

**ORDINARY MEETING OF THE COUNCIL  
OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)  
NOVEMBER 5, 2010, KUALA LUMPUR, MALAYSIA**

**ATTENDANCE LIST**

**Chair:** Bob Bunting (IFAC President)  
**Secretary:** Ian Ball (IFAC Chief Executive Officer)  
**Legal Counsel:** Jay Gerzog

**MEMBERS**

\* Indicates voting representative

**ALBANIA**

*Institute of Authorized Chartered Auditors of Albania*

D. Ylli\*  
H. Cela

**AUSTRALIA**

*Institute of Chartered Accountants in Australia*

R. Grimes\*  
G. Meyer

**AUSTRIA**

*Institut Österreichischer Wirtschaftsprüfer*

H. Maukner\*

**AZERBAIJAN**

*Chamber of Auditors of Azerbaijan Republic*

G. Bayramov\*

**BANGLADESH**

*Institute of Cost and Management Accountants of Bangladesh*

D. Hussain\*

**BELGIUM**

*Institut des Réviseurs d'Entreprises*

M. De Wolf\*  
D. Szafran

**BULGARIA**

*Institute of Certified Public Accountants of Bulgaria*

B. Kostov\*  
M. Strashilova

**AUSTRALIA**

*CPA Australia*

W. Low\*  
A. Malley

**AUSTRALIA**

*National Institute of Accountants*

C. Leetham\*  
A. Conway

**AUSTRIA**

*Kammer der Wirtschaftstreuhänder*

G. Marterbauer\*

**BANGLADESH**

*The Institute of Chartered Accountants of Bangladesh*

J. Ahmed\*  
A. Salam

**BELGIUM**

*Institute des Experts Comptables et des Conseils Fiscaux*

C. Cloquet\*

**BRAZIL**

*Instituto dos Auditores Independentes do Brasil*

G. Almeida-Andrade\*

**CANADA**

*Certified General Accountants Association of Canada*

J. Poirier\*  
S. Voghel

## **MEMBERS**

\* Indicates voting representative

### **CANADA**

*Canadian Institute of Chartered Accountants*

K. Dancey\*

D. Baker

### **CHINA**

*Chinese Institute of Certified Public Accountants*

G. Zhang\*

### **DENMARK**

*Foreningen Registrerede Revisorer*

P. Krogh\*

P. Rasmussen Hoj

### **ESTONIA**

*Estonian Association of Auditors*

T. Vapper\*

### **FINLAND**

*KHT-yhdistys-Föreningen CGR ry*

E. Kailiala\*

J. Ilola

### **FRANCE**

*Conseil Supérieur de l'Ordre des Experts-Comptables*

J. Potdevin\*

J. Delespaul

### **GERMANY**

*Wirtschaftsprüferkammer*

H. Oberrecht\*

R. Veidt

### **HONG KONG**

*Hong Kong Institute of Certified Public Accountants*

W. Fung\*

W. Cheung

### **INDONESIA**

*Ikatan Akuntan Indonesia*

D. Susanto\*

E. Husin

### **IRAN**

*Iranian Institute of Certified Accountants*

G. Salami\*

### **CANADA**

*Certified Management Accountants of Canada*

R. Strachan\*

J. Thomas

### **CZECH REPUBLIC**

*Chamber of Auditors of the Czech Republic*

P. Sobotnik\*

### **DENMARK**

*Foreningen af Statsautoriserede Revisorer*

K. Gimsing\*

### **FINLAND**

*HTM-tilintarkastajat-GRM-revisorer ry*

J. Silvo\*

A. Salonen

### **FRANCE**

*Compagnie Nationale des Commissaires aux Comptes*

Y. Nicolas\*

J. Potdevin

### **GERMANY**

*Institut der Wirtschaftsprüfer (in Deutschland e.V.)*

K. Feld\*

### **GHANA**

*Institute of Chartered Accountants (Ghana)*

J. Blankson\*

K. Asante

### **HUNGARY**

*Chamber of Hungarian Auditors*

J. Lukacs\*

J. Lado

### **IRAN**

*Iranian Association of Certified Public Accountants*

A. Soleimani \*

### **IRAQ**

*Iraqi Union of Accountants and Auditors*

R. Al Nawas\*

## **MEMBERS**

\* Indicates voting representative

### **IRELAND**

*Chartered Accountants Ireland*

P. O'Connor\*

P. Costello

### **ISRAEL**

*Institute of Certified Public Accountants in Israel*

A. Hilman\*

### **JAPAN**

*Japanese Institute of Certified Public Accountants*

S. Yamazaki\*

T. Kinoshita

### **KENYA**

*Institute of Certified Public Accountants of Kenya*

M. Itote\*

N. Gathinji

### **KOSOVO**

*Society of Certified Accountants and Auditors of Kosovo*

N. Pllana\*

A. Bunjaku

### **MADAGASCAR**

*Ordre des Experts Comptables et Financiers de Madagascar*

R. Rakatobe

### **MALAYSIA**

*Malaysian Institute of Certified Public Accountants*

L. Loh\*

M. Abdul Rahman

### **NAMIBIA**

*Institute of Chartered Accountants of Namibia*

J. du Toit\*

### **IRELAND**

*Institute of Certified Public Accountants in Ireland*

G. Meagher\*

E. Siggins

### **ITALY**

*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*

G. Attolini\*

R. D'Imperio

### **KAZAKHSTAN**

*Chamber of Auditors of the Republic of Kazakhstan*

L. Pogorelova\*

### **KOREA**

*Korean Institute of Certified Public Accountants*

H. Kim

### **LITHUANIA**

*Lithuanian Chamber of Auditors*

S. Lapsinskas\*

A. Vizgirda

### **MALAYSIA**

*Malaysian Institute of Accountants*

A. Abdul Hamid\*

R. Abdullah

### **MEXICO**

*Instituto Mexicano de Contadores Públicos*

F. Macias\*

### **NEPAL**

*Institute of Chartered Accountants of Nepal*

S. Dhungel\*

S. Pandey

## **MEMBERS**

\* Indicates voting representative

### **NETHERLANDS**

*Koninklijk Nederlands Instituut van  
Registeraccountants (Royal NIVRA)*

B. Wammes\*

### **NIGERIA**

*Institute of Chartered Accountants of Nigeria*

S. Owuama\*

T. Adepte

### **PAKISTAN**

*Institute of Cost and Management Accountants of  
Pakistan*

M. Rafi\*

### **PHILIPPINES**

*Philippine Institute of Certified Public Accountants*

J. Cabalum\*

### **POLAND**

*National Chamber of Statutory Auditors*

M. Rzepnikowska\*

### **ROMANIA**

*Chamber of Financial Auditors of Romania*

I. Mihailescu\*

A. Cosa

### **RUSSIA**

*Russian Collegium of Auditors*

A. Ruf\*

### **NEW ZEALAND**

*New Zealand Institute of Chartered Accountants*

D. Harry\*

R. Jackson

### **NORWAY**

*Den Norske Revisorforening*

P. Hanstad\*

### **PANAMA**

*Colegio de Contadores Públicos Autorizados de  
Panamá*

M. Ayon\*

### **POLAND**

*Accountants Association in Poland*

A. Kamela-Sowińska\*

### **PORTUGAL**

*Ordem dos Revisores Oficiais de Contas*

A. Monteiro\*

### **ROMANIA**

*Corpul Expertilor Contabili si Contabililor  
Autorizati din Romania*

F. Toma\*

### **RUSSIA**

*The Institute of Professional Accountants of  
Russia*

E. Kuposova\*

S. Bychkova

O. Ostrovskaya

## **MEMBERS**

\* Indicates voting representative

### **SERBIA**

*Serbian Association of Accountants and Auditors*

Z. Skobic\*

Z. Sevic

### **SINGAPORE**

*Institute of Certified Public Accountants of Singapore*

E. Kan\*

G. Ee

### **SOUTH AFRICA**

*South African Institute of Professional Accountants*

S. Daniels\*

R. Hattingh

### **SRI LANKA**

*Institute of Chartered Accountants of Sri Lanka*

S. Mudalige\*

A. Alwis

### **THAILAND**

*Federation of Accounting Professions*

E. Narongdej\*

S. Sudtipunyo

### **TURKEY**

*Expert Accountants' Association of Turkey*

M. Turker\*

Y. Akdemir

### **UKRAINE**

*Ukrainian Federation of Professional Accountants and Auditors*

V. Legka\*

V. Vyshenska

### **UNITED KINGDOM**

*Chartered Institute of Management Accountants*

G. Glass\*

C. Tilley

### **SIERRA LEONE**

*Institute of Chartered Accountants of Sierra Leone*

M. Hedd\*

### **SOUTH AFRICA**

*South African Institute of Chartered Accountants*

M. Matlwa\*

A. Omar

### **SPAIN**

*Instituto de Censores Jurados de Cuentas de España*

R. Camara\*

R. Casals

### **TANZANIA**

*National Board of Accountants and Auditors*

M. Assad\*

P. Maneno

### **TUNISIA**

*Ordre des Experts Comptables de Tunisie*

J. Bouraoui\*

### **TURKEY**

*Union of Chambers of Certified Public Accountants of Turkey*

N. Sanli\*

C. Ibis

### **UNITED KINGDOM**

*Association of Chartered Certified Accountants*

M. Gold\*

H. Brand

### **UNITED KINGDOM**

*Chartered Institute of Public Finance and Accountancy*

J. Meekings Davis\*

S. Freer

**MEMBERS**

\* Indicates voting representative

**UNITED KINGDOM**

*Institute of Chartered Accountants in England and Wales*

G. Russell\*

M. Izza

**UNITED STATES**

*American Institute of Certified Public Accountants*

B. Melancon\*

G. Scopes

**UNITED KINGDOM**

*Institute of Chartered Accountants of Scotland*

A. Thomson\*

A. Colella

## **ASSOCIATES**

### **BRUNEI**

*Brunei Darussalam Institute of Certified Public Accountants*

P. Moksin

H. Lim

### **IRELAND**

*(Institute of) Accounting Technicians (in) Ireland*

G. Sheehan

M. Ryan

### **SENEGAL**

*Ordre National des Experts Comptables et Comptables Agréés du Sénégal*

D. Aziz

### **UNITED KINGDOM**

*Institute of Financial Accountants*

D. Woodgate

### **CAMBODIA**

*Kampuchea Institute of Certified Public Accountants and Auditors*

K. Lim

### **REPUBLIC OF SRPSKA**

*Association of Accountants and Auditors of Republic of Srpska*

D. Mikerevic

N. Kondic

A. Dzombic

### **SRI LANKA**

*Association of Accounting Technicians of Sri Lanka*

T. Kumarasinghe

T. Dharmarajah

### **UNITED KINGDOM**

*Association of Accounting Technicians*

H. Lindsay

J. Scott Paul

## **AFFILIATES**

### **UNITED STATES**

*National Association of State Boards of Accountancy*

L. Biek

## **REGIONAL ORGANIZATIONS**

### **BELGIUM**

*Fédération des Experts Comptables Européens*  
H. Van Damme  
H. Olivier

### **MALAYSIA**

*Confederation of Asian and Pacific Accountants*  
I. Joo  
B. Blood  
K. Wedlock

## **ACKNOWLEDGED ACCOUNTANCY GROUPINGS**

### **INDIA**

*South Asian Federation of Accountants*  
T. Kathikeyan  
K. Chitracar

### **KAZAKHSTAN**

*Eurasian Council of Certified Accountants and Auditors*  
D. Shyutts

### **KENYA**

*Eastern Central and Southern African Federation of Accountants*  
V. Ncube

### **UNITED STATES OF AMERICA**

*Interamerican Accounting Association*  
J. Flores

### **ITALY**

*Fédération des Experts Comptables Méditerranéens*  
M. Venuta

### **NIGERIA**

*Association of Accountancy Bodies in West Africa*  
E. Adegite  
M. Unubun

## **PROXIES**

**GIVEN TO: ECSAFA**

### **LESOTHO**

*Lesotho Institute of Accountants*

**GIVEN TO: Den Norske Revisorforening**

### **SWEDEN**

*FAR SRS*

**GIVEN TO: Corpul Expertilor Contabili si Contabililor Autorizati din Romania**

### **MOLDOVA**

*Association of Professional Accountants and Auditors of the Republic of Moldova*

**REPRESENTATIVES OF ORGANIZATIONS  
ADMITTED AS ASSOCIATES AT THE  
COUNCIL MEETING**

**BOSNIA AND HERZEGOVINA**

*Union of Accountants, Auditors and Financial Workers  
of Federation of Bosnia and Herzegovina*  
J. Misita

**RUSSIA**

*Audit Chamber of Russia*  
T. Bragina  
A. Chmel

**OTHER ATTENDEES**

**PAST PRESIDENT**

B. Edlund

**IFAC STAFF**

I. Ball (Chief Executive Officer)

S. Fox (Technical Director, IPSASB)

R. Guthrie (Executive Director, Quality and Member Relations)

S. Tsen (Director, Quality and Member Relations)

L. Wilker (Head of Communications)

S. Radziszewicz (Senior Technical Manager, Member Body Development)

**CROATIA**

*Croatian Audit Chamber*  
A. Krivicic  
I. Matovina

**SRI LANKA**

*The Institute of Certified Management  
Accountants of Sri Lanka*  
L. Watawala

**FORUM OF FIRMS**

D. Maxwell (Chair)

J. Sylph (Executive Director, Professional Standards)

A. Prinsloo (Director, Governance and Operations)

L. Lach (Head of Governance and Strategy)

K. Anerud (Senior Technical Manager, Translations)

P. Thompson (Senior Technical Manager, Small and Medium Practices Committee)

G. Kusz (Technical Manager, Member Body Development)

**ALSO IN ATTENDANCE**

Members of the IFAC Board

IFAC Board and Committee Chairpersons

Members of the Public Interest Oversight Board  
(including the Chairman, S. Thomadakis)

S. Harrison (Global Accounting Alliance)

D. Leonard (Edinburgh Group)

# MINUTES

## Section 1 Introduction, Minutes, and Reports

### 1.1 Call to Order

The President, Mr. Robert Bunting, welcomed the Council delegates. He also welcomed Dr. Stavros Thomadakis, chair of the Public Interest Oversight Board (PIOB), and the chairs of the IFAC boards and committees.

The President thanked the Malaysian Institute of Accountants (MIA) for hosting the meeting, for the Council dinner, and for the gift that all Council members received with the tabled papers. In particular, he thanked Abdul Rahim Abdul Hamid, the President of MIA, Dr. Lee Yee Chong, chairman of the Organizing Committee for the World Congress of Accountants 2010 (WCOA), the MIA Organizing Committee, the MIA Council, and the staff of MIA and IFAC.

The President noted that this Council meeting precedes the quadrennial World Congress of Accountants (WCOA) which is organized by MIA and IFAC. He highlighted that the theme of the WCOA is *Sustaining Value Creation*; that the event would provide plenty of opportunity for attending technical seminars and interacting with colleagues from all over the world; and that the opening ceremony held on the first day of the WCOA would feature a cultural performance and the presentation of the Sempier Award and two additional awards.

The President introduced Mr. Jay Gerzog, Legal Counsel. Mr. Gerzog stated that:

- The credentials of the designated representatives of Member Bodies in attendance at the meeting had been reviewed and verified.
- There were a total of 81 Member Bodies authorized to vote who were present in person or by proxy when the meeting was called to order, as follows: the number of designated representatives of Member Bodies present at the meeting authorized to vote was 78; the number of valid Member Body proxies was three.<sup>1</sup>
- The constitutionally required quorum of 27 Member Bodies (20% of the total of 131 Member Bodies) had been established for this meeting.
- The affirmative vote of a two-thirds (2/3) super-majority of the Member Bodies would be required for approval of (a) the proposed amendments to the Constitution and (b) the proposed amendments to the basis of assessment of Member Body financial contributions. A supermajority of the 81 Member Bodies present in person or by proxy would be 54 affirmative votes. A simple majority vote was required for all other matters, which would require 41 affirmative votes.

Mr. Bunting indicated that Member Body designated representatives must vote by holding up the yellow ribbon.

### 1.2 Minutes of the 2009 IFAC Ordinary Meeting of the Council

---

<sup>1</sup> Three additional voting representatives of Member Bodies registered after the start of the meeting.

The Council received the minutes of the Ordinary meeting of the Council, which took place on November 17-18, 2009, in Washington, DC, USA. **The Council unanimously approved the minutes of the 2009 IFAC Ordinary Meeting of the Council.**

### 1.3 Report from the President

The President discussed achievements in the areas of emphasis which he had outlined during his acceptance speech in November 2008.

*Enhancing Our Global Voice*—The importance of developing a more powerful voice on behalf of the profession was a key area of emphasis in 2010. This creates a bridge that will enable IFAC’s expertise to have an impact on key policy makers and global leaders now and in the future. Notable results for this year included IFAC’s communications to the G-20 during their ongoing efforts to address the financial crisis, in advance of the group’s summit in Toronto in June.<sup>2</sup> The G-20 was urged to encourage governments to provide greater transparency and accountability in public sector finances.

*Responding to the Needs of Small- and Medium-Sized Practitioners (SMPs) and Small- and Medium-Sized Entities (SMEs)* remains a key concern for IFAC. IFAC devoted more resources to understanding, and ultimately addressing, the needs of these sectors. During 2010, the IFAC Board approved recommendations to expand support to Member Bodies in their work to assist SMPs. The recommendations are intended to give SMPs the additional practical support needed to provide high-quality professional services to their main clients: SMEs. In addition, IFAC increased its efforts to raise awareness among regulators and policymakers of the special challenges impacting SMPs and SMEs during the financial crisis. Such efforts have included participation in various forums on the subject and increased dialogue with key stakeholders.

*Strengthening the Accountancy Profession and Improving the Quality of Practice Globally*—The IFAC Board approved the recommendations to refocus the Developing Nations Committee (DNC) on one of the most pressing needs among existing and potential IFAC members and associates: support and assistance for the development of professional accountancy organizations. These recommendations included renaming the DNC to the Professional Accountancy Organization Development Committee (PAODC) in order to better reflect its focus and communicate its purpose to external stakeholders and placing more emphasis on activities that directly support the development of professional accountancy organizations, through the provision of tools and guidance, advocacy, and outreach.

Also in 2010, the Professional Accountants in Business (PAIB) Committee finalized its 2010-2012 Strategy and Work Plan. The plan focuses on enhancing the profile, influence, and relevance of PAIBs and identifies two specific objectives: increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and supporting the PAIBs within IFAC Member Bodies by facilitating the communication and sharing of good practices and ideas. Another important initiative for PAIBs was launched when IFAC and The Prince’s Accounting for Sustainability (A4S) Project entered into a memorandum of understanding to support the global accountancy profession’s role in developing sustainable organizations.

---

<sup>2</sup> This communication can be found at [http://web.ifac.org/download/IFAC-G20-Submission\\_June\\_2010\\_Toronto.pdf](http://web.ifac.org/download/IFAC-G20-Submission_June_2010_Toronto.pdf)

*Strengthening IFAC's Governance and Operations*—In order to support the evolving needs of the profession, IFAC must continue to expand and grow stronger. This includes finding better ways to allocate IFAC's resources and reviewing the effectiveness of its governance processes. Some of the key initiatives in 2010 included completion of a review of IFAC's Constitution and Bylaws; completion of the Nominating Committee's rigorous process of reviewing candidates and selecting those with the best qualifications for recommendation to the IFAC Board, Council, and PIOB for approval; developing the *Strategic Plan for 2011-2014*; and developing the *Operational Plan for 2011*, including the budget, with a focus on expansion of IFAC's offices in both New York City and Toronto.

In conclusion, the President noted that IFAC must maintain a steady course in its role as standard setter and advocate for the profession, while responding to the needs of all accounting professionals, including PAIBs and SMPs.

#### **1.4 Report from the Chief Executive Officer**

Noting the achievements discussed in the written reports from the chairs of the IFAC boards and committees that were presented to Council, the Chief Executive Officer (CEO), Ian Ball, highlighted the following additional achievements in his report:

- IFAC's involvement with the International Integrated Reporting Committee (IIRC) which was established in August 2010. The IIRC comprises a cross section of representatives from the corporate, accounting, securities, regulatory, nongovernmental organizations, and standard-setting sectors with the objective of creating a globally accepted framework for integrated reporting that brings together financial, environmental, social and governance information in a clear, concise, consistent, and comparable format. The IIRC's Steering Committee is chaired by Sir Michael Peat, Principal Private Secretary to The Prince of Wales, with Professor Mervyn King, Chairman, King Committee on Corporate Governance (South Africa) and Chairman, GRI as Deputy Chairman. The CEO noted that he has been appointed, with Paul Druckman, A4S Executive Board Chairman, to co-chair the Working Group responsible for progressing the IIRC's development.
- A meeting of the IFAC Regulatory Liaison Group (IRLG) was held in Washington, D.C. in May which included an update from the Global Public Policy Committee and presentations from Julie Erhardt, Deputy Chief Accountant, US Securities and Exchange Commission (SEC), and Charles McDonough, Vice President and Controller, World Bank. The IRLG also revised its terms of reference during 2010.
- The IFAC/United Nations Conference on Trade and Development (UNCTAD) conference was held on October 12 in Geneva, Switzerland on *Corporate Governance in the Wake of the Financial Crisis: Linking Governance, Strategy, and Sustainability: A Conference on the Role of the Accountancy Profession* and a related workshop was led by IFAC Board member Olivia Kirtley on October 13. Both the conference and the workshop provided key input into the development of IFAC's strategic objectives as they pertain to corporate governance reform on a global level.
- An IFAC Position Paper, *A Public Interest Framework for the Accountancy Profession*, is exposed for comment. The policy position paper provides a framework of the public

interest as it relates to the work of IFAC and the responsibilities of the accountancy profession.

- Staff members have been involved with an unusually large number of initiatives, including many of the initiatives discussed during the Council meeting and reported on by the IFAC President. In addition, there has been a focus on building and strengthening staff capacity throughout the year by implementing the efficiency review recommendations, establishing a new communications team, reorganizing the staff, and developing the plans to expand the offices.

The CEO thanked staff, volunteers, and the President for their efforts throughout 2010. The CEO also thanked MIA for hosting the meeting and for their work on the WCOA.

## **1.5 Public Interest Oversight Board Chair Remarks to the Council**

The chair of the PIOB, Dr. Stavros Thomadakis, thanked Mr. Bunting, as IFAC's President, for working closely and diligently with the PIOB to facilitate its oversight role. Dr. Thomadakis also extended best wishes to incoming IFAC President, Göran Tidström.

Dr. Thomadakis reported that the PIOB has conducted an extensive self-assessment which contributed to the Monitoring Group's review of IFAC Reforms. These will serve as the basis for future improvements. Noting that the conclusions of the Monitoring Group Report will be presented in detail during the World Congress of Accountants and will be posted on the PIOB's website,<sup>3</sup> Dr. Thomadakis highlighted that the hard work and cooperative efforts on the part of the PIOB and the standard-setting boards created a positive relationship which contributed to improved processes for standard-setting and more diversified representation of practitioners and nonpractitioners on standard-setting boards. Dr. Thomadakis noted that care should be taken to ensure that oversight in the public interest contributes to even higher quality and effectiveness of global standards.

Dr. Thomadakis also provided an update on PIOB funding. In the past, the PIOB has been funded almost exclusively by IFAC (with in-kind contributions from other organizations), but a more diverse funding base is considered important for the perception of independence. Dr. Thomadakis was pleased to report that the European Commission has agreed to extend funding to the PIOB of 1.2 million Euros over the next 4 years, and that the Monitoring Group has decided to take initiatives to support further budget diversifications.

## **Section 2 Strategy, Operational Plan, Budget, and Financial Contributions**

### **2.1 Report from the Planning and Finance Committee on the Implementation of the 2010 Operational Plan**

The Council received a report from the Deputy President, Mr. Göran Tidström, as chair of the Planning and Finance Committee (PFC). The Deputy President first reported on the implementation of the *Operational Plan for 2010*. Noting that most areas were on target, he reviewed those areas where the timing or output of a service delivery had been revised.

---

<sup>3</sup> The PIOB's self-assessment and information on the PIOB's participation at the WCOA can be found at [www.piob.org](http://www.piob.org).

## **2.2 Strategic Plan for 2011-2014**

The Deputy President provided an overview of the strategic planning process, the proposed *Strategic Plan for 2011-2014*, and the proposed *Operational Plan for 2011*, including the budget. His presentation addressed a new vision and revised mission for IFAC.

The Deputy President noted that the strategic plan seeks to increase momentum, seize new opportunities and establish sufficient resources to focus on the activities and services that will enhance the relevance of the accountancy profession. It calls for the accountancy profession to take an active role in the development of strong and sustainable organizations, financial markets and economies. It positions IFAC:

- As an active and credible contributor to international standard setting under public interest oversight
- As a leader, facilitator, and collaborator in supporting adoption and implementation of international standards
- As an active and credible contributor to mitigating sovereign debt risk
- To take strong public policy positions based on sound analysis of issues relevant to the global accountancy profession
- To render enhanced services to PAIBs and SMPs, through the Member Bodies, and to professional accountancy organizations, particularly in developing and emerging economies
- As a recognized participant in the area of corporate governance and sustainability
- As an active voice of the global accountancy profession

The revised mission for IFAC presented for approval of the Council is that IFAC's mission is to serve the public interest by:

- Contributing to the development, adoption and implementation of high-quality international standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms, and to high-quality practices by professional accountants
- Promoting the value of professional accountants worldwide
- Speaking out on public interest issues where the accountancy profession's expertise is most relevant

**The Council unanimously approved the proposed revised mission and the proposed *Strategic Plan for 2011-2014*.**

## **2.3 Operational Plan for 2011, including the Budget**

The Deputy President reviewed the operational plan and budget for 2011 which details the services to be delivered in 2011 and the estimated cost of those services, and highlights organizational and staffing matters. He noted that the overall decrease in other revenue has an adverse effect on the level of increase in Member Body and Forum of Firms contributions. The

budget shows a 7% increase in expenses (excluding the costs associated with the office expansion), but requires a 10% increase in Member Body and Forum of Firms contributions.

The budget includes the costs associated with current commitments, as well as those associated with activities postponed in 2010 and with new or increased activities in standard-setting, regulation and public policy, translations, integrated reporting, communications and Member Body development. A significant portion of the costs associated with new or increased activities relates to new staff resources. The increase in staff resources was supported by the IFAC Board, as it is considered essential to relieve the pressure on existing staff and provide proper succession planning at all levels of management, as well as for implementing new initiatives. In the light of the 2009 surplus, the 2011 budget does not include a build-up of the operating reserve.

The Deputy President also discussed the proposed office expansion, which will require significant cash resources.

**The Council approved the broad parameters of the budget for 2011, including the level of Member Body financial contributions. Six abstentions were noted.**

#### **2.4 Proposed Member Body Financial Contributions for 2010**

The Council received the proposed distribution of responsibility for the 2011 budget amongst Member Bodies, Associates, and Affiliates.

The PFC reviewed and confirmed the continued appropriateness of the dues formula during 2010. The dues formula uses several data inputs, including: the gross national income (GNI) per capita at purchasing power parity, national population, and Member Body membership.

The IFAC Board recommended that the maximum surcharge be reduced to 440% from 770%; that the increase in member dues be achieved by applying the transitional arrangements only where they give rise to increases; setting the minimum contribution at \$3,500; setting the minimum increase at 3%; and providing for an additional increase of 20% over 2010 for Member Bodies in China, India, Indonesia and Mexico.

Acknowledging the need to enhance and expand IFAC's office space in New York City and Toronto, the IFAC Board recommended that the capital expenditure associated with the office expansion be funded by an additional contribution by the first 42 Member Bodies, ranked by size of contribution. This contribution may be paid in equal installments in 2011 and 2012.

The IFAC Board recommended that the dues should be set at \$3,500 for Associates (same as the minimum for Member Bodies) and at \$2,625 for Affiliates.

The President invited comment.

#### Questions/Comments

- One Member Body representative, though in favor of the overall proposal for the calculation of dues for 2011, addressed the pressure of the financial contributions on certain Member Bodies. The representative noted that eight Member Bodies will face an increase of more than 100% over 2010. The representative also expressed concern that the dues formula uses the World Bank's GNI per capita and the national population, which may cause variations in dues calculations that do not correspond to changes directly related to the accountancy profession in a country. The representative noted that, in her country,

auditor fees are set by law and changes in membership have been gradual, and therefore such fees would not support the 110% increase in the Member Body's proposed financial contribution. She noted that her Member Body will abstain from the vote on this matter and also asked for further discussion with staff.

**The Council approved the following with regard to the basis of the assessment of the financial contributions for 2011:**

- 1. A change in the maximum surcharge from 770% to 440%**
- 2. A minimum contribution of US \$3,500**
- 3. An additional increase of 20% over 2010 for Member Bodies in China, India, Indonesia and Mexico**
- 4. A 2011 dues level that cannot be lower than the 2010 dues level of the Member Body plus an increase of 3%**
- 5. To fund the capital expenditure associated with the office expansions, a one-time change to the basis of the assessment of the financial contributions by the first 42 Member Bodies, and that these contributions could be paid in two equal installments in 2011 and 2012.**
- 6. The following contributions for 2011:**

<b>Associates:</b>	<b>US \$3,500</b>
<b>Affiliates:</b>	<b>US \$2,625</b>

**Ten abstentions were noted.**

### **Section 3 Promoting Quality**

#### **3.1 Memberships**

The Council received recommendations for membership and associate status from the chair of the Compliance Advisory Panel (CAP), Mr. Manuel Sánchez y Madrid. The IFAC Board approved the recommendations in September 2010.

**The Council unanimously approved the admission of a new member, the Association of Accountants and Auditors of the Republic of Srpska, effective at the end of this meeting.**

**The Council unanimously approved the admission of the following five Associates, effective at the end of this meeting:**

- Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina;**
- Croatian Audit Chamber;**
- Institute of Certified Auditors of the Republic of Macedonia;**
- Audit Chamber of Russia; and**
- Institute of Certified Management Accountants of Sri Lanka.**

#### **3.2 [Agenda Item Not Used – the recommendation was withdrawn]**

### **3.3 Report from the Forum of Firms**

The Council received an oral report from the chair of the Transnational Auditors Committee, Mr. Nick Fraser, on behalf of the Forum of Firms. Mr. Fraser noted that the Forum of Firms membership currently stands at 21 networks. Mr. Fraser emphasized that the Networks must meet the Forum's membership obligations, which include the use of International Standards on Auditing as the basis for their audit methodologies and following the applicable sections of the *Code of Ethics for Professional Accountants*. The Forum recently renewed their commitment to support the Member Body Compliance Program and will be working with staff to see how the firms can best support Member Bodies with the preparation and implementation of their Action Plans. It also is actively participating with IFAC in the ongoing dialogue with regulators to promote the adoption of international standards and convergence in regulatory approaches and mechanisms.

The Forum unanimously agreed to the 2011 budget commitment. Mr. Fraser noted that the Forum looks forward to continuing to strengthen the relationship between the firms and IFAC and supporting the profession in its dialogue with regulators and other stakeholders to address issues that face the world economy.

## **Section 4 Governance and Operations**

### **4.1 Amendments to IFAC's Constitution and Bylaws**

The President introduced the proposed amendments to IFAC's Constitution and Bylaws. He noted that the IFAC Board had established a working group<sup>4</sup> to review the Constitution and Bylaws and present proposed amendments to the IFAC Board for its consideration and recommendation to the Council.

The proposed amendments have been developed in response to (a) practical issues identified by the IFAC Board, Nominating Committee, and staff over the past several years, as well as issues raised by Member Body representatives at the November 2009 Annual Council Meeting, (b) evolving trends in governance best practice, and (c) a need to clarify and conform the provisions of the Constitution and Bylaws with other IFAC governance-related documents, such as the Council Terms of Reference, the IFAC Board Terms of Reference, and the IFAC Internal Reference Manual.

A consultation paper was issued on June 25, 2010, to (a) familiarize Member Bodies, Associates, and Affiliates, as well as the PIOB, the Monitoring Group, and the Forum of Firms, with the nature of the proposed amendments and (b) in particular, to seek comments on the two most significant issues, which relate to the selection of the Deputy President and the terms of office of the President and the Deputy President. The working group analyzed the 27 comment letters that were received by the end of the month-long comment period in order to finalize the proposed revised Constitution and Bylaws.

---

<sup>4</sup> Working Group Members: IFAC Board Members: Japheth Katto (Chair), Kevin Dancey, Olivia Kirtley, Norbert Pfitzer, and Jacques Potdevin; Member Body representatives: Winnie Cheung, Chief Executive, Hong Kong Institute of Certified Public Accountants, and Steve Freer, Chief Executive, Chartered Institute of Public Finance and Accountancy.

At its September 2010 meeting, the IFAC Board approved the proposed amendments to the Constitution and Bylaws. Some of the key areas of amendment included:

- Expanding the pool of potential candidates for deputy presidency beyond the current board members;
- Including actions to be taken if a vacancy occurs in the office of the deputy president or president, and authorizing the Nominating Committee to appoint a temporary replacement to fill a casual vacancy on any IFAC board or committee;
- Requiring the Nominating Committee to increase its dialogue with the IFAC Board with regard to the committee's membership, and providing for the PIOB to approve the non-ex-officio members of the committee;
- Expanding the independence declarations by nominating organizations of members of the IFAC boards and committees and by employing organizations of chairs of the standard-setting boards;
- Enabling the chairs of the standard-setting boards to serve beyond the general six-year term limit in exceptional circumstances determined by the Nominating Committee, and reducing from three to two years the "cooling-off" period for Members of any IFAC board or committee;
- Disallowing the members of IFAC boards and committees to give proxies to their technical advisors;
- Clarifying the entitlements of Member Bodies, Associates and Affiliates, setting a minimum suspension period, and disallowing the readmission of expelled Member Bodies within a period of three years; and
- Moving procedural provisions from the Constitution to the Bylaws, and amending the Constitution and Bylaws to improve readability, eliminate inconsistencies and redundancies, and more fully describe procedures and practices.

The President invited comments from Council.

#### Questions/Comments:

- One Member Body representative commented on the IFAC Board's decision at its September meeting to not recommend a reduction in the terms of office of the president and deputy president. It was noted that the time commitment for serving as a volunteer leader of IFAC could present a significant challenge. It was suggested that IFAC consider how some Member Bodies have established terms for the presidency and deputy presidency that are shorter than two years, and also consider how such changes might allow diverse representatives from various geographic areas and different constituencies such as smaller firms to serve in these positions. The representative asked that the IFAC Board continue to examine this issue. Another Member Body representative noted that the president carries a heavy workload and that consideration should be given to delegating some of the work to the deputy president.
- A Member Body representative asked that the IFAC Board reconsider the amendment that would preclude members of IFAC boards and committees from giving proxies to their technical advisors. The representative was of the opinion that technical advisors would be

in the best position to vote the member's proxy. Mr. Gerzog noted that the principal rationale for disallowing technical advisors from holding an IFAC Board or committee member's proxy to cast a vote at a Board or committee meeting is that Board and committee members act in a fiduciary capacity to IFAC and that voting is a fiduciary right and obligation; technical advisors, however, are not bound by such fiduciary responsibilities to IFAC. Furthermore, technical advisors have not gone through the same vetting process and due diligence as Board or committee members

- A Member Body representative noted that the selection of a Deputy President was an important responsibility; he asked for clarification of the Nominating Committee's responsibility in this regard in light of the proposed amendment to expand the pool of candidates beyond current Board members. Mr. Japheth Katto, Chair of the Working Group Constitutional Review, explained that the Nominating Committee's process is very thorough and that the fact that a PIOB representative attends the meetings of the Nominating Committee adds additional confidence in this process.

**The Council unanimously approved the revised Constitution and Bylaws presented in agenda items 4.1.2 and 4.1.3.**

## **4.2 Report on the Nominations Process**

### *Nominating Process for 2011*

The Council received a report on the nominations process for 2011. The President, as chair of the Nominating Committee, noted that 175 nominations were received for 52 vacancies on IFAC boards and committees, and that, in the case of half of the 52 positions, the current incumbent was eligible for reappointment. He noted that there is a preference to reappoint if committee members are performing well. He also explained that the main goal of the nominations process is to appoint the best person for the job while attempting to achieve gender, geographic, and professional balance on IFAC boards and committees.

The President noted that the agenda material discusses the features of the nominating process that led to the Nominating Committee's recommendations for the appointments to IFAC boards and committees in 2011. He noted that the appointment of the Deputy President, the IFAC Board members, and the Nominating Committee members becomes effective at the close of this meeting.

The IFAC Board approved the composition of the other IFAC boards and committees, including the leadership thereof, at its September 2010 meeting. These appointments will become effective on January 1, 2011.

### *Nominations Strategy and Upcoming Processes*

The President noted that the *Notice of the Call for Nominations for IFAC Boards and Committees in 2012* will be issued on November 15, 2011. Both the *Notice of the Call for Nominations* and its companion guide, *Developing a Nominations Strategy*, are designed to help Member Bodies and others identify the most qualified person for nomination to each available position on the IFAC boards and committees. These in-depth documents, located on the IFAC website, contain strategic and practical advice for nominating organizations, which allows them to make more informed decisions in their selections and to understand the requirements and expectations of the nominees.

The official *Call for Nominations for IFAC Boards and Committees in 2012* will be issued on January 15, 2011, and nominations may be submitted from January 15 to March 15, 2011.

The President also noted that all IFAC board and committee members are subject to an annual performance evaluation. The program assists in deciding potential reappointments, succession planning, and the removal of nonperforming members. The IFAC Board will receive a report on the outcome of the program in June 2011. The PIOB will also receive a report.

#### **4.3 Succession of Deputy President to President and Election of the Deputy President**

In accordance with IFAC's Constitution, immediately following the close of the 2010 Council Meeting, Mr. Robert L. Bunting's term of office as President of IFAC expires, and Göran Tidström, the current Deputy President of IFAC at the time of the 2010 Council Meeting, shall assume the office of President of IFAC.

The Council received the recommendation from the Nominating Committee for the election of Mr. Warren Allen as the Deputy President. The Nominating Committee's recommendation was endorsed by the IFAC Board in September 2010. The President introduced the Nominating Committee's recommendation, and explained the process that preceded it.

**The Council unanimously approved the appointment of Mr. Warren Allen as Deputy President to serve for a term commencing as of the conclusion of the 2010 Council Meeting through the conclusion of the 2012 Council Meeting.**

Mr. Allen thanked the Council. In accepting his election as Deputy President, Mr. Allen indicated he was looking forward to working with the President, Chief Executive Officer and management team to build upon IFAC's remarkable success. He indicated that the integration provided to the accountancy profession by IFAC is the envy of most other professions, and IFAC must maintain this cohesion by continuing to put its substantial volunteer effort into those areas where the accountancy profession can, in the public interest, add some lasting value. He spoke in support of several of the key strategies from the *Strategic Plan for 2011-2014* that he thought would deliver on this challenge.

#### **4.4 Election of the IFAC Board**

The Council received a memorandum regarding the election of members to the IFAC Board. The President noted that, unlike what was previously indicated in the agenda material, there would not be an election for the IFAC Board in category C. All Member Bodies in category C not recommended by the Nominating Committee withdrew their nominations and, as a result, the number of candidates in categories A, B, and C was equal to the number of vacancies. Council's approval was sought for all categories of IFAC Board membership.

**With regard to the IFAC Board, the Council unanimously approved that:**

**For category A:**

- **Mr. Robert Harris be appointed**
- **Mr. Robert Hodgkinson and Ms. Olivia Kirtley be re-appointed**

**For category B:**

- **Mr. Ramon Casals and Ms. Ana Maria Elorrieta be appointed**

**For category C:**

- **Mr. Japheth Katto and Mr. Jelil Bouraoui be re-appointed**

**4.5 Recommendation on the Composition of the Nominating Committee**

The Council received a recommendation for membership of the Nominating Committee. The President noted that the composition of the Nominating Committee represents all six world regions. Based on the compositional requirements for 2011 presented in the *Call for Nominations for IFAC Boards and Committees in 2011*, there was a vacancy for each of the three regions of Europe, Latin America-Caribbean, and Africa-Middle East.

Another vacancy on the committee is for the region of Australasia-Oceania, which was filled ex-officio by the candidate for the deputy presidency.

Although there were no additional vacancies on the committee for 2011, the Nominating Committee wished to address the gender imbalance in its own composition. Because both female members will rotate off at the end of 2010, it was decided to recommend that the member, who currently represents the region Australasia-Oceania, be appointed as a temporary extra member for 2011.

**The Council unanimously approved that:**

- **Mr. David Smith be re-appointed**
- **Mr. Harald Ring, Mr. Japheth Katto, and Mr. Juan Carlos Cincotta be appointed**
- **Ms. Margaret Parker be appointed as a temporary extra member for the region Australasia-Oceania**

**4.6 Report from the Treasurer**

During 2010, management continued to monitor closely the financial resources of IFAC and the effects of the current environment on those resources. Based on actual numbers for the first three quarters and forecast numbers for the fourth quarter, management forecasted a surplus (after the budgeted reserve build-up) of between \$0 and \$200,000.

This full-year forecast includes a significant decrease in total revenue of US \$500,000. This decrease is offset by a decrease in total expenses of US \$650,000.

During 2010, IFAC expanded and reorganized the Governance and Operations department to address the growing demands on strategic development, finance and operations; developed an internal control manual and an operational risk register; held several discussions to determine how best to enhance management of cash; enhanced the variance analysis and forecast procedures; and made good progress with the implementation of the recommendations flowing from the efficiency and resource utilization review conducted in 2009.

Ms. Prinsloo noted the valuable contributions by management, the Planning and Finance Committee, the Audit Committee and the IFAC Board, and thanked members of her staff for their dedication and support.

**4.7 Report from the Audit Committee**

The Council received a report from the chair of the Audit Committee, Mr. Roberto Resa. The chair noted that the Audit Committee met regularly throughout the year to review management's financial reporting policies, progress on collecting dues, and provide advice to staff on accounting issues. The Audit Committee reviewed the status of the draft internal control manual at its last meeting, and will review the draft at a meeting in early 2011. Mr. Resa also reported on the status of membership dues.

Finally, Mr. Resa reported that the Audit Committee approved the 2009 financial statements and an unqualified audit opinion was received on those statements.

## **Section 5 Projects**

### **5.1 Report from the Monitoring Group**

The Deputy President provided background on the 2003 IFAC reforms and the subsequent review of the effectiveness of the reforms by the Monitoring Group. Mr. Tidström introduced John Hegarty, Head of the Centre for Financial Reporting Reform of the Europe and Central Asia Region of the World Bank and chair of the Monitoring Group Task Force that conducted the review of the 2003 reforms, and Ms. Julie Erhardt, Deputy Chief Accountant of the US Securities and Exchange Commission and representative of the International Organization of Securities Commissions on the Monitoring Group Task Force. Mr. Hegarty presented a summary of the final report on the Monitoring Group's Review of the 2003 reforms. He noted that virtually all of the changes called for by the 2003 reforms have been implemented. He highlighted recommendations for which near-term action is possible, as well as recommendations that will require longer-term analysis by IFAC and its standard-setting boards to enhance diversity, transparency, and accountability.

The Deputy President acknowledged the collaborative relationship between IFAC and the Monitoring Group over the past months. Mr. Tidström noted that IFAC was encouraged by the Monitoring Group's commitment to review the funding model for the PIOB but disappointed that the report focused on the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants, and not equally on the International Accounting Educations Standards Board, the Compliance Advisory Panel, and oversight issues of the International Public Sector Accounting Standards Board. He also noted that while some changes will be easy to implement, other recommendations may require additional dialogue between IFAC and the Monitoring Group, and changes may need to be implemented carefully to not negatively impact active work processes. IFAC will continue to work with the Monitoring Group to consider each recommendation.

The Deputy President invited questions and comments from Council.

#### Questions/Comments:

- A Member Body representative noted that the goal of achieving diversity on IFAC boards, as stated in IFAC's proposed policy position paper, *A Public Interest Framework for the Accountancy Profession*, should be interpreted broadly and should focus not only on the balance between practitioners and non-practitioners but on achieving cultural diversity and having broad representation of constituencies such as SMPs. Secondly, the representative noted that the PIOB should have a more formal and regular link with regulators and supervisors. Representation on the PIOB by those with a background in these areas was not

enough. Finally, the representative noted that IFAC has been active in defending the public interest, but should now consider a focus on defending the interests of the profession when the profession is criticized. In response to the comments (1) Mr. Tidström and Mr. Hegarty supported the concept of cultural diversity for IFAC boards, (2) Mr. Hegarty noted that issues related to the composition of the PIOB would be a longer term issue and there are no current proposals for change in the Monitoring Group's report; and (3) Mr. Tidström responded to the suggestion of IFAC's role in defending the profession's interests by referring to the focus on relevance of the profession of the *Strategic Plan for 2011-2014*.

- A Member Body representative highlighted the importance of focusing on SMPs and SMEs, particularly in regards to oversight of the profession and when considering issues related to market concentration. Mr. Hegarty noted that the Monitoring Group's report addresses issues related to SMPs and SMEs, although the report, which focuses on standard-setting issues, does not address considerations related to market share.

## **Section 6 World Congress of Accountants 2014**

### **6.1 Report on the WCOA 2014 to be held in Rome, Italy**

The Council received a presentation on the WCOA 2014. The Officers recommended, and the IFAC Board accepted, that the CNDCEC be invited to host the WCOA 2014 in Rome, Italy.

## **Section 7 Other Business**

The Chief Executive Officer reported that the 2011 IFAC Council Meeting will be held on November 16-17, 2011, in Berlin, Germany.

## **Section 8 Closing Remarks**

The President expressed his gratitude to the Deputy President and highlighted Mr. Tidström's extensive experience and service. The President then transferred the Presidency to Mr. Tidström, symbolized by passing the President's chain. In his address to Council, Mr. Tidström noted that, during his term, he will focus on:

- Confirming and enhancing IFAC's core activity of setting standards for audit and assurance, ethics, education, and public sector accounting, while always considering the needs of SMPs.
- The future of financial reporting by contributing to, and in fact leading, the evolution of sustainability and integrated reporting.
- Promoting the needs of professional accountants in business and enhancing the profession's relevance and responsibilities in the financial reporting supply chain.
- Participating in a constructive and dynamic dialogue with global policy makers and regulators.

Mr. Bunting thanked the chairs of the IFAC boards and committees, Mr. Abdul Rahim, President of MIA and the staff of the MIA and IFAC. Noting that IFAC is an association of Member Bodies, Mr. Bunting thanked the Member Bodies, regional organizations and acknowledged accountancy groupings, who are working together in the public interest to enhance the accounting profession.

## **Section 9 Written Reports**

Council members were given the opportunity to raise any matters relating to these reports. No comments were raised

### **9.1 The Council received reports from the following boards and panel:**

- 9.1.1 International Auditing and Assurance Standards Board
- 9.1.2 International Accounting Educations Standards Board
- 9.1.3 International Ethics Standards Board for Accountants
- 9.1.4 International Public Sector Accounting Standards Board
- 9.1.5 Compliance Advisory Panel

### **9.2 The Council received reports from the following committees:**

- 9.2.1 Developing Nations Committee
- 9.2.2 Professional Accountants in Business Committee
- 9.2.3 Small and Medium Practices Committee
- 9.2.4 Forum of Firms/Transnational Auditors Committee

### **9.3 The Council received reports from the following regional organizations:**

- 9.3.1 Confederation of Asian and Pacific Accountants
- 9.3.2 Eastern Central and Southern African Federation of Accountants
- 9.3.3 Fédération des Experts Comptables Européens
- 9.3.4 Interamerican Accounting Association

### **9.4 The Council received reports from the following acknowledged accountancy groupings:**

- 9.4.1 Association of Accountancy Bodies of West Africa
- 9.4.2 Eurasian Council of Certified Accountants and Auditors
- 9.4.3 South Asian Federation of Accountants
- 9.4.4 Fédération des Experts-Comptables Méditerranéens
- 9.4.5 Fédération Internationale des Experts Comptables Francophones
- 9.4.6 Institute of Chartered Accountants of the Caribbean

### **9.5 The Council received the following:**

- 9.5.1 A report on IFAC Board initiatives

### **9.6 The Council received the following:**

- 9.6.1 A report on IFAC's communications activities