

## Executive Summary

### **2009-2010—Many achievements, albeit at a slower pace and with fewer resources than planned**

The strategic plan of the International Federation of Accountants (IFAC) for 2009-2012 presented four strategic themes:

- Be recognized as the international standard setter in the areas of auditing and assurance, education, ethics and governmental financial reporting
- Actively support the adoption and assist in the implementation of international standards
- Continually enhance the relevance of the accountancy profession
- Be an influential voice for the global accountancy profession

During 2009-2010, IFAC reached several important milestones. It continued to contribute significantly to the development of high-quality international standards. In line with its strategic plan, IFAC increased its support for the adoption and implementation of the international standards. It advanced the Member Body Compliance program, and made inroads on new projects to enhance the relevance of the accountancy profession. The financial and economic crisis provided opportunities for IFAC—as representative of the global accountancy profession—to take positions on public policy issues.

While the crisis presented IFAC with many opportunities, it also tested the resources of IFAC, its members and associates, and their own members. It affected IFAC's plan to invest in its resources and expand its capacity in order to implement the strategic plan successfully. IFAC therefore prioritized its work programs and operations to respond to the financial pressures brought about by the crisis.

Overall, IFAC had many achievements during this period, albeit at a slower pace and with fewer resources than planned.

### **2011-2014—Increased momentum, new opportunities and sufficient resources**

The Strategic Plan for 2011-2014 is an evolution from the previous strategic plan. With a focus on enhancing the relevance of the accountancy profession, it seeks to increase momentum, seize new opportunities and establish sufficient resources. It calls for the accountancy profession to take an active role in the development of strong and sustainable organizations, financial markets and economies.

### **The development, adoption and implementation of international standards**

In order for the financial system to be truly global, there must be universal adoption of high-quality standards that are clear, consistent, and relevant. During 2011-2014, IFAC's principal role will remain that of contributor to the development of high-quality international standards in auditing, assurance and quality control; ethics; public sector accounting; and accounting education; while an increasingly important role is that of driver and facilitator of adoption and high-quality implementation of these standards.

In addition, IFAC will continue to contribute to the development of International Financial Reporting Standards (IFRS) through viewpoints from the International Auditing and Assurance Standards Board (IAASB), as a member of the IFRS Advisory Council (formerly the Standards Advisory Council), and by commenting on governance and strategic aspects of the IASC Foundation and activities of the International Accounting Standards Board (IASB).

IFAC recognizes the importance of developing the international standards through an arrangement that operates and is seen to operate in the public interest. Legitimacy, independence, transparency, technical competence and accountability are key elements of such an arrangement. To sustain confidence in the quality of the international standards, IFAC and the public interest activity committees<sup>1</sup> will carefully study and respond to the findings of the Monitoring Group's<sup>2</sup> review of the effectiveness of the 2003 reforms,<sup>3</sup> and the effect that they may have on their strategies and work programs. In addition, IFAC will seek to establish public interest oversight of the International Public Sector Accounting Standards Board (IPSASB). IFAC's actions in this regard will be described in its operational plan.

### **An enhanced focus on public sector financial reporting**

The need for greater transparency and accountability in public sector finances has increased significantly as governments assumed expanded financial responsibilities in the financial crisis, and as the sovereign debt crisis unfolds. In this environment, governments should be encouraged to be transparent about and accountable for their stimulus programs and bailout plans, and nations should be encouraged to monitor government debt and liabilities for their true economic implications. The International Public Sector Accounting Standards (IPSASs) could assist governments to assess better systemic risks in government debt and liabilities. In addition, the accountancy profession is in a unique position to inform and support governments, and to provide an understanding of the issues related to the crisis and assistance in their resolution. IFAC and the IPSASB plan to respond to these challenges during 2011-2014.

### **An enhanced focus on regulation and public policy**

As representative of the global accountancy profession, IFAC is uniquely positioned to research and represent the views of the profession and its stakeholders on a much broader level. The financial crisis provided IFAC with new opportunities to be the voice of the global profession—a position that IFAC

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<sup>1</sup> International Auditing and Assurance Standards Board, International Accounting Education Standards Board, International Ethics Standards Board for Accountants, and Compliance Advisory Panel

<sup>2</sup> The Monitoring Group comprises international regulators and related organizations. Its role is to update the Public Interest Oversight Board regarding significant events in the regulatory environment. It is also the vehicle for dialogue between regulators and the international accountancy profession.

<sup>3</sup> During 2003, IFAC reviewed its governance activities and regulatory responsibilities to determine how it could strengthen its role in ensuring that professional accountants worldwide fulfill their public interest responsibilities. As part of this process, IFAC engaged in an intense series of consultations with international regulatory agencies and other regional and international organizations. It also consulted with its member organizations and the profession. The result of this collaborative effort was a series of reform proposals that IFAC viewed as critical to strengthening the accountability of the international profession and building investor confidence in financial reporting, in the work of auditors, and in financial securities markets worldwide. The objective of the reforms was to increase confidence that the activities of IFAC are properly responsive to the public interest and will lead to the establishment of high-quality standards and practices in auditing and assurance. The reform proposals were also designed to contribute to the achievement of global convergence to high-quality standards. The proposals provided for more transparent standard-setting processes; greater public and regulatory input into those processes; regulatory monitoring; and public interest oversight. The proposals also ensured that there is regular, ongoing dialogue between regulators and the accountancy profession.

intends to expand during 2011-2014. The services provided under Representation of the Accountancy Profession reflect IFAC's commitment to continue to take a leadership position on public interest issues where the accountancy profession's expertise is most relevant.

### **A new focus on governance and sustainability**

Governance and sustainability are key elements in achieving long term social, environmental and economic performance, and in enhancing investor and other stakeholder confidence. Professional accountants have an important role to play in these areas, and IFAC is uniquely positioned to increase awareness of their roles and to support member bodies in enhancing the competence and expertise of their members. The services provided under Quality and Development have therefore been expanded to include governance and sustainability as new focus areas for IFAC.

### **A constituency-focused approach**

During 2009-2010, the Board initiated a series of reviews of IFAC's constituency-focused activities and services<sup>4</sup> to determine how best to position IFAC's resources to address the needs of professional accountants in business,<sup>5</sup> small- and medium-sized entities (SMEs) and small and medium accounting practices (SMPs), and the accountancy profession in developing and transitional economies. The recommendations flowing from these reviews have been incorporated in the strategies of these committees and of IFAC.

### **The establishment of sufficient resources**

The strategic plan reflects those activities and services that are critical to a successful future for the organization and to enhancing the relevance of the accountancy profession. It is based on a careful analysis of the changes in the environment; the needs and priorities of IFAC's stakeholders; the risks associated with possible action—as well as inaction; and IFAC's current and future resource needs.

The strategic plan is supported by an operational plan and a detailed budget, which projects specific activities, services and expenses for 2011. The expenses anticipated in 2011 reflect the continued support for IFAC's core services, while facilitating an enhanced focus on public sector financial reporting and regulation and public policy, a new focus on governance and sustainability, and a constituency-focused approach necessary in the current environment. The expenses also reflect additional staff resources and the expansion of the offices in New York City and Toronto. The need to replenish the financial reserves of the organization to a level appropriate to our planned operations remains a concern and will be kept under consideration during the implementation of the strategic plan.

The increased demand for a global response to public interest issues, including the development, adoption and implementation of high-quality standards, will require our members and associates and the accounting firms to continue to increase their investment at international level—both financial and by way of collaboration.

<sup>4</sup> Developing Nations Committee, Professional Accountants in Business Committee, and Small and Medium Practices Committee

<sup>5</sup> Professional accountants in commerce, industry, financial services, the public sector, education and the not-for-profit sector

**In conclusion**

The next four years will be an exciting period for IFAC. It is now more critical than ever that IFAC be a credible and effective organization for the global accountancy profession.

We are appreciative of the support of our members and associates, and of the accounting firms and other contributors. Your support and dedication is essential to our efforts to make our vision a reality.