



International Federation of Accountants

Working in Partnership with IFAC

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IFAC Today

- Expanding organization of 163 member bodies in 119 countries
- Represents 2.5 million accountants in public practice, education, government service, industry and commerce
- Provides for public interest input and has public oversight

IFAC's Mission

To serve the public interest, IFAC will continue to strengthen the worldwide accountancy profession and contribute to the development of strong international economies by...

IFAC's Mission

- Establishing and promoting adherence to high quality professional standards
- Furthering the international convergence of such standards
- Speaking out on public interest issues where the profession's voice is most relevant

Public Interest Input and Oversight

- IFAC activities are characterized by significant public interest input
- This includes consultation with regulators, standard setters and outside stakeholders
- Independent Public Interest Oversight Board (PIOB) oversees IFAC audit, ethics, and education standard setting and IFAC Member Body Compliance Program

IFAC Represents the International Profession

- Accountancy organizations worldwide
- Large, medium and small firms
- Developed and developing countries
- Professionals in public practice, business and government

What IFAC Does

- Develops international standards
- Provides guidance for professional accountants in business
- Encourages compliance and convergence
- Promotes values of integrity, transparency and expertise
- Supports the global development of the profession
- Shares in regulation of profession

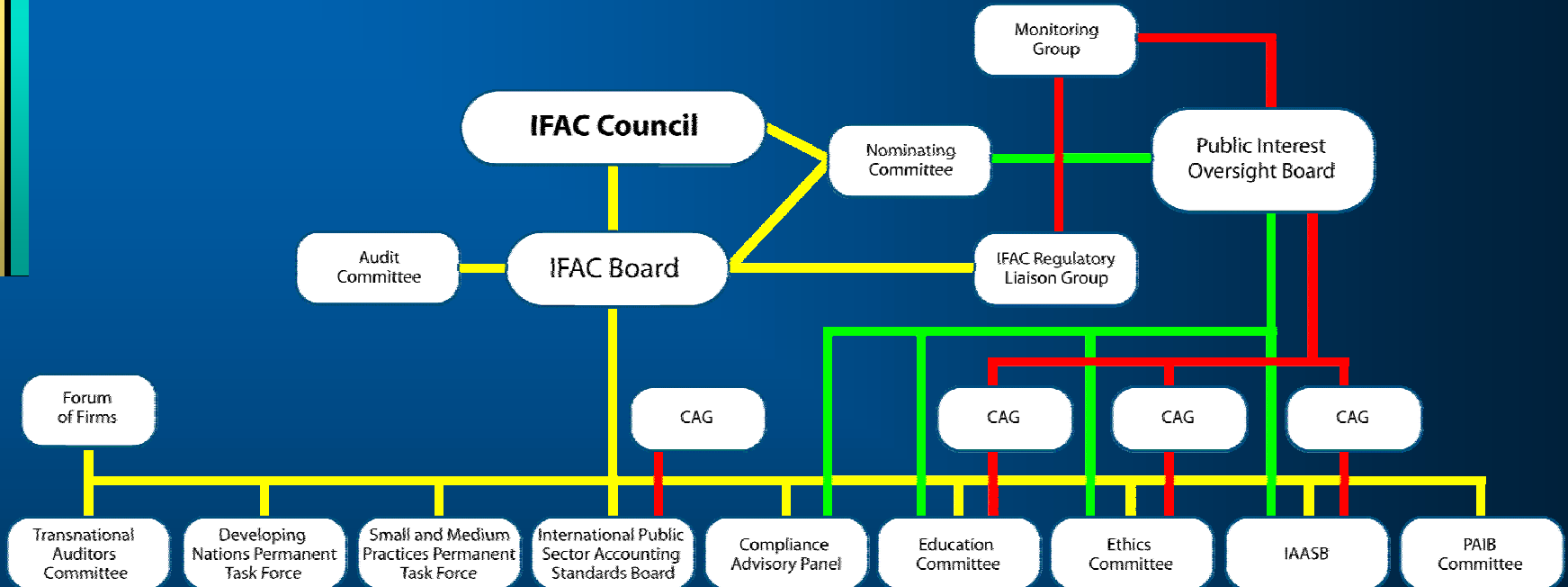
IFAC Standard Setting

- International Auditing and Assurance Standards Board (IAASB)
- Ethics Committee
- Education Committee
- International Public Sector Accounting Standards Board
- Member Body Compliance Program

IFAC Structure

- Governed by Board that reflects the diversity of IFAC and its member bodies
- The IFAC Council, comprised of one representative from each member body, decides constitutional questions and elects the Board
- Standard setting boards have independent authority to set standards

IFAC Oversight & Consultation



KEY

ACCOUNTABILITY

OVERSIGHT

CONSULTATION/ADVICE

Public Interest Oversight Board (PIOB)

- Formally established in February 2005
- Comprised of 10 members appointed by regulators and international organizations
- Oversees the Public Interest Activity Committees
- Provides input on due process and work programs

Public Interest Activity Committees

- Receive public input through Consultative Advisory Groups
- Have public members
- Rigorous due process subject to PIOB review
- Meetings are open to the public

IAASB

- Develops high quality auditing, assurance and related services standards
- Members include practicing accountants, academics, and representatives of business and government
- Works with national standard setters, international organizations, and users of its standards

Ethics Committee

- Member include practicing accountants, academics and representatives from business and the public
- Develops Code of Ethics applicable to all professional accountants
- Code requires all accountants to act with integrity

Ethics Committee

- Code features principles-based approach
- Serves as the basis for ethical requirements for professional accountants in each country
- No member body or firm is allowed to apply less stringent standards
- Updated regularly to reflect current issues, such as independence and whistle blowing

Education Committee

- Develops standards and guidance for the education and development of professional accountants
- Members include practicing accountants, academics, representatives from business and the public
- Observers from international accounting academic community and UNCTAD

International Public Sector Accounting Standards Board (IPSASB)

- Strives to improve public sector financial management and accountability
- Primary activity to develop international public sector financial reporting standards
- Standards based on IFRSs
- Spanish and French translations of IPSASs are available

Professional Accountants in Business Committee

- Helps IFAC member bodies support more than 1 million professional accountants in business, broadly defined
- Facilitates the global exchange of knowledge and best practices
- Works to build public awareness of the role of PAIBs

SMP Permanent Task Force

- Represents the interests of small and medium practices and enterprises
- Ensures that international standard-setting bodies, especially accounting and auditing, are aware of and give consideration to issues relevant to SMEs and SMPs
- Knowledge-sharing through the Internet and the development of best practice guidance

Structure

- IFAC Staff driven function
- Compliance Advisory Panel
- Program is subject to oversight by the Public Interest Oversight Board

Role of the CAP

- Oversight and advice to Compliance staff
- New member applications
 - Criteria and process
 - Evaluation and recommendation
- Approval of member body action plans
- Changes to SMOs
- Suspension and expulsion

Member Body Compliance Program

- Outcomes
 - Proactive monitoring of convergence to IFAC and IFRS standards
 - Identifies specific obstacles to convergence
 - Action plans to remove or minimize obstacles

Member Body Compliance Program

- Works in partnership with IFAC member bodies, regional accountancy organizations and key stakeholders, such as World Bank and Regional Development Banks

Overview of Program

- Statements of Membership Obligations
- Part 1 – Assessment of Standard Setting and Regulatory Environment
- Part 2 – SMO Self Assessment Questionnaire
- Part 3 – Development of the Action Plan
- Commitment to transparency
 - Questionnaire results to be posted on IFAC website

Statements of Membership Obligations (SMOs)

- Expands and clarifies IFAC Full member and Associate obligations
- Obligations whether the SMO function is the responsibility of:
 - The member body; or
 - Another body (government, regulators, other professional organization etc)

Statements of Membership Obligations (SMOs)

- “Best endeavors” efforts
 - A member body has used “best endeavors” if
“It could not reasonably do more than it has done
and is doing to meet the particular membership
obligations”

Statements of Membership Obligations

- SMOs effective as of Dec. 31, 2004
 - SMO 2 Education standards
 - SMO 3 Auditing standards and other IAASB pronouncements
 - SMO 4 Ethics standards
 - SMO 5 Public sector accounting standards and other PSC guidance
 - SMO 7 International Financial Reporting Standards

Part 1

- Fact-based questionnaire on the regulatory and standard-setting framework in a member's home country
- Over 150 responses to date
- After review and clearance, responses are posted on IFAC's website
- Shows differences in national regulatory environments and challenges to convergence

Statements of Membership Obligations

- Effective for Dec. 31, 2005
 - SMO 1 Quality assurance
 - SMO 6 Investigation and discipline

IFAC Compliance Program

Part 1 – Status Update	Sept 16
Completed and published	65
MB for final agreement	35
Under staff review	50
Total Completed	150
Extensions granted	1
Suspensions and not submitted	7
Affiliate Members and Excused	5
Total Members and Associates	163

Part 2 SMO Self-Assessment

- Self-Assessment Tool
 - Web-based or CD-Rom
 - Word version guide
 - Field test completed and final questionnaire is under development

Part 2 SMO Self-Assessment

- Launch planned for later this year
- Results provide basis for
 - Communicating specific challenges
 - Demonstrating developments to date
 - How convergence and implementation have occurred
 - Form basis for action plans

Part 3

- Actions Plans
 - Development
 - Implementation
 - Monitoring

Developing Nations Permanent Task Force

- Supports the development of the accountancy profession in all regions of the world
- Provides input to international standard setters
- Seeks resources and development assistance
- Facilitates cooperation and seeks to minimize duplication of effort

Developing Nations Permanent Task Force

- Toolkit to be issued in November 2005 –
“Establishing And Developing A
Professional Accountancy Body”
- Topics to include:
 - Establishment
 - Governance
 - Finance

Developing Nations Permanent Task Force

- Topics to include:
 - Licensing and practicing certificates
 - Quality Assurance
 - Education
 - Examinations
 - Establishing a Code of Ethics
 - Accessing external funds

Developing Nations Permanent Task Force

- Establishing working relationships with Multi-lateral Development Banks
 - Exploring central funding mechanism for developing nations participation in standard setting
 - Translations
 - Share common tools and methodologies

Developing Nations Permanent Task Force

- Other areas of current cooperation
 - French translation
 - ISA Implementation Guidance for SMPs
 - Coordination with World Bank ROSC program
 - Quality Assurance Review – example procedures and checklists

Developing Nations Permanent Task Force

- Areas of potential cooperation
 - Spanish translations of:
 - SMOs
 - Member Body Toolkit
 - QA Procedures
 - ISA Implementation Guidance
 - Regionalization of some MIF funded activities?



International Federation of Accountants
www.ifac.org