests

Are we able to address emerging issues on a timely basis?

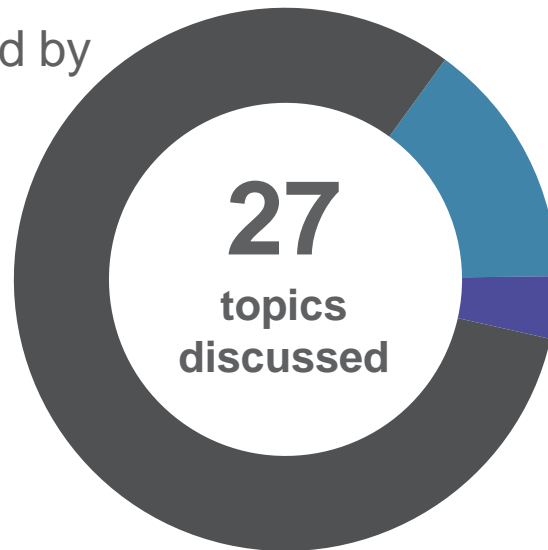
Interpretation Committee activities

5 meetings held in 2017

22 Issues addressed by Committee

16 agenda decisions with explanatory material

6 amendments or additions to IFRS Standards



4 Issues considered by the Board

2 considered by Board as part of research projects

1 addressed by Board as part of another narrow-scope amendment

1 being considered by Board

1 Committee provided input on Board project

Committee is developing KPI on efficiency

What does “timeliness” mean?

Question

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- What do you think “timeliness” means?
 1. Achievement of target dates
 2. Length of process – time needed to develop the Standards
 3. Response times – responding to emerging issues
 4. All of the above
 5. Something else



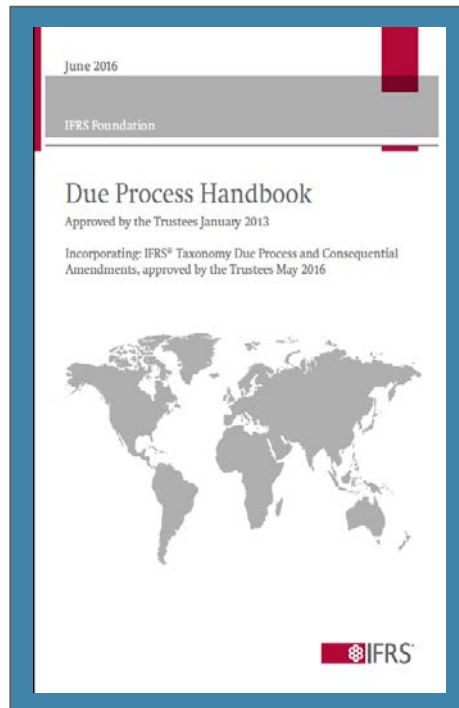
Addressing timeliness

- At the February 2018 Advisory Council meeting we set out our plans to address timeliness recognising there are many areas to tackle:

Action
Address concerns that process is slow
<input type="checkbox"/> Communicate internal activities during dark periods (periods outside of public visibility)
<input type="checkbox"/> Re-engineer and document internal technical processes to ensure effective, efficient and consistently applied
<input type="checkbox"/> Update due process handbook to ensure effective
Address delays
<input type="checkbox"/> Emphasise and support staff in prioritising technical work plan execution as number one priority
<input type="checkbox"/> Establish baseline consolidated internal schedule of technical activities, resource needs and timing.
<input type="checkbox"/> Regularly monitor progress and evaluate need for timing changes. Communicate reasons for timing changes.

- We are now seeking advice on the balance between timeliness:

Due process

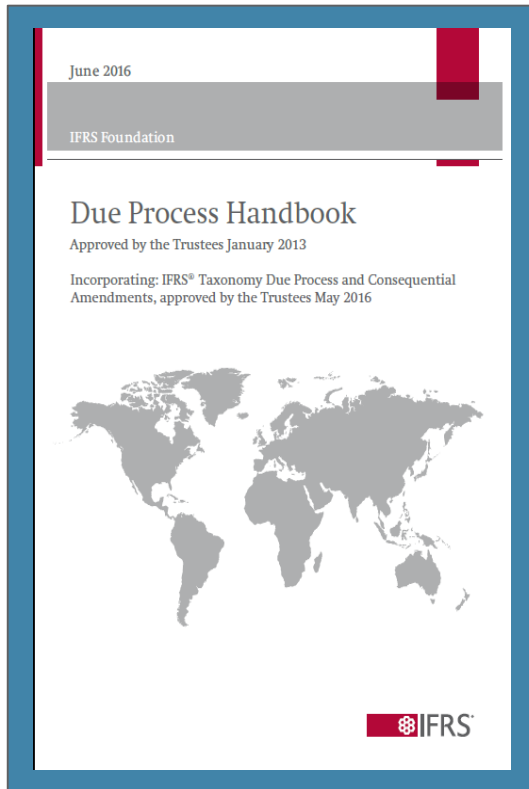


Stakeholder engagement





Relationship between timeliness and due process

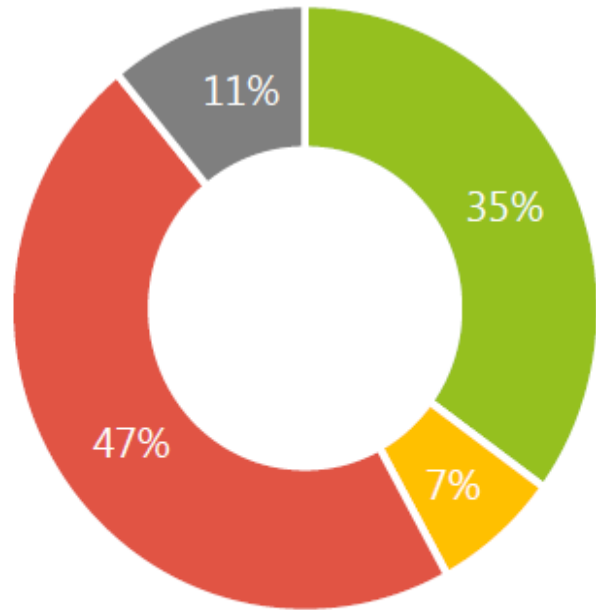


- Requirements set out in Due Process Handbook¹
- Principles of **transparency, full and fair consultation** and **accountability**
- Necessary to support **legitimacy** of Standards
- Should enhance, not impede, the efficient and effective development of Standards and Interpretations (DPH 1.6)

¹ <https://www.ifrs.org/-/media/feature/about-us/legal-and-governance/constitution-docs/due-process-handbook.pdf?la=en&hash=E301B3030818C11E7E5A8A256745C66145E9C480>

Reputation survey feedback: Due process

Half of stakeholders believe there is an imbalance between due process and speed



- Balanced well
- Not the right balance
- Neither
- Don't know/no answer

Engagement feedback

- Positive
 - professional and open
- Challenge
 - slow

Effect of due process on length of process (1)

Areas where due process requirements contribute to length of process:

DPH ref	Requirement
4.3	Requirement for public consultation on work programme every five years by way of a public <i>Request for Information</i> , with 120 day comment period
5.6	Requirement to consult Advisory Council, ASAF and accounting standard-setting bodies before adding projects to the standards-level programme
6.1	Publication of Exposure Draft as mandatory step
6.7	Minimum comment letter period for consultation documents

Effect of due process on length of process (2)

- “Comment letters play a **pivotal role** in the deliberations process of both the IASB and its Interpretations Committee, because they provide **considered and public** responses to a formal consultation.” (DPH 3.64)
- “When considering comment letters, the IASB assesses the matters raised and the related explanations and evidence provided by respondents. It is the **strength of the analysis** provided in comment letters, and the **evidence supporting the analysis** that is important.” (DPH 3.66)

Effect of due process on length of process (3)

- Comment periods:

Consultation document	Comment period
Discussion Paper, Research Paper, Requests for Information on work programme, Post-implementation Review	Normally at least 120 days <i>(Typically 180 days comment period has been given)</i>
Exposure Drafts, other than annual improvements	Normally 120 days
Exposure Draft of annual improvements	Normally 90 days
Agenda Decisions	Normally 60 days

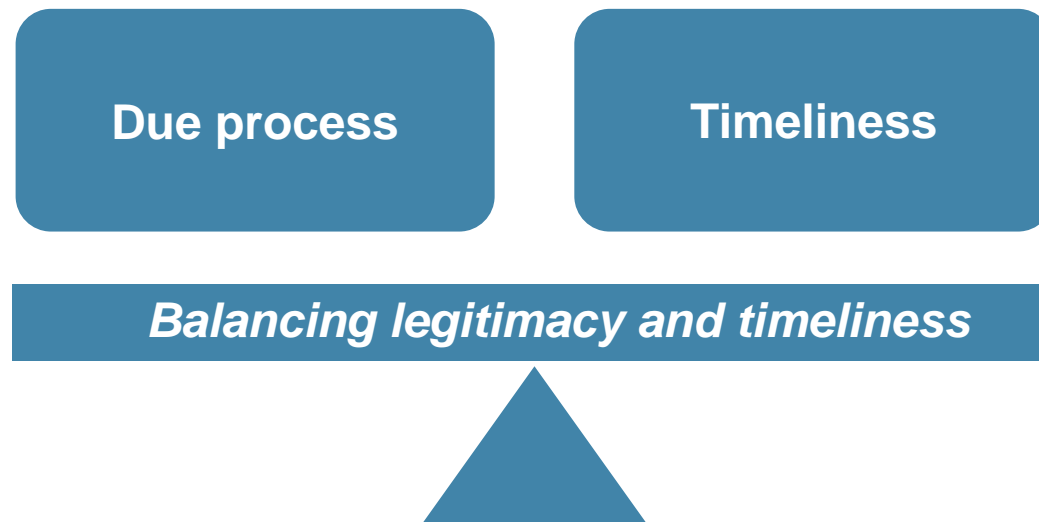
Effect of due process on length of process (4)

- During comment periods, stakeholders activities include:
 - translation of consultation documents
 - soliciting jurisdictional views
 - debating and developing high quality responses

Relationship between timeliness and due process: Question

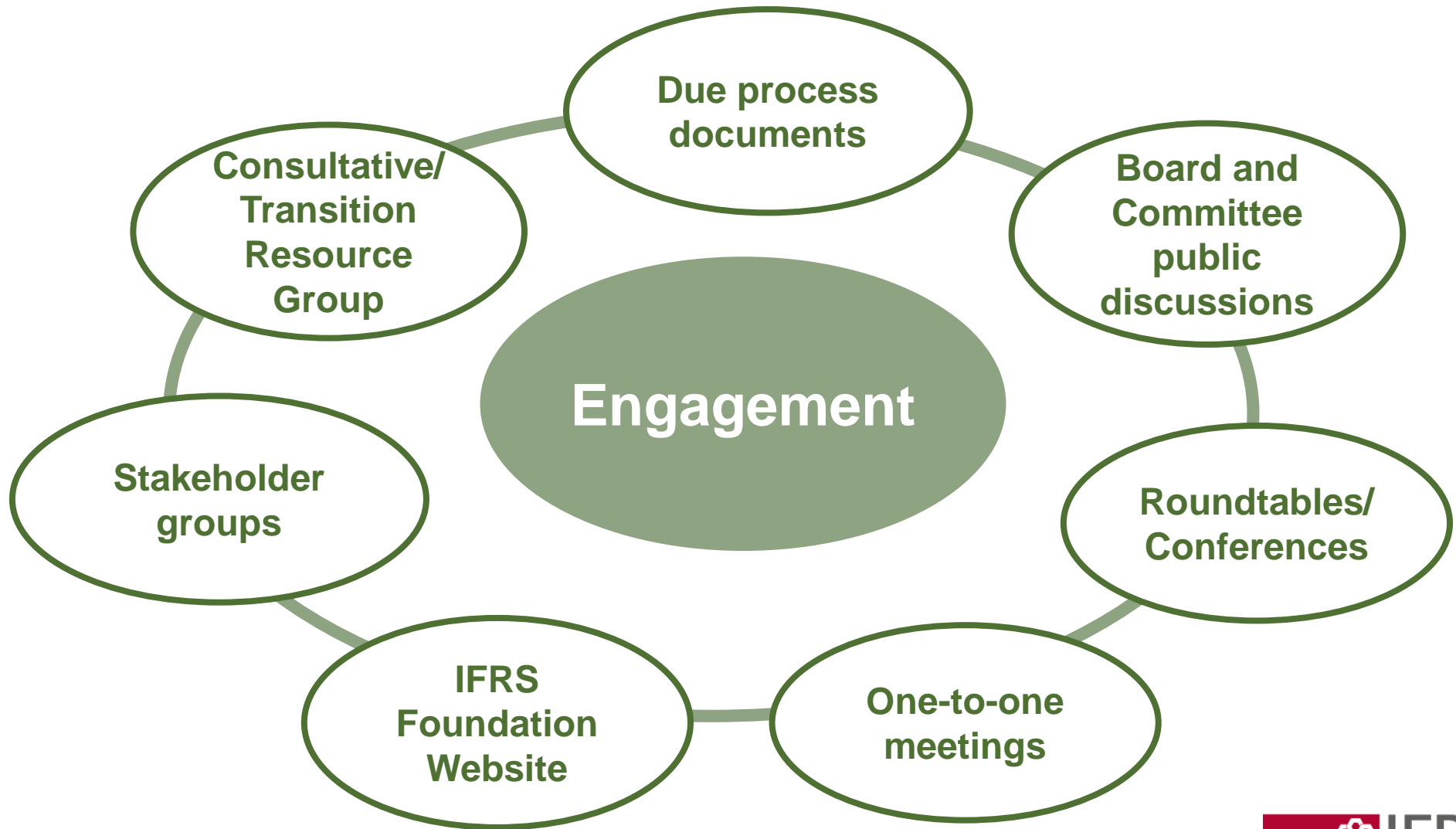
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- Our challenge is to balance the legitimacy due process provides with timely standard-setting.
 - Do you think we appropriately balance due process and being timely?
 - What ideas do you have to balance due process and being timely?

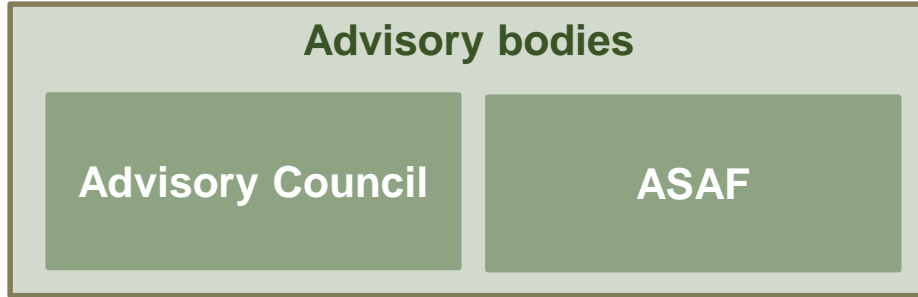




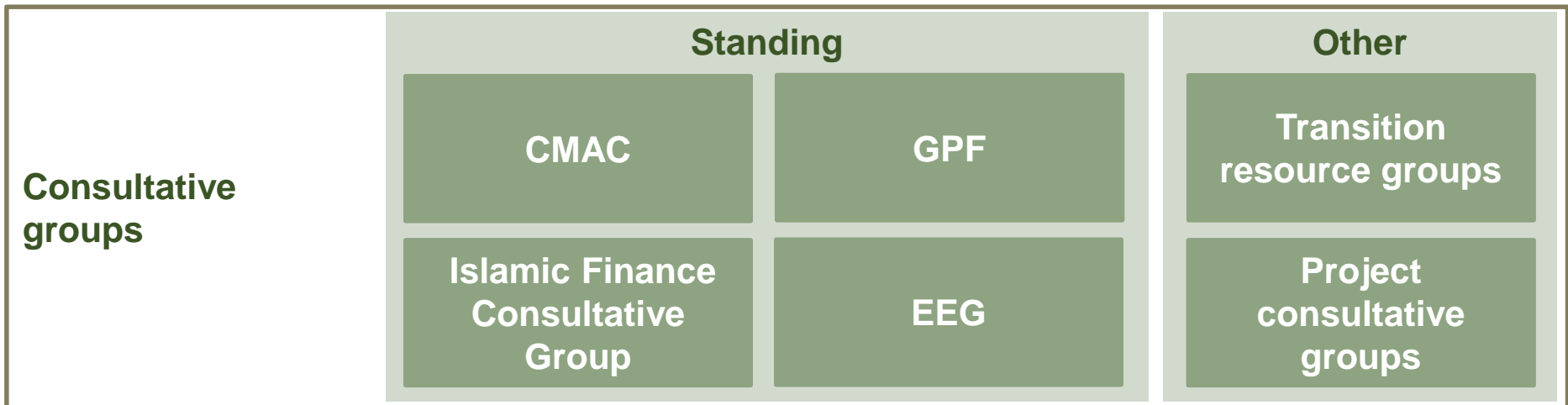
Relationship between timeliness and stakeholder engagement



How we engage with stakeholders - consultation groups



These groups and bodies are important channels for us to gather input on our work



Stakeholder engagement - Reputation survey feedback

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Consultations seen as professional and open, but slow and questions about balance between stakeholder groups

Professional

Open

Slow

Balance

Engagement feedback

- Positive
 - listens
 - available
- Main criticism
 - timeliness
 - areas of under-representation
 - too technical

Stakeholder engagement – Reputation survey suggestions

More dialogue and outreach

- More feedback
- More roundtable and informal discussions

More transparency

- More transparent on items that are important to stakeholders
- More visibility on standard-setting process

More training and events

- More support for first-time adopters
- More support for underrepresented groups

Timeliness and stakeholder engagement

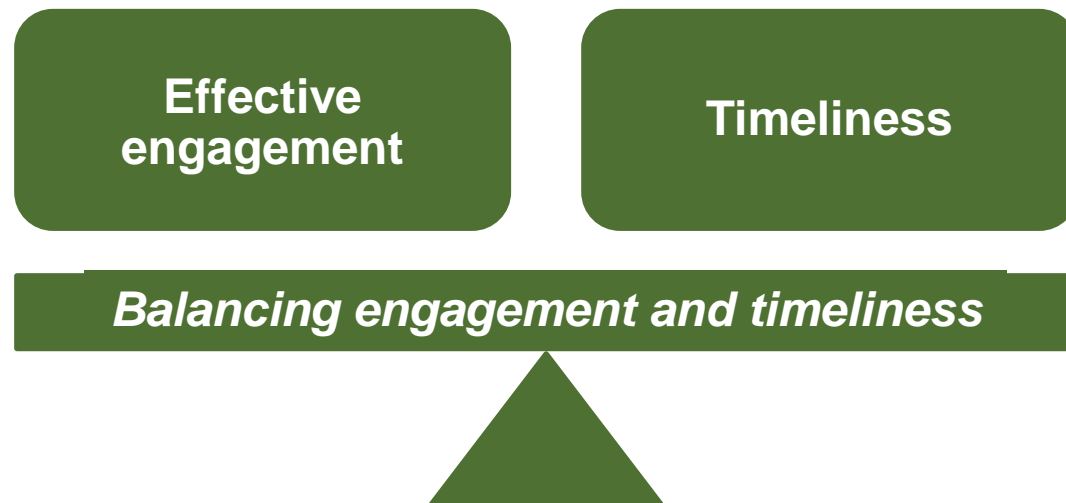
- Recent activities to improve stakeholder engagement include:
 - Expanding the consultation base to underrepresented groups such as expanding attendance at **emerging economies group meetings**
 - **Dedicating staff resource** to support and manage relationships with:
 - Investors
 - Regulators
 - National standard-setters
 - **Building on existing relationships** such as:
 - Investors in Financial Reporting

- Some suggest that the Board should consult more broadly before devoting resources to producing a due process document
- Such consultation would be likely to be:
 - More timely, because it would come earlier in the process
 - Less inclusive, because it is likely to reach fewer stakeholders
- Some stakeholders are calling for more one-to-one meetings
 - Private meetings stakeholders more open but less transparency
 - May have less coverage and risks not being representative

Timeliness and stakeholder engagement: Question

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- Our challenge is to balance stakeholder engagement with being timely, given finite resources.
 - Do you think we appropriately balance stakeholder engagement with being timely?
 - What ideas do you have to improve perceptions about stakeholder engagement?



- Slide 10: What do you think 'timeliness' means?
- Slide 21: Do you think we appropriately balance due process and timeliness? What ideas do you have to achieve that balance?
- Slide 29: Do you think we appropriately balance stakeholder engagement with being timely? What ideas do you have to improve perceptions about stakeholder engagement?