

Report of the Chair of the IFRS Advisory Council Meeting 4-5 September 2018

1. The Advisory Council met on 4 and 5 September 2018. In addition to the Advisory Council members the meeting was attended by Trustees Alan Beller, Dame Colette Bowe and Michel Madelain, as well as eight Board members and many technical and operational IFRS Foundation staff.
2. The significant items on the agenda were the discussion and provision of advice in relation to:
 - strategic trends around the future of talent and how organisations ensure they remain relevant.
 - the Trustees' review of the Due Process Handbook.
 - balancing the due process requirements and effective stakeholder engagement with perceptions around timeliness.
 - the effectiveness of feedback received on consultative documents.
 - strategic considerations surrounding structured electronic reporting.
3. The Advisory Council discussed strategic trends observed on both the future of talent and how organisations ensure they remain relevant. Advisory Council members provided many rich and varied insights for the IFRS Foundation to consider around the following themes, seen as common strategic trends in the attraction and retention of talent:
 - the social purpose of the organisation and its direct impact on the individual;
 - the need to be a learning organisation;
 - flexibility;
 - the breadth and depth of required skill sets;
 - diversity and inclusiveness; and
 - the consideration of continuous, real time, feedback on performance.
4. Advisory Council members considered and discussed the Trustees' review of the Due Process Handbook. The Advisory Council provided advice on two areas under review:
 - The possible utilisation of agenda decisions by the Board in addition to their use by the Interpretations Committee to support the consistent application of IFRS Standards.

The Advisory Council members advised the Trustees and Board to ensure that:

 - there is a clearly articulated rationale for the proposal.
 - there are appropriate safeguards and clear criteria about the use of such a tool to avoid proliferation of Board agenda decisions.
 - any perception that the proposal blurs the line between the work of the Board and the role of Interpretations Committee is managed.

The majority of the members of the Advisory Council supported the Board having such an additional tool in its tool box, with the right safeguards, although there was a significant minority who did not support it.
 - The specifics of the current requirement in the Due Process Handbook for the Board to consult on the addition of a project to its standard-setting agenda between its formal agenda consultations.

The discussion was focused on moving an item from the research agenda to the standard-setting agenda, using the example of the Primary Financial Statements project. Advisory Council members were clear that they did not want to reduce the level of consultation. They also thought that if timeliness was an issue, then there were ways to be consulted other than at the biannual meeting of the Advisory Council. The Advisory Council encouraged the Due Process Handbook review to focus on both the clarity and flexibility of how to meet the current requirement.

5. The Advisory Council addressed some key questions in respect of how the IFRS Foundation could balance the due process requirements and effective stakeholder engagement with perceptions around timeliness. Members provided varied advice. The common themes were:
 - Better communication is seen as the key to reducing the perception of timeliness issues.
 - Quality trumps timeliness in standard setting.
 - Timeliness is not necessarily seen as an issue in reality.
 - There is, however, a need to both recognise and address the perception of a lack of timeliness.
 - Flexibility (and nimbleness) of approach for different projects and different stakeholders may assist in reducing perceived timeliness issues.
6. Advisory Council members considered and discussed the effectiveness of the IFRS Foundation's feedback on consultative documents. The consistent advice was that:
 - The Board was encouraged to be flexible and creative about how best to obtain feedback, without reducing either the quality of feedback or the comprehensiveness of stakeholder engagement. The Advisory Council noted that one size does not necessarily fit all. In particular, Council members suggested that the Board consider having a wide range of tools to seek feedback so the Board can get appropriate feedback and engagement for each type of stakeholder.
 - The Board ensures that it provides clarity about what it is seeking in the way of feedback.
7. The Advisory Council considered and discussed strategic considerations surrounding structured electronic reporting. Advisory Council members' advice was for the IFRS Foundation to:
 - keep doing work on the IFRS taxonomy, as it is an integral part of financial reporting standards.
 - own what it can control and be technology agnostic—it is not the role of the IFRS Foundation to go the whole journey with structured electronic reporting.
 - acknowledge that the Foundation is an enabler, but consider creative means of influencing or collaborating with multiple intermediaries, and end users, about the use of the IFRS taxonomy.
8. The Advisory Council received an update on recent activities of the Trustees, the Board and the IFRS Foundation. Advisory Council members discussed the timing of some research projects as well as the transfer of Primary Financial Statements from the research to the standard-setting agenda.

9. I thank all of those who were part of the meeting for their preparation and contribution to a lively, value-adding, debate.