

THE INTERNATIONAL FEDERATION OF ACCOUNTANTS



Building strong and sustainable organizations,
financial markets, and economies

WHAT IS IFAC?

The International Federation of Accountants (IFAC) is the global organization for the accountancy profession. It is dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC has 167 members and associates in 127 countries around the world, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

WHAT IFAC DOES

IFAC provides the structures and processes that support the development, adoption, and implementation of high-quality international standards. The standards IFAC supports—in the areas of auditing, assurance, and quality control; public sector accounting; accounting education; and ethics—are an important part of the global financial infrastructure and contribute to economic stability around the world. In addition, working closely with its member bodies, IFAC provides tools and guidance to support professional accountants in business and small and medium practices. IFAC supports the development of the accountancy profession in emerging economies, and speaks out on public interest issues where the profession's voice is most relevant. Through all of these activities, IFAC promotes its values of integrity, transparency, and expertise.

THE IMPORTANCE OF INTERNATIONAL STANDARDS

High-quality international standards enable investors and others to compare enterprises in a transparent way and, therefore, make more informed investing decisions, while also increasing investor confidence.

This in turn strengthens global markets and trade by:

- Promoting more efficient markets
- Reducing economic uncertainty
- Enhancing international financial stability
- Strengthening economic growth and development in emerging economies
- Increasing Foreign Direct Investment (FDI)
- Promoting the growth and development of small- and medium-sized entities, key drivers of economic growth

In the public sector, international standards ensure that governments and other public entities are held to the same level of accountability as the private sector. This is especially relevant as many governments, in addressing the global financial crisis, have assumed vastly expanded financial responsibilities and are seeking ways to prevent future sovereign debt crises. Both of these situations highlight the need for greater transparency and accountability in the public sector.

IFAC'S KEY AREAS OF FOCUS

STANDARDS

IFAC supports four independent standard-setting boards:

- International Accounting Education Standards Board
- International Auditing and Assurance Standards Board
- International Ethics Standards Board for Accountants
- International Public Sector Accounting Standards Board

Accounting standards for the private sector—International Financial Reporting Standards (IFRSs)—are produced by the International Accounting Standards Board (IASB), which does not operate under the auspices of IFAC.

TOOLS, GUIDANCE, AND OTHER MATERIALS

In addition to standards, the IFAC committees and the independent standard-setting boards produce tools and guidance to facilitate the adoption and implementation of standards. They also work closely with member bodies to produce materials to respond to and support the needs of particular constituencies: small- and medium-sized practices (SMPs), practitioners in emerging economies, and professional accountants in business, which represent a large proportion of professional accountants worldwide. Examples of these tools include:

- ISA Modules—a series of videos and PowerPoint presentations that support the Clarity ISAs
- *Practice Management, ISA Implementation, and Quality Control* guides for SMPs
- Sustainability Framework 2.0—a web-based tool that addresses the way organizations integrate sustainability into strategy, planning, enterprise risk management, and operations
- *Competent and Versatile: How Professional Accountants in Business Drive Sustainable Success*—a report that promotes the value of professional accountants in business to their organizations
- *Establishing and Developing a Professional Accountancy Body*—a good practice guide that covers the roles and responsibilities of a professional accountancy organization, education and examinations, and capacity development

REGULATION AND PUBLIC POLICY

IFAC is committed to researching and representing the views of the profession and its stakeholders to regulators and other public policy makers. Through recommendation letters addressed to the G-20 leaders, policy position papers on relevant topics, and other initiatives, IFAC aims to represent the voice of the global accountancy profession.

HOW DOES IFAC SERVE ITS MEMBERS, THE GLOBAL COMMUNITY, AND THE PUBLIC INTEREST?

IFAC's vision is for the global accountancy profession to be recognized as a valued leader in the development of strong and sustainable organizations, financial markets, and economies.

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

IFAC's 2011-2014 Strategic Plan is focused on activities and services that will enhance the relevance of the accountancy profession. The global financial crisis, sovereign debt crisis, and economic downturn have all magnified the importance of IFAC's role in the world. The Strategic Plan calls for the accountancy profession to take an active role in the development of strong and sustainable organizations, financial markets, and economies.

SERVING THE PUBLIC INTEREST

The standard-setting boards supported by IFAC receive input from independent groups and individuals to ensure that their work serves a balanced and diverse constituency. These independent groups and individuals also ensure that the boards are not operating in silos—that their work benefits all professional accountants, as well as all levels of society that are impacted by the responsibilities of the accountancy profession.

In 2005, the Public Interest Oversight Board (PIOB) was established as the oversight body for the global accountancy profession. The PIOB oversees IFAC's public interest activities with the objective of increasing the confidence of investors and others that these activities are properly responsive to the public interest. The PIOB also ensures that due process is followed, including international exposure and consultation, and that the views of all those affected by new standards are thoroughly considered. The PIOB oversees the activities of the IAASB, IAESB, and IESBA, as well as IFAC's Compliance Advisory Panel. PIOB members are nominated by international institutions and regulatory bodies, including the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the European Commission, and the World Bank.

BOARDS AND COMMITTEES

IFAC supports four independent standard-setting boards, and has three constituency-focused committees. Each board and committee is comprised of volunteers from around the world, who represent a broad range of experience and include both practitioners and non-practitioners. IFAC strives to maintain balance within each group in terms of gender, geography, and sector of the accountancy profession.

INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

The IAASB sets International Standards on Auditing (ISAs). As of November 2011, over 75 jurisdictions are using or have signaled their intent to use the clarified ISAs, which became effective for financial statements for periods ending after December 15, 2009. The IAASB also sets assurance standards, including those for review engagements, as well as standards for related services.

INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD (IAESB)

The IAESB sets International Education Standards (IESs). It also develops and issues guidelines and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA)

The IESBA develops the *Code of Ethics for Professional Accountants* (the IESBA Code). The IESBA Code applies to all professional accountants, whether in public practice, business, education, or the public sector. IFAC member bodies and firms issuing reports in accordance with ISAs must apply standards that are at least as stringent as those stated in the IESBA Code.

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB)

The IPSASB sets International Public Sector Accounting Standards (IPSASs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies. A key part of the IPSASB's strategy is to converge the IPSASs, to the extent appropriate, with the IFRSs issued by the IASB.

PROFESSIONAL ACCOUNTANCY ORGANIZATION (PAO) DEVELOPMENT COMMITTEE

Approximately 60 percent of IFAC member bodies operate in developing nations, which face capacity and resource constraints. The PAO Development Committee represents and addresses the interests of these emerging economies by providing tools and guidance, conducting outreach, and seeking resources and development assistance from member bodies, the donor community, and other organizations.

PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIB) COMMITTEE

The PAIB Committee serves, via the IFAC network of member bodies, more than one million professional accountants worldwide who work in commerce, industry, financial services, education, and the public and not-for-profit sectors. The vision of the committee is to enhance global recognition of professional accountants as business leaders and strategic partners in building long-term sustainable success. Key areas of focus include sustainability, business reporting, corporate governance, and financial management.

SMALL AND MEDIUM PRACTICES (SMP) COMMITTEE

The SMP Committee represents the interests of professional accountants operating in SMPs and other professional accountants who provide services to small- and medium-sized enterprises (SMEs). Working closely with IFAC member bodies, the committee issues tools and guidance specific to this sector and ensures that the needs of SMPs and SMEs are considered by standard setters.

WHO ARE IFAC'S MEMBERS?

IFAC's members are professional accountancy organizations, spanning 127 countries and including developing, emerging, and developed countries, as well as regional organizations and acknowledged accountancy groupings. Through its member organizations, IFAC represents approximately 2.5 million accountants in public practice, education, government services, industry, and commerce. IFAC has three levels of membership: member, associate, and affiliate.

MEMBERSHIP COMMITMENTS

IFAC members are required to commit to a series of obligations called the Statements of Membership Obligations (SMOs), which establish IFAC's membership requirements and serve as the foundation of the Member Body Compliance Program. The SMOs require members and associates to use their best endeavors to promote, incorporate, and implement the standards of the IAASB, IAESB, IESBA, IPSASB, and the International Accounting Standards Board (IASB), including monitoring of their members through quality assurance and investigation and discipline programs.

The IFAC Member Body Compliance Program supports members in developing and incorporating these international standards into national standards. As a result, the program furthers convergence to international standards, encourages professional accountants' compliance with these standards, and provides a fundamental means for supporting members in enhancing the quality of practice by accountants worldwide.

IFAC's Compliance Advisory Panel (CAP) oversees the IFAC Member Body Compliance Program. The CAP also makes recommendations to the IFAC Board regarding new member applicants and the membership application process.

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