

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. The global financial crisis, sovereign debt crisis, and economic downturn have all magnified the importance of the accountancy profession's—and, therefore, IFAC's—role in the development of strong and sustainable organizations, financial markets, and economies. IFAC works to strengthen the profession and to benefit all professional accountants, as well as all levels of society that are impacted by the responsibilities of the accountancy profession.

IFAC's members and associates are professional accountancy organizations (PAOs), spanning 129 countries and including developing, emerging, and developed countries. IFAC also works closely with 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.

WHAT IFAC DOES

IFAC provides the structures and processes that support the development 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, through its member bodies, IFAC provides tools and guidance to facilitate the adoption and support implementation of standards and 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

IFAC has long recognized that a fundamental way to protect the public interest is to develop, promote, and enforce internationally recognized standards.

High-quality international standards help promote the growth and development of organizations of all sizes—from public interest entities to small- and medium-sized entities. As such, they directly or indirectly benefit all accountants worldwide—in small, medium-sized, and large public practices, education, government services, and business.

... IN THE PRIVATE SECTOR

High-quality international standards enable investors and others to compare enterprises in a transparent way, and therefore enable them to make more informed investing decisions. They also support the credibility of information upon which investors and other stakeholders depend and, therefore, increase 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

... IN THE PUBLIC SECTOR

High-quality international standards help protect the public and investors in government bonds by ensuring that governments and other public entities are held to the same level of transparency and 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.

The current sovereign debt crisis has brought to light as never before the need for better financial reporting by governments worldwide, and the need for improvements in the management of public sector resources. Strong and transparent financial reporting has the potential to improve public sector decision making, make governments more accountable to their constituents, and enhance global fiscal stability and sustainability.

TOOLS, GUIDANCE, AND OTHER MATERIALS

In addition to standards, 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 support the needs of particular constituencies: small- and medium-sized practices (SMPs) and small- and medium-sized entities (SMEs), professional accountants in business, and the accountancy profession in emerging economies—all of which play a critical role in the global economy.

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—a detailed report focusing on the integration of sustainability factors from a business strategy, operational, and reporting perspective.
- *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

As the global organization representing the accountancy profession, IFAC is uniquely positioned to research and represent the views of the profession and its stakeholders. IFAC is committed to being the voice of the global profession and to taking a leadership position on public interest issues where the accountancy profession's expertise is most relevant. These areas include: international regulatory convergence; global adoption of high-quality international reporting and professional standards; standard-setting in the public interest; sustainability and integrated reporting; SMP and SME matters; and public sector reporting and financial management.

Formal policy positions are issued as Policy Position Papers. IFAC also submits Comment Letters and recommendations to global and regional organizations, such as the Group of Twenty (G-20), the European Commission, the Public Company Accounting Oversight Board, and the IFRS Foundation. IFAC representatives also promote the views and policy positions of the profession through speeches and representation at a wide variety of international forums, meetings, and conferences.

INDEPENDENT STANDARD-SETTING BOARDS

IFAC supports four independent standard-setting boards. Each of these groups 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.

The standard-setting boards follow a rigorous due process that supports the development of high-quality standards in the public interest in a transparent, efficient, and effective manner. They all include public members, receive input from independent groups and individuals to ensure that their work serves a balanced and diverse constituency, and have Consultative Advisory Groups that provide public interest perspectives,

The **Public Interest Oversight Board (PIOB)** oversees the activities of the International Accounting Education Standards Board, International Auditing and Assurance Standards Board, and International Ethics Standards Board for Accountants, as well as IFAC's Compliance Advisory Panel (CAP). The PIOB ensures that these activities are properly responsive to the public interest; that due process is followed, including international exposure and consultation; and that the views of all those affected by new standards are thoroughly considered. PIOB members are appointed by international institutions and regulatory authorities, comprising the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the International Associate of Insurance Supervisors, the International Forum of Independent Audit Regulators, the European Commission, and the World Bank.

INTERNATIONAL AUDITING 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. In addition, the 24 global accounting networks that are members of the Forum of Firms have all committed to follow the clarified ISAs in their transnational engagements. 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 independence standards that are at least as stringent as those stated in the IESBA Code. In addition, the 24 global accounting networks have all committed to follow the Code in their transnational engagements.

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 International Financial Reporting Standards (IFRSs), which are issued by the International Accounting Standards Board (IASB), for private entities.

OTHER IFAC ACTIVITIES

IFAC has three constituency-focused committees and a Compliance Advisory Panel. The groups are also comprised of volunteers from around the world, include both practitioners and non-practitioners, and aim to maintain balance in terms of gender, geography, and sector of the accountancy profession.

PROFESSIONAL ACCOUNTANCY ORGANIZATION (PAO) DEVELOPMENT COMMITTEE

This committee addresses the challenges facing the development of strong professional accountancy organizations in emerging and developing countries. It works to raise awareness of accountancy, bring attention to the need for a formal profession, and highlight the economic and social benefits that a formal profession can bring.

PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIB) COMMITTEE

This committee focuses on professional accountants worldwide who work in commerce, industry, financial services, education, and the public and not-for-profit sectors. It works to increase awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and to support member bodies in enhancing the competence of their members to fulfill those roles.

SMALL AND MEDIUM PRACTICES (SMP) COMMITTEE

This committee represents the interests of professional accountants who work in small- and medium-sized accountancy practices. It collaborates with IFAC member bodies to develop guidance and tools for SMPs; works to ensure the needs of the SMP and small- and medium-sized entity (SME) sectors are considered by standard setters, regulators, and policy makers; and speaks out on behalf of SMPs and SMEs to raise awareness of their role and value.

COMPLIANCE ADVISORY PANEL (CAP)

The CAP oversees IFAC's member body compliance program, which requires IFAC members and associates to demonstrate how they are meeting the Statements of Membership Obligations (SMOs). 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 CAP is overseen by the Public Interest Oversight Board (PIOB).

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