Comment letters – process and impact of technology

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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 IFRS Foundation.

Objective of this session

To improve the effectiveness of feedback on consultative documents:
- Broad representation
- High-quality feedback
- Transparent feedback
- Earlier in the process

- Today, written comment letters are the primary tool to obtain feedback and, thus, the focus of this presentation.

- However, can **technology** open new doors, perhaps enhancing the benefits of written comment letters or alleviating some of their challenges?

* Please also refer to Agenda Paper 3 regarding the balance between timeliness and stakeholder engagement

Why does this matter?

Effective feedback improves standard setting by helping with:

- **High quality** – define the specific problem we should try to solve, recommend possible balanced solutions, identify problems with proposed solutions and support analyses of effects on stakeholders, thereby supporting global acceptance

- **Relevance** – identify the topics that matter most to stakeholders, ensure our limited resources are allocated in the most useful manner

- **Timeliness** – minimise the need for follow up / clarifying discussions, help get the model 'right' the first time around (avoid re-exposure or subsequent amendments)

What will we discuss today?

- Background and context
- Characteristics of effective feedback
- Possible barriers to effective feedback and approaches to address them
- Can technology open new doors?
- Questions for discussion

Background and context

The comment letter process

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> *Comment letter:* a letter received by the IASB in response to a consultation document. All comment letters are made public and can be viewed on the Foundation website*

- Required by our due process
  - important that the process is transparent and global
  - normally a minimum comment period of 120 days for DPs & EDs, 90 days for draft Annual Improvements & draft IFRIC Interpretations and 60 days for Interpretation Committee tentative agenda decisions
- Strength of analysis, quality of arguments and evidence given are important
- Not a popularity contest
- Messages are reported to, and deliberated by, the Board and/or the Interpretations Committee in public meetings
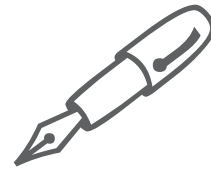
*IFRS Foundation *Due Process Handbook*, Glossary of terms

Letters are received and posted on public website

Letters are read and their content is 'coded'

Feedback is analysed and summarised

Analysis and summary is reported to the Board at a public meeting

Board deliberates the feedback received
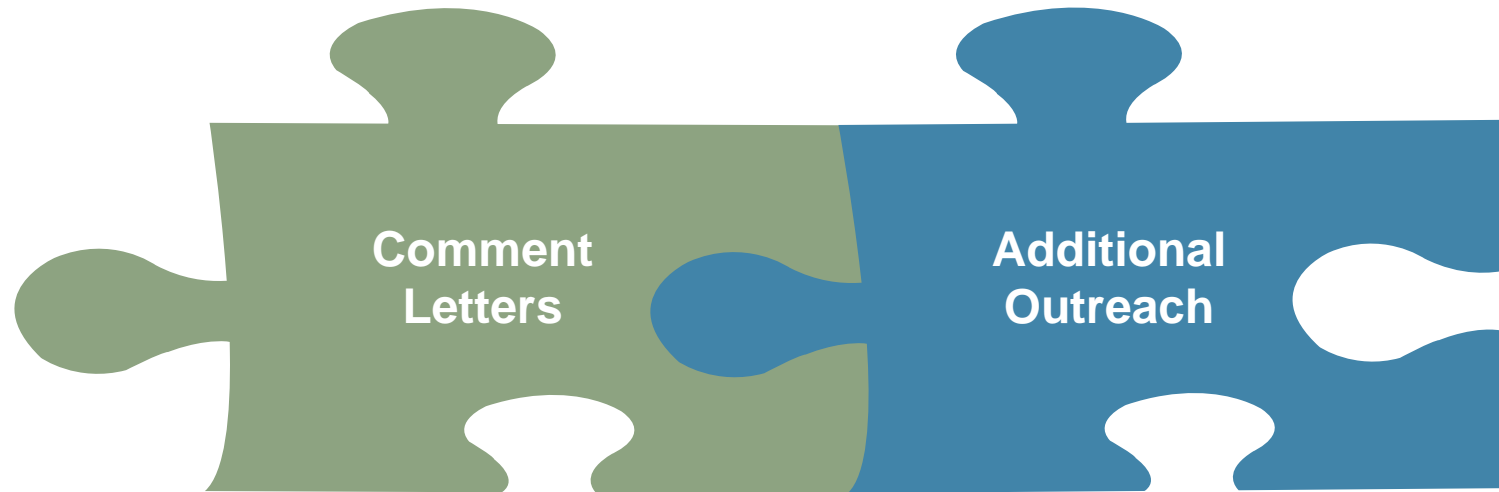
Q1

Q2

Q3

Technical Staff Paper

1000+ comment letters can be received over the course of a single project!
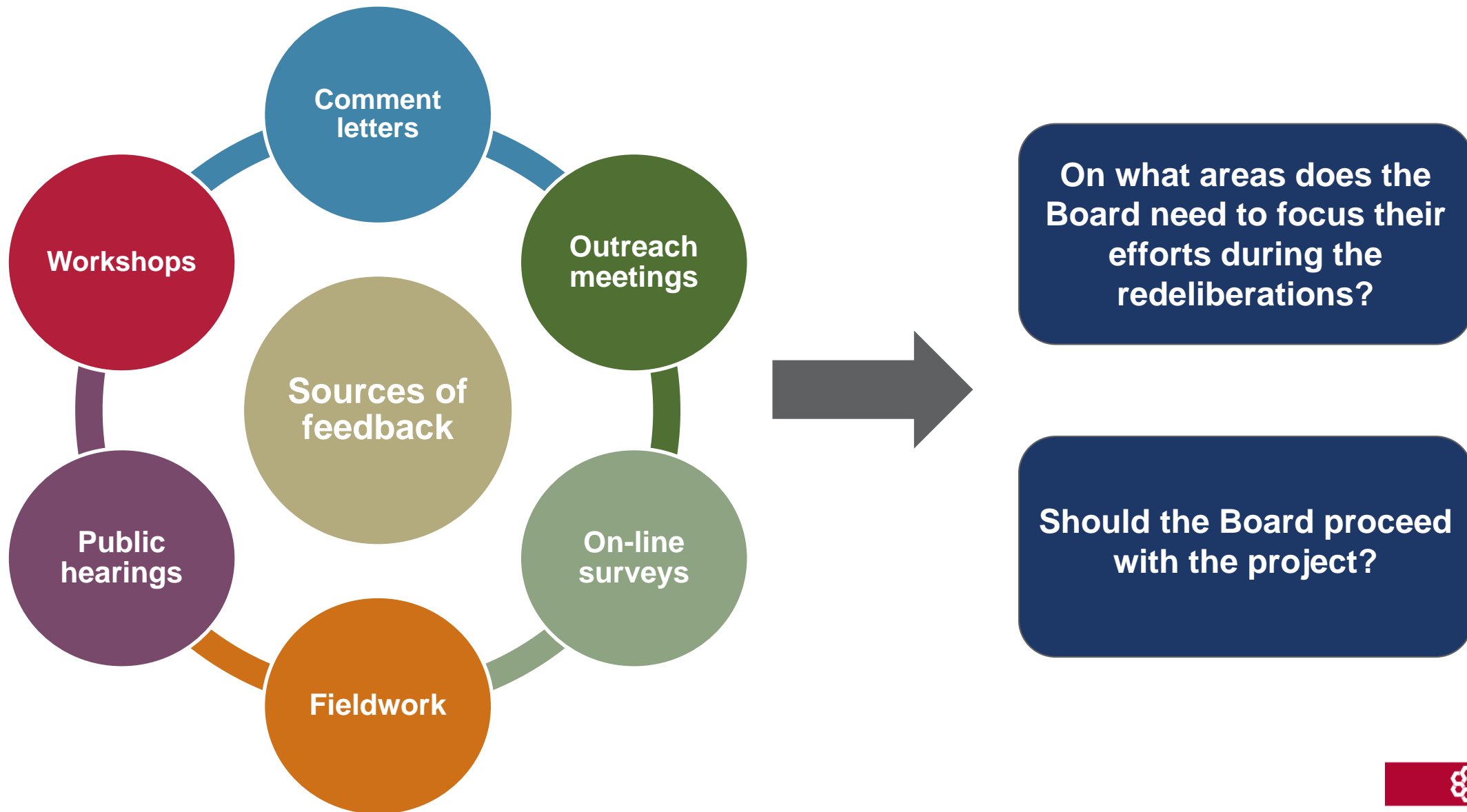
Outreach activities

A wide variety of other outreach activities is also considered. That feedback is analysed and summarised in a technical staff paper and assessed by the Board along with the comment letters.

Comment Letters

Additional Outreach

- Target under-represented groups, such as investors
- Improve stakeholders' understanding of proposals before they submit their letters
- Inspire stakeholders to submit a letter
- Improve our understanding and provide useful insight

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Feedback helps the Board decide how to proceed

Sources of feedback

- Comment letters
- Outreach meetings
- On-line surveys
- Fieldwork
- Public hearings
- Workshops

On what areas does the Board need to focus their efforts during the redeliberations?

Should the Board proceed with the project?

Characteristics of effective feedback

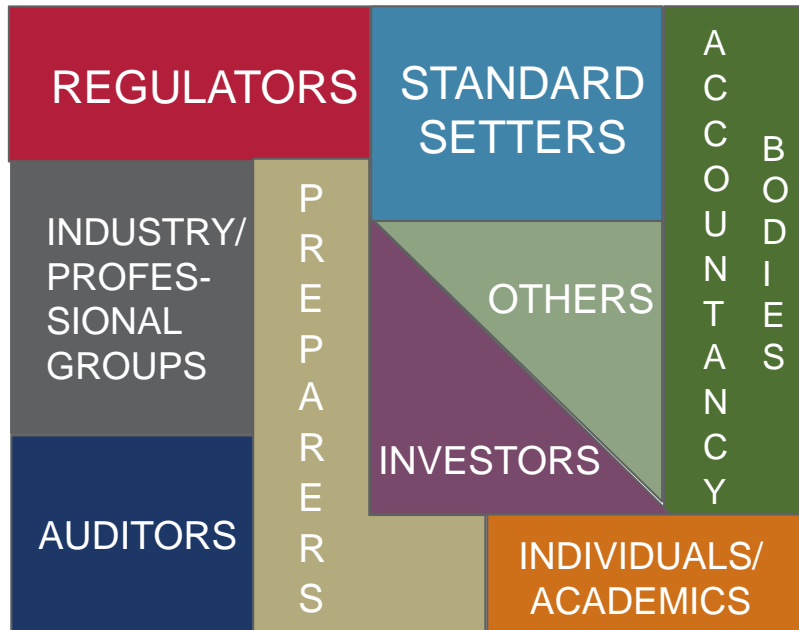# Characteristics of effective feedback

- **Broad representation**
- **High quality feedback**
- **Transparent feedback**
- **And all – earlier in the process**

See also Agenda Paper 3 on the balance between
timeliness and stakeholder engagement

Broad representation

It is important to hear from different types of stakeholders from around the world.

* Shapes do not reflect differing levels of importance.

We get comment letters from many respondents but some groups remain under-represented.

High quality feedback includes:

✓ Overview of key messages

✓ Prioritisation of comments and explanation of relative strength of conviction (ie distinguish comments that are a 'must have' from those that are a 'nice to have')

✓ Clear explanation of disagreement, concerns or potential problems with the proposals

✓ Explicit agreement with the proposals (we often hear only from those who disagree)

✓ Analysis, evidence and examples of stated positions

✓ Explicit recommendation(s) or advice to the Board, including descriptions of any divergent views in letters that set out consensus views of a group

✓ Direct responses to the questions asked (but respondents need not answer all questions)

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High quality feedback does not include:

- ✘ Unclear, unexplained or unsubstantiated positions, including statements that are not accompanied by analysis, examples or evidence of the positions taken

- ✘ Duplicated or form letters

- ✘ Commentary that is unrelated to the proposals or the questions asked, without an explanation of relevance

- ✘ Feedback that is unsuitable for the stage of the project

Transparent feedback

- **Public comment letters provide transparency**
- **A key element of the credibility and global acceptance of our work**
- **Summaries of feedback received during non-public outreach are discussed in public Board meetings**
- **But some may think this reflects 'our words' rather than the wording from participants…may reduce credibility**

Earlier in the process

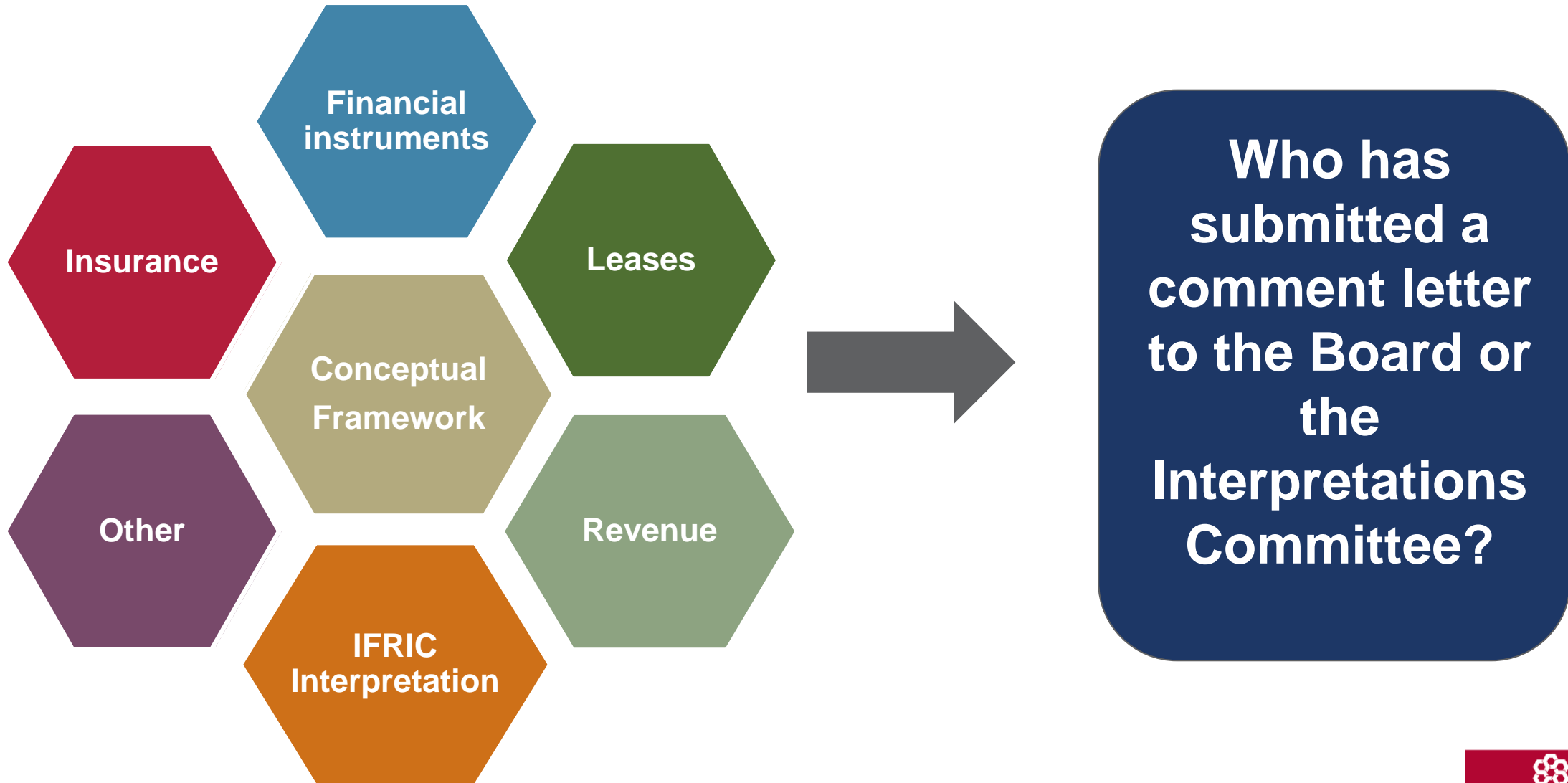We seek feedback from stakeholders throughout the project lifecycle

Research phase	Discussion paper (DP)	Exposure draft (ED)	Final Standard	Implementation activities
Define the problem	Identify and evaluate options	Evaluate proposed model		

The earlier in the process that we receive input…the more likely it is to affect the outcome!

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Possible barriers to effective feedback and approaches to address them

Question…A show of hands, please

Financial instruments

Insurance

Conceptual Framework

Leases

Other

IFRIC Interpretation

Revenue

Who has submitted a comment letter to the Board or the Interpretations Committee?

Respondents may need more advanced notice of publication dates for their planning purposes	Provide estimated publication dates as early as possible and update as needed (with acknowledgement that dates may change)
The submission process may be inefficient or inaccessible for some respondents	Consider alternative mechanisms for submission of comment letters
Lack of anonymity on public website may be troublesome for some respondents	Consider option to delete details that would identify the respondent before letter is posted on public website

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Barriers to producing effective comment letters

Respondents may need more support during the consultation period to understand the proposals and their effects. Some think only 'technical experts' can contribute.

➡️ Develop webcasts (or series of webcasts) or other materials to explain key proposals and to address areas of confusion that develop during the consultation period

Respondents may need more information about our comment letter process and what kind of feedback is particularly helpful

➡️ Develop materials (eg animation, leaflet) describing the comment letter process and what makes feedback helpful to the Board's redeliberations

Question…A show of hands, please
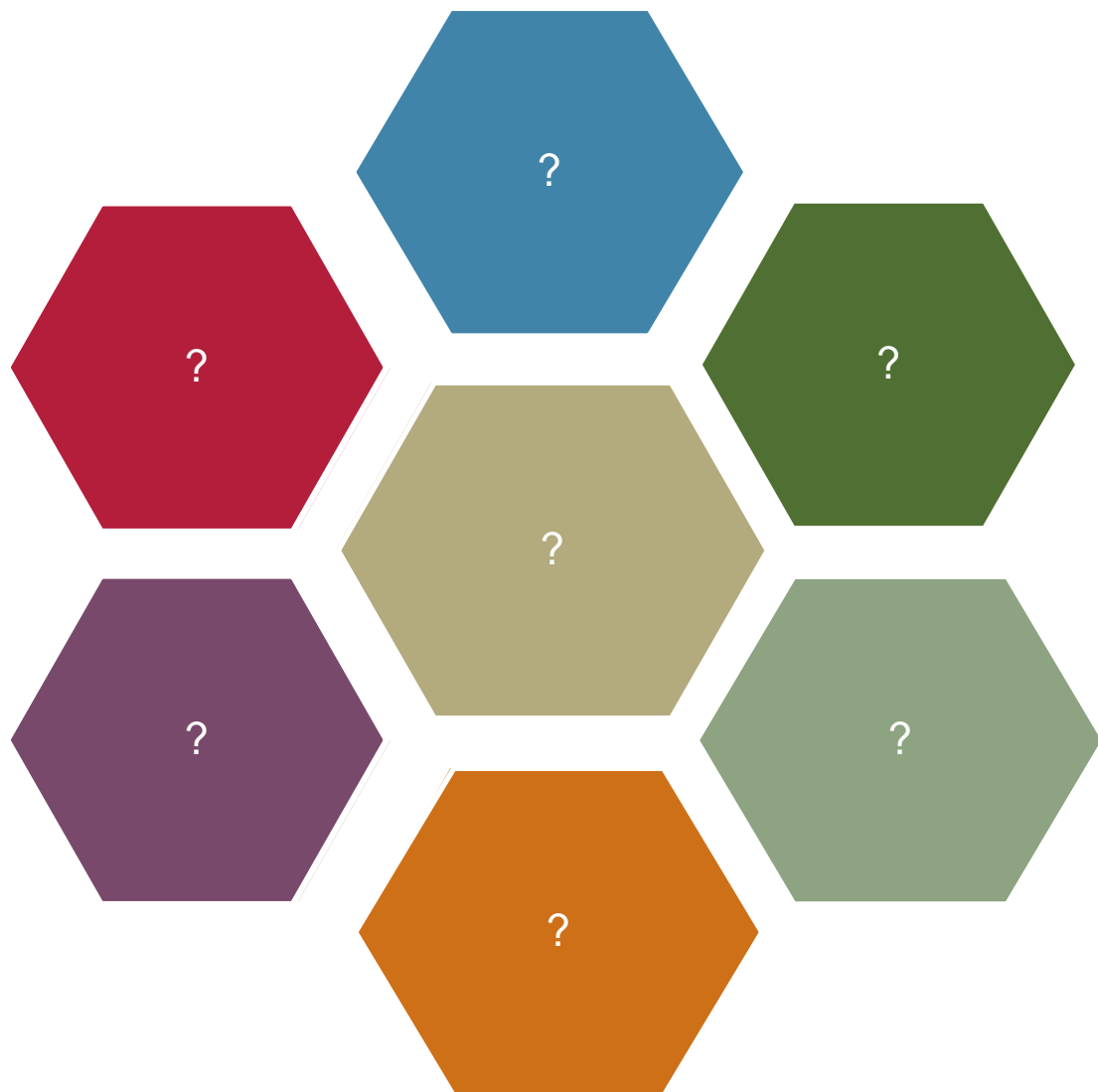
Who has held a public consultation with their own stakeholders?

Can technology open new doors?

Possible alternatives to comment letters

For some respondents, there may be better or preferable tools than comment letters to provide feedback to our consultations

Consider permitting respondents to use different media to submit public feedback on our consultations

Some have suggested that comments letters are, or are increasingly becoming, an outdated format for feedback.

How could technology be utilised?

Technology / platform	Pros	Cons
Social media (eg Twitter, LinkedIn)	• Simple, fast, user friendly • Well suited to mass participation in providing feedback	• Shorter, less precise responses • Large quantities adversely impact timeliness and limited resources • Not accessible in all jurisdictions
Online questionnaires or embedded comment boxes (eg SurveyMonkey, Adobe forms)	• Improved timeliness – easier to process because the coding is 'baked in' • Encourages specific and focussed feedback	• Respondents may find the format restrictive • Manual checking and coding still required as responses may not be entered in the correct places - timeliness gains may be eroded
Feeds to vote on other respondents' feedback (eg Reddit, Trustpilot)	• Ranking and prioritisation of issues • Wider participation in the process	• No explanation of rationale

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Questions for discussion— using your experience and your examples

Q 1: Increasing engagement in the feedback process

- What else can we do to reach groups that are under-represented as submitters of feedback?

- How can we overcome perceptions that only 'technical experts' should submit feedback in order to encourage those with an operational and application perspective to respond?

- What are the greatest barriers to <u>any</u> stakeholder engaging in the feedback process? How can they be addressed? Consider:
  - stakeholders' internal review processes
  - a perceived need for a stakeholder group to achieve consensus
  - the need for anonymity
  - difficulty in planning / lack of resources
  - consultation overload, ie too many consultations

Q 2: Improving the effectiveness of feedback

- Do we need to do more to support respondents with respect to their understanding of the proposals and to support their preparation of relevant feedback? If so, what should we do?

- How can we encourage stakeholders to take part in our consultation at an early (eg DP), rather than later (eg ED), stage?

- Would explaining our comment letter process and the characteristics of high quality feedback be helpful and worthwhile? If so, what would be the best format?

Comment letters are often our primary means of receiving feedback on consultations.

Are there better ways, rather than comment letters, for stakeholders to provide public feedback to our consultations? Can technology open new doors?

If so:

- How would we ensure that the feedback remains effective?
- Would these possible alternatives require a change to the *Due Process Handbook?*

Have you found a better way?

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