



# Advisory Council advice

*Feedback report*

IFRS Advisory Council  
November 2020

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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.

# Background to this session

- In April and May 2020, Advisory Council members discussed the role and composition of the Advisory Council in a series of small group meetings. Among other topics, members observed the need for improved feedback on how the Trustees and Board have incorporated their advice.
- This paper replaces the previous styles of feedback reports to better link the IFRS Foundation's strategic activities since the last Advisory Council meeting with feedback provided over the last three to four years.
- We focus on this time horizon because:
  - Strategic advice, by its nature, can take time to implement.
  - It can take even longer for the effect of this advice to manifest itself.



- We would appreciate your input on this style of feedback report so that we can continue improving the communication.
- Do you have any questions or comments on how your advice is being incorporated into the IFRS Foundation's strategic activities?

# Overview of session

## IFRS Foundation strategic activities since the last meeting

- Relevance
- Risk
- Process
- IFRS Standards

## Advisory Council feedback

### IFRS Foundation constitutional objectives

- Develop a single set of high quality, understandable, enforceable and globally accepted financial reporting standards
- Promote the use and rigorous application of those standards
- Take into account the needs of a range of entities
- Promote and facilitate adoption through convergence

### Agenda of May 2020 Advisory Council meeting

- Monitoring adoption (see slide 5)
- Customers' digital experience (see slide 7)
- KPIs on the Board's activities (see slide 8)

We confirm that all Advisory Council feedback from the last meeting has been communicated to Trustees, Board members and staff.

# Strategic activities – relevance (1/2)

IFRS Foundation strategic activities since the last meeting

Advisory Council feedback

**Sustainability reporting** – in September 2020, the Trustees published a consultation document to assess demand for global sustainability standards and, if demand is strong, whether and to what extent the Foundation might contribute to the development of such standards.

Nov 2020

Oct 2020

Small group meetings of Advisory Council members were held in October 2020. Feedback to be discussed at November 2020 meeting. See Agenda Paper 4 for this meeting.

## Board's Agenda Consultation

- Board will discuss contents of Request for Information consultation document (RFI) at its October 2020 meeting. Agenda papers for the meeting reflect Advisory Council feedback.
- Process and potential content of RFI has been discussed with Trustees.

Sep 2019

Note - active links throughout slide deck

- Recommended providing information about Board's resources in RFI.
- Supported including a description of potential projects in the RFI and provided suggestions.
- Supported reassessment in the RFI of the priority of research pipeline projects that the Board will not start before RFI publication.

# Strategic activities – relevance (2/2)

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IFRS Foundation strategic activities since the last meeting

Advisory Council feedback

## Monitoring adoption

- Monitoring adoption, with support from national standard-setters and accounting firms.
- In process of formalising process and team to identify and evaluate implications of adoption matters.
- To be discussed further with Trustees.

May 2020

Sep 2019

- General agreement on need and objectives of monitoring consistent adoption and application of IFRS Standards. This should be a priority.
- Establish guidance, formal process and dedicated team.
- Partner with others to achieve objectives.

**IFRS Taxonomy** – staff have been drafting language to include in the Agenda Consultation RFI to seek feedback on the strategic balance and direction of the Board’s activities, including its work on the IFRS Taxonomy.

Sep 2019

Sep 2018

- IFRS Taxonomy will continue to be relevant, as an integral part of financial reporting standards.
- Own what it can control (important for brand), but not the role of the Foundation to go whole journey with structured electronic reporting.
- Acknowledge that the Foundation is an enabler, but consider creative means of influencing or collaborating with others about the use of the IFRS Taxonomy.

# Strategic activities – risk

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## IFRS Foundation strategic activities since the last meeting

## Advisory Council feedback

### Risk management

- Updated risk register and risk appetite statement in consideration of Advisory Council feedback.
- Began considering KPIs and internal audit function to evaluate effectiveness of risk mitigation strategies. Began discussion with Trustees; further discussion expected.

### Covid-19 risks

- Updated risk register for covid-19 impact.
- Incorporating Advisory Council feedback to a virtual environment.
- Considering learnings from management of covid-19 (eg, culture, reputation drivers, stakeholder engagement, remote working, hiring) for future of our work.
- Discussed management approach and learnings with Trustees.

### May 2020 (KPIs)

### Sep 2019 (Risk)

- Agreement that risks had been identified, but suggestion to consider financing risk.
- Suggested specifics for identified risks and mitigation activities.
- Acknowledgement that brand is biggest risk and Foundation should be risk averse.
- Foundation does not need to be risk averse in relation to innovation.
- See also discussion of KPIs on slide 8.

### Sep 2018

- Provided advice on attraction and retention of talent:
  - Social purpose of organisation and impact on individual
  - Need to be a learning organisation
  - Flexibility
  - Breadth and depth of required skills
  - Diversity and inclusiveness
  - Continuous, real-time feedback

# Strategic activities – process (1/2)

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## IFRS Foundation strategic activities since the last meeting

### Stakeholder engagement

- Created new dedicated team to better facilitate stakeholder engagement
- Using surveys for greater feedback on consultation documents
- Virtual conference to promote brand, deepen relationships and obtain feedback
- Increased academic engagement for more research for post-implementation reviews

### Stakeholder engagement – digital

- Focus on accessibility, engagement and content – performing market research
- Improving accessibility on website and eIFRS (eg, search, linkage to support materials)
- Improving engagement
  - Virtual conference, presentations and outreach → greater engagement
  - Better website analytics
- Considering content opportunities, given cautions
- Discussed with Trustees; further discussion expected

## Advisory Council feedback

Mar 2019

Sep 2018

Feb 2018

- Expand engagement in emerging economies
- Questioned need for strategic alliances
- Be flexible and creative in obtaining feedback without compromising quality or extent of feedback
- Determine stakeholder engagement objective and then whether a conference is the right tool
- Academic strategy should prioritise research over other objectives; provide public recognition

May 2020

Sep 2019

Feb 2018

- Accessibility important
  - Improve machine learning search capabilities
  - Simplify linkage to support materials
  - Consider more translations
- Engagement
  - Develop IFRS app
  - Benefit to reduced cost of engagement (virtual)
  - Consider community forum, but caution about echo chamber and resource to engage
- Content
  - Tension between accessibility and commercial
  - Would require considerable resources

# Strategic activities – process (2/2)

## IFRS Foundation strategic activities since the last meeting

## Advisory Council feedback

**Due Process Handbook (DPH)** - Trustees issued revised DPH in August 2020. Main changes are:

- Clarifying the role of agenda decisions published by the Interpretations Committee
- Reflecting recent developments in the Board's effects analysis process
- Other changes such as streamlining consultation requirements to move major projects from research to standard-setting.

**KPIs** – exploring KPIs to manage timeliness, effectiveness of stakeholder engagement and effectiveness of risk mitigation strategies. Further discussion expected with Trustees.

Sep 2018

Feb 2018

- Majority supported Board tool similar to agenda decisions to support consistent application, but large minority did not. Based on feedback on the Exposure Draft and subsequent deliberations, this tool was not added to revised DPH.
- Effects analysis should be scalable depending on the project and embedded throughout project.
- Members don't support reduced consultation to move major projects from research to standard-setting.
- Consultation with ASAF does not need to be mandatory due process step.

May 2020

- General agreement about the areas of technical work to assess with KPIs.
- Value of KPIs recognised – you manage what you measure, but caution about over-emphasising a KPI just because it can be measured.
- Ideas provided for KPIs, noting (a) distinction between internal (management) and external KPIs (governance), (b) unit of account (project vs. organisation) and (c) internal vs. external data.

# Strategic activities – IFRS Standards

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## IFRS Foundation strategic activities since the last meeting

## Advisory Council feedback

### **Covid-19 implications** – discussed with Trustees:

- Supporting application through urgent standard-setting and educational materials.
- Monitoring covid-19 accounting issues.
- Reconsidering project timetables for non-urgent projects to provide stakeholders with enough time to respond effectively.
- Engaging virtually.

**Disclosure of sensitive information** – feedback considered for outreach and consultation documents on projects such as Management Commentary and Goodwill.

**IFRS for SMEs Standard** – Feedback considered at Board’s Sep 2019 meeting. Board decided not to seek views in the RFI on adjusting the scope to include some publicly accountable entities. RFI out for comment until 27 October.

Sep 2018

- Flexibility of approach for different projects may assist in ensuring due process (including stakeholder engagement) while ensuring timeliness.
- See also discussion of stakeholder engagement – digital on slide 7.

Mar 2019

- Most supported disclosure of sensitive information.
- In rare circumstances, disclosure may not be appropriate. In those cases, disclose why.

Mar 2019

- Mixed views about extending scope to publicly accountable entities.
- Support for individual jurisdictions to decide which entities should apply *IFRS for SMEs* Standard.

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