

Assessment of the Regulatory and Standard-Setting Framework

Section 1 -- Introduction

The information required from member bodies for the IFAC Member Body Compliance Program will be collected in two parts:

- Part 1: Assessment of the Regulatory and Standard-Setting Framework (provides information about regulatory requirements and standard-setting processes in member body countries); and
- Part 2: Assessment of Compliance (provides information on compliance by member bodies with the Statements of Membership Obligations).

The content of this assessment relates to Part 1 and includes 138 questions, of which 23 relate to information IFAC regularly collects from its member bodies and the remainder relate to IFAC's Member Body Compliance Program. The purpose of this assessment is to collect information on the roles of IFAC member bodies and other organizations (including government, regulatory or other appointed authorities) with respect to:

- a. Setting auditing, accounting, ethics, public sector and education standards; and
- b. Regulating the accountancy profession.

The deadline for completion of this assessment is December 31, 2012.

As indicated in the Compliance Working Group's recommendations to the IFAC Board, the IFAC staff will review completed assessments and validate the responses with external knowledgeable parties (for example, other member bodies, regional accountancy organizations, firms, or regulators) as necessary. Additionally, the information will be made available to the Public Interest Oversight Board.

Responses to certain questions may be common among member bodies in one country and for such questions IFAC encourages member bodies to minimize the duplication of effort. In addition, certain questions may not apply to the role of certain member bodies and responses are therefore not required for such member bodies. Where necessary, please communicate with other member bodies in your country to minimize duplication or clarify your organization's need to respond to particular questions.

IFAC will publish the results of this assessment on its website and use the collected information to establish an understanding of the role of IFAC member bodies in standard setting and regulation of the profession.

Part 2 of the Member Body Compliance Program will also require member bodies to complete a self-assessment. The information collected during Part 2 will be used in conjunction with the information submitted during Part 1 to evaluate how the member body complies with the Statements of Membership Obligations.

Completion of the assessments during Part 1 and Part 2 of the Compliance Program is mandatory for all member bodies.

A "Certification of Chief Executive" must accompany the completed assessment.



Section 2 -- Instructions and Definitions

General Instructions

IFAC requests that all member bodies complete the questionnaire electronically. You may also download and print a PDF version of the survey. This may be used as both a guide and a worksheet (see below).

Please submit all responses in English and make them as complete and as current as possible. IFAC understands that each member body exists in a unique environment, and that serving the public interest can be accomplished through various structures and systems. Every attempt has been made to structure this document to accommodate a variety of circumstances. Where, however, the form of the question does not permit you to adequately describe the situation in your country, please submit additional descriptions and other relevant information to enhance our understanding. If your organization (or any other organization) has prepared or published documents (in English) that contain some of the requested information, please submit those documents to IFAC. Please send all supplementary materials via e-mail, courier or postal mail identifying which questions they relate to by December 31, 2012:

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Definitions

IFAC recognizes that the terminology used in this assessment (e.g., law, regulation, process, etc.) may be different in each member body's country. Each member body should respond in the context of what is applicable in their country and explain the differences.

To assist member bodies, the following terms are defined for the purposes of completing this questionnaire:

- "**Enacting body**" means (a) level of government and responsible ministry or department, or (b) other agency or regulatory body that published the "legal authority" (defined below);
- "**Legal authority**" means laws, regulations, orders, directives, circulars, or other documents having the force of law;
- "**Listed entity**" means an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body;
- "**Regional organization**" means an organization of accounting institutions of countries located within a defined region of the world. In cooperation with IFAC, a regional organization encourages, advises and coordinates the efforts of their member institutions to achieve the mission and work program of the regional organization as well as that of IFAC; and
- "**Your organization**" means your member body.

You are encouraged to contact the IFAC staff if you have any questions or require clarification of any of the requested information. Questions should be directed to:

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Section 3 -- Member Body General Information

1. Country: **United States of America**

2. Name of member body:

Or please specify name:

Institute of Management Accountants, Inc. (IMA[®])

3. Individual responsible for preparation:

Linda Devonish-Mills, CMA, CPA and Doreen J. Remmen, CMA, CAE

4. Date member body became a member of IFAC:

Applicant

Note: Please enter a numeric date (e.g., 12/2001, Month/Year)

Questions 5 - 22 are for internal use only

Section 3G -- Affiliations

23. Please list those regional organizations to which your organization belongs (e.g., FEE, CAPA, ECSAFA, IAA, etc.):

IMA is a member of AACSB (Association to Advance Collegiate Schools of Business).



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Section 4 -- Statutory Framework

Responses to this section will provide a description of the legal framework governing the commercial aspects of auditing and financial reporting in your country.

Section 4A -- The Companies Act or Commercial Code

The following questions concern the Companies Act (the Act) or Commercial Code (the Code) or similar Legal authority in your country. If no Legal authority exists, or the Legal authority does not address particular questions, please indicate "N/A" for Not Applicable.

24. What is the full name of:

a. the Act or the Code:

There is no single source of corporate law in the United States that corresponds directly to The Companies Act in the U.K. Corporate activities in the United States are governed by the laws of the 50 states and by case law and federal regulations covering employment, intellectual property rights, privacy, safety, and environmental protection, among other areas. The Uniform Commercial Code (UCC), with modifications and adaptations at the individual state level, has been adopted by all 50 states, providing a certain amount of consistency in contract law across the country. Publicly traded corporations must comply with federal securities laws including the Securities Act of 1933 and the Sarbanes-Oxley Act of 2002. Additional requirements flow from the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

(Source: www.sec.gov)

The Securities and Exchange Commission (SEC) was established through the Securities Exchange Act of 1934 and has responsibility to:

- interpret federal securities laws;
- issue new rules and amend existing rules;
- oversee the inspection of securities firms, brokers, investment advisers, and ratings agencies;
- oversee private regulatory organizations in the securities, accounting, and auditing fields; and
- coordinate U.S. securities regulation with federal, state, and foreign authorities.

b. the Enacting body: Interstate commerce is regulated by the United States Congress.



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c. date the Act or Code came into force:

The first edition of the UCC was published in 1952 as a joint project of the National Conference of Commissioners on Uniform State Laws and the American Law Institute as recommendations only. It has been adopted by the states at various times after that.

The United States Congress enacted the Securities Act of 1933 in 1933, the Securities Exchange Act of 1934 in 1934, the Sarbanes-Oxley Act of 2002 on July 30, 2002, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 on July 21, 2010.

25. How can IFAC obtain a copy of the Act or Code?

The federal laws referenced may be accessed through the SEC website at:
www.sec.gov/about/laws.shtml.

The Uniform Commercial Code may be accessed through the Cornell University website at:
<http://www.law.cornell.edu/ucc/>.

26. Is the Act or Code available in English?

Yes No

27. What are the types of entities covered by the Act or the Code? Please check all that apply:

	No	Yes	If YES, please describe)
Listed entities		<input checked="" type="checkbox"/>	Publicly traded companies are subject to all requirements listed in question 24a.
Private companies		<input checked="" type="checkbox"/>	Laws referenced in question 24a regarding the general business environment apply; however, SEC regulations generally do not apply.
Governmental		<input checked="" type="checkbox"/>	Laws referenced in question 24a regarding the general business environment apply; however, SEC regulations generally do not apply.
Not-for-profit		<input checked="" type="checkbox"/>	Laws referenced in question 24a regarding the general business environment apply; however, SEC regulations generally do not apply.
Other (please describe)			
Other (please describe)			



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28. Is there a requirement for the following entities to prepare annual statutory financial statements? If YES, please describe the financial reporting requirements including the accounting standards to be followed.

Please check all that apply:

	No	Yes	If YES, please describe)
Listed entities		X	Public companies are required to prepare annual statutory financial statements as specified by Section 13(a) of the Securities Exchange Act of 1934 and as required by Sections 404 and 302 of the Sarbanes-Oxley Act of 2002. Financial statements are prepared under Generally Accepted Accounting Principles (GAAP).
Private companies	X		In general, there are no statutory requirements for a private entity to prepare financial statements. However, companies, including private firms, in regulated industries that have government contracts or that are seeking government funding are expected to prepare annual financial statements under GAAP.
Governmental			Financial statements prepared by Governmental entities should be in compliance with standards issued by the Governmental Accounting Standards Board (GASB).
Not-for-profit			Not-for-profit entities are not required to prepare annual statutory financial statements under the acts described in response for question 24a. Financial statements prepared by these entities are expected to be in compliance with an interpretation and application of GAAP for Not-for-Profit Organizations.
Other (please describe)			
Other (please describe)			



29. Is there a statutory requirement for the following entities to be audited? If YES, describe the requirement including the auditing standards to be followed:

Please check all that apply:

	No	Yes	If YES, please describe)
Listed entities		X	Public companies are required to be audited as specified by Section 13(a)(2) of the Securities Exchange Act of 1934 and as required by the Sarbanes-Oxley Act of 2002. The auditing standards are set by the Public Company Accounting Oversight Board (PCAOB) and approved by the Securities and Exchange Commission (SEC).
Private companies	X		Private companies are not generally required to be audited under the acts described in response for question 24a. However, companies seeking funding through private placement of debt or equity securities may, in certain circumstances, be required to produce audited financial statements. Companies in regulated industries that have government contracts, or that are seeking government funding, or that have contractual or other reasons to produce audited financial statements, are expected to conduct audits in accordance with auditing standards generally accepted in the U.S. (Standards issued by the AICPA's Auditing Standards Board and the Public Company Accounting Oversight Board).
Governmental			Certain law, regulations, and contracts require auditors to follow generally accepted government auditing standards promulgated by the United States General Accounting Office (GAO).
Not-for-profit			Not-for-profit entities are generally not required to be audited under the acts described in response for question 24a. Audits conducted by such entities are expected to be in accordance with auditing standards generally accepted in the U.S. (Standards issued by the AICPA's Auditing Standards Board and the Public Company Accounting Oversight Board).
Other (please describe)			
Other (please describe)			

30. Are the auditors ("statutory auditors") that are appointed for audits required by the Act or Code ("statutory audits") appointed for a specific period?

Yes No

If YES, please indicate the term of appointment: Year(s)



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31. Who appoints the statutory auditors?

Please check all that apply.

- Shareholders
- Management
- Board of directors
- Audit committee
- Government agency
- Other (please specify)

32. Does the Act or Code require joint auditors for the statutory audit?

Yes No

If yes, please describe the requirement:

33. Does the Act or Code require the rotation of the auditors or audit firms performing statutory audits?

Yes No

If yes, please describe the requirement:

For publicly traded companies, the Sarbanes-Oxley Act of 2002 states that it shall be unlawful for a registered public accounting firm to provide audit services to an issuer if the lead or coordinating audit partner, or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the five previous fiscal years of that issuer.

Auditor rotation may be subject to a final ruling by the PCAOB based on a proposed concept release issued during August 2011. See concept release at: www.pcaobus.org/Rules/Rulemaking/pages/Docket037.aspx.



Section 4B -- Securities Market Regulations

Responses to this section will provide a description of the financial reporting and auditing requirements for listed entities in your country.

34. What are (a) the major items of Legal authority for such requirements, (b) the Enacting body(ies) and (c) the latest amendment date? Please identify the specific articles or sections that pertain to auditing and financial reporting:

a. The major items of Legal authority for such requirements

Section 13 (a) of the Securities Exchange Act of 1934

b. The Enacting body (ies)

The Securities Exchange Act of 1934 was enacted by the United States Congress.

c. The latest amendment date?

The latest major amendment to the Securities Exchange Act of 1934 was made by the Sarbanes-Oxley Act of 2002, which was approved by the U.S. Congress in July 2002.

35. How can IFAC obtain a copy of the Legal authority?

A copy of the act is available at: www.sec.gov/about/laws.shtml.

36. Is the Legal authority available in English?

Yes No

37. Are there any additional or alternative financial statement reporting requirements for listed entities that are not described in your answer to Question 28?

Yes No

If YES, please describe the requirement:

(Source: AICPA SMO1 Assessment)

A company that meets the definition of a small-business issuer may use different forms for registration of its securities under the Securities Exchange Act and for its quarterly and annual reports. A company that meets the definition of foreign issuer may use different forms for registration of its securities under the Securities Exchange Act and for its quarterly and annual reports.

For example, a U.S. company that has foreign subsidiaries can elect to adopt International Financial Reporting Standards (IFRS) to prepare their financial statements.



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38. Are there any additional auditing requirements that apply to listed entities other than those described in your answer to Question 29 (e.g., additional GAAS requirements, additional independence requirements, requirements to report to those charged with governance, etc.)?

Yes No

If YES, please describe the requirement:

39. Who appoints the statutory auditors of listed entities?

Please check all that apply.

- Shareholders
- Board of directors
- Audit committee
- Government agency
- Management

40. Are auditors who perform audits of listed entities appointed for a specified period?

Yes No

If YES, please indicate the term of appointment: Year(s)

41. Are joint auditors required for audits of listed entities?

Yes No

If YES, please describe the requirement:

42. Is rotation of the auditor or audit firm for audits of listed entities required?

Yes No

If YES, please describe the requirement:

The Sarbanes-Oxley Act of 2002 states that it shall be unlawful for a registered public accounting firm to provide audit services to an issuer if the lead or coordinating audit partner, or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the five previous fiscal years of that issuer.

Auditor rotation may be subject to a final ruling by the PCAOB based on a proposed concept release issued during August 2011. See concept release at:

www.pcaobus.org/Rules/Rulemaking/pages/Docket037.aspx.



Section 5 -- Auditing Standards

Responses to this section will provide a description of the legal and professional framework governing audit and other assurance standards in your country. The section focuses on the establishment of such standards. Please indicate the role your organization plays within this framework.

Section 5A -- Statutory Framework

43. Please provide the name of the Legal authority and/or self-regulatory rules that establish audit and other assurance standards in your country, the date of the last amendment of such authority or rules and the name of body responsible for setting audit and other assurance standards. If the standards are different for different entities (e.g., listed entities, private companies, governmental bodies, not-for-profit organizations, etc.), please specify the details that apply to each:

Type of entity	Name of applicable legal authority	Date of last amendments (e.g. MM/YYYY 06/2001)	Name of body responsible for setting audit and other assurance standards
Listed entity	Securities Exchange Act of 1934 as amended by the Sarbanes-Oxley Act of 2002	07/2002	Public Company Accounting Oversight Board
Other (please describe) Private and Not-for-profit organizations	Statements on Auditing Standards (SAS)	10/2011	AICPA's Auditing Standards Board
Other (please describe)(Governmental entities)	Generally Accepted Government Auditing Standards (GAGAS)	12/2011	United States General Accounting Office

a. How can IFAC obtain copies of these documents?

b.

Securities Exchange Act of 1934 and the Sarbanes-Oxley Act of 2002 can be found at: www.sec.gov/about/laws.shtml

Statements on Auditing Standards(SAS) can be found at: www.aicpa.org/research/standards/auditattest/pages/sas.aspx

Generally Accepted Government Auditing Standards (GAGAS) can be found at: www.gao.gov/govaud/ybook.pdf



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The Inspector General Act of 1978 – www.access.gpo.gov/uscode/title5a/5a_2_.html

The Chief Financial Officers Act of 1990 – www.oirm.nih.gov/itmra/cfoact.html

The Single Audit Act Amendments of 1996 – www.ignet.gov/single/saamend.html

c. Are the documents available in English?

Yes No

Section 5B -- Standard-Setting (Public Company Accounting Oversight Board)

(Source for questions 44 – 54: www.pcaobus.org)

44. For standard setting, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

The Public Company Accounting Oversight Board (PCAOB) is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The Sarbanes-Oxley Act of 2002, which created the PCAOB, requires that auditors of U.S. public companies be subject to external and independent oversight. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws to promote investor protection.

The Securities and Exchange Commission (SEC) has oversight authority over the PCAOB, including the approval of the Board's rules, standards, and budget.

b. Name of standards

PCAOB Auditing Standards. A copy of standards can be obtained at:
www.pcaobus.org/standards/pages/default.aspx

45. How many voting members does the standard-setting body have?



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46. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

Voluntary

Employed

Both - Please describe:

47. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

As required by the Sarbanes-Oxley Act of 2002, PCAOB Board members are appointed from among prominent individuals of integrity and reputation who have a demonstrated commitment to the interests of investors and the public. The Board members also have an understanding of the responsibilities for and nature of the financial disclosures required of issuers under the securities laws, and the obligations of accountants with respect to the preparation and issuance of audit reports with respect to such disclosures.

Two members of the Board shall be or have been certified public accountants, provided that if one or two of those members is the chairperson, he or she may not have been a practicing certified public accountant for at least five years prior to his or her appointment to the Board.

48. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The five members of the PCAOB, including the Chairman, are appointed to staggered five-year terms by the SEC after consultation with the Chairman of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury.

49. What is the term of appointment for members?

Year(s)

5 years

50. For how many years has the standard-setting body been in existence?

Year(s)

The PCAOB has been in existence since July 30, 2002 (10 years).



51. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

Budget for fiscal year 2012 – \$214,983,000

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

52. To what entity is the standard-setting body accountable?

As required by the Sarbanes-Oxley Act of 2002, the Board shall submit an annual report, including its financial statements to the SEC. The SEC shall transmit copies of reports to the Committee on Banking, Housing and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives.

53. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. Public exposure of standards

The PCAOB follows a public exposure process for proposed standards. The PCAOB approves final standards as required in Section 103 of the Sarbanes-Oxley Act of 2002. A copy of the act can be found at: www.sec.gov/about/laws.shtml.

A copy of standards can be obtained at: www.pcaobus.org/standards/pages/default.aspx.

IMA's Financial Reporting Committee (FRC) and Small Business Financial and Regulatory Affairs Committee (SBFRC) have submitted comment letters to the PCAOB on their proposed rulings about auditor independence and rotation. Copies of these letters can be found on IMA's website at: www.imanet.org/about_ima/advocacy_activity.aspx.

b. Accessibility of meetings (i.e., public or private)

Meetings are announced at least five days in advance. They are held at the Board's headquarters in Washington, D.C., and are open to the public. The meetings also are webcast live and recordings are available to download as podcasts. Instructions for logging into webcasts and downloading can be found at: www.pcaobus.org.

c. Approval process for final standards (i.e., majority required to approve final standards)

As mentioned in response for question 53a, The PCAOB approves final standards as required in Section 103 of the Sarbanes-Oxley Act of 2002. A copy of the act can be found at: www.sec.gov/about/laws.shtml.



d. Other relevant due process activities

N/A

54. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Board holds open meetings regularly to consider and vote on PCAOB rulemaking and other activities.

Section 5B -- Standard-Setting (AICPA's Auditing Standards Board (ASB))

(Source for questions 44 – 54:

www.aicpa.org/Research/Standards/AuditAttest/ASB/Pages/AuditingStandardsBoard.aspx)

44. For standard setting, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

The Auditing Standards Board (ASB) is the AICPA's senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports. Its mission is to develop and communicate comprehensive performance, reporting and quality control standards, and practice guidance to enable auditors to provide high quality, objective audit and attestation services at a reasonable cost and in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest by improving existing and enabling new audit and attestation services.

The Committee on Auditing Procedures was created in 1939. In 1972, it was reconstituted as the Auditing Standards Executive Committee to reflect a shift from providing audit guidance to promulgating auditing standards. It was reconstituted again in 1978 as the ASB in order to reflect the level of authoritative literature it develops for the auditing profession.

b. Name of standards

Statements on Auditing Standards (SAS)

45. How many voting members does the standard-setting body have?

19



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46. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

Voluntary

Employed

Both - Please describe:

47. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The Auditing Standards Board consists of 19 members and includes five members from local, regional, and other non-big four national firms; five members nominated by NASBA; four members from the big four firms; and five users and public members. Up to 25% of the ASB may be non-AICPA members. Customarily, one seat is reserved for a government official or an auditor of government entities and one seat is reserved for an academician.

48. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The Director of the AICPA Audit and Attest Standards nominates the ASB Chair and in consultation with the ASB Chair, nominates members of the ASB. The AICPA Board of Directors approves nominations of the ASB Chair and ASB members.

49. What is the term of appointment for members?

Each member normally serves for three one-year terms with reappointment for each term dependent on satisfactory performance.

50. For how many years has the standard-setting body been in existence?

73 Years

51. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

Unknown – please refer to AICPA for this information.

Please enter the exchange rate used to calculate this number.



Note: Please enter a decimal amount (e.g., 4.0027)

N/A

52. To what entity is the standard-setting body accountable?

The ASB is accountable to the AICPA Council. The ASB is the senior technical committee of the AICPA designated to issue auditing, attestation, and quality control standards and guidance. It is authorized to make public statements on matters relating to auditing, attestation, and quality control standards without clearance from Council or the Board of Directors.

53. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. Public exposure of standards

The ASB develops and issues standards in the form of Statements on Auditing Standards through a due process that includes deliberation in meetings open to the public, public exposure of proposed ASB statements, and a formal vote.

b. Accessibility of meetings (i.e., public or private)

The portions of ASB meetings relating to: (a) the establishment of standards through ASB statements and (b) other auditing, attestation and reporting matters directly affecting the public interest are open to the public. A list of meetings for a five-year period can be found at: www.aicpa.org/Research/Standards/AuditAttest/ASB/Pages/ASBMeetingMaterialsandHighlights.aspx. Agenda and meeting highlights are posted on the AICPA's website page.

Portions of meetings dealing with matters of an administrative or confidential nature such as meeting arrangements, establishment of task forces, and consideration of advice of AICPA counsel are not open to the public. Meetings of the subcommittees and task forces of the ASB are not open to the public. However, at the discretion of the ASB chair, interested parties may be invited to attend any or all meetings of any ASB subcommittee or task force.

c. Approval process for final standards (i.e., majority required to approve final standards)

The matters on which votes may be taken can be categorized as follows:

- (1) votes on a motion to issue an exposure draft of a proposed or final ASB statement
- (2) votes on motions relative to other specific actions or to indicate preferences on specific issues.

Issuance of an exposure draft for proposal of a final ASB statement requires the written affirmative approval of two-thirds of all ASB members. In voting on issuance of an exposure draft for a proposed or final ASB statement, Board members may either approve or disapprove issuance of statements.



d. Other relevant due process activities

N/A

54. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Board conducts five meetings annually. Each meeting is for two and a half days, which results in 13 days that the Board meets during a calendar year.

Section 5B -- Standard-Setting (United States General Accounting Office (GAO))

(Source for questions 44 – 50, 52 – 54: www.nasact.org/downloads/GAO/12_04_est_GAS.pdf)

44. For standard setting, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

The GAO is the audit, evaluation, and investigative arm of the U.S. Congress. The Comptroller General of the GAO sets standards as advised by the Advisory Council on Government Auditing Standards. Standards for government auditing were first issued by the Comptroller General in 1972. These standards were the result of a series of meetings that began in 1969 and involved the Comptroller General, state auditors, and federal officials. Major revisions were made to the standards in 1981, 1988, 1994, and 2003. Government auditing standards provide a framework to auditors so that their work can lead to improved government management, decision-making, oversight, and accountability. The standards also provide an overall framework for ensuring that auditors have the competence, integrity, objectivity, and independence in planning, conducting, and reporting on their work.

The Chief Financial Officers Act of 1990 requires that these standards be followed in audits of federal departments and agencies. The Single Audit Act Amendments of 1996 require that auditors follow these standards when auditing state and local governments and nonprofit entities that receive federal awards. Other laws, regulations, or other authoritative sources could also require auditors to use these standards in auditing the government programs and entities. Auditors conducting audits under agreement or contract also may be required to comply with these standards under the terms of the agreement or contract.

b. Name of standards

Generally Accepted Government Auditing Standards (GAGAS)



45. How many voting members does the standard-setting body have?

The Advisory Council is comprised of 15 to 20 members.

46. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

Voluntary

Employed

Both - Please describe:

47. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The Advisory Council is comprised of highly qualified members with complementary skills that ensure a strong knowledge base in such areas as:

- Federal, state, and local government;
- Colleges, universities, and other nonprofit entities that receive governmental financial assistance;
- Financial, compliance, and performance auditing;
- Program evaluation methods and standards;
- Performance management;
- Data processing; and
- Operational, financial, and compliance internal controls

There is a mix of practitioners from large and small firms and users at all levels of government, as well as academics.

48. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

Members are appointed by the Comptroller General. New members are selected from nominations received from relevant professional organizations.

49. What is the term of appointment for members?

Advisory Council appointments are for a three-year term. Terms can be extended to four years depending on the workload and activity of the Council.



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50. For how many years has the standard-setting body been in existence?

40 Years

51. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

(Source: www.gao.gov/assets/590/589362.pdf)

Budget for FY 2013 - \$526,200,000

Please enter the exchange rate used to calculate this number

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

52. To what entity is the standard-setting body accountable?

The GAO is accountable to the United States Congress.

53. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. Public exposure of standards

Standards are exposed to the public in accordance with the Administrative Procedures Act. Standards can be found at: www.gao.gov/govaud/ybook.pdf

b. Accessibility of meetings (i.e., public or private))

Meetings are open to the public in accordance with the Administrative Procedures Act, the pertinent part of which can be found at: www.archives.gov/federal_register/public_laws/administrative_procedure_act/552b.html

c. Approval process for final standards (i.e., majority required to approve final standards)

Upon reaching consensus, the Advisory Council will make recommendations to the Comptroller General. The Comptroller General decides on the final standards. The Advisory Council does not have a voting policy.



d. Other relevant due process activities

The GAO also has designated staff that conducts ongoing work and initiatives in support of Generally Accepted Government Auditing Standards and the Advisory Council. The Comptroller General often seeks comments from specific constituents throughout the process.

54. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Advisory Council meets once to twice a year or more as necessary, which results in meeting for four to six days annually.



Section 6 -- Ethics

Responses to questions in this section will provide a description of the legal and professional framework governing ethics standards for accountants in your country. This section focuses on the establishment of such standards. Please indicate the role your organization plays within this framework.

Section 6A -- Statutory Framework

55. For each of the following types of professionals, please indicate the name of the Legal authority and/or self-regulatory rules establishing ethics standards for accountants and auditors in your country, the date of the last amendment of such authority or rules and the name of body responsible for setting the ethics standards.

Type of professional covered	Name of applicable legal authority	Date of last amendments (e.g. MM/YYYY 06/2001)	Name of body responsible for setting ethics standards
Professional Accountants in Public Practice	Public Company Accounting Oversight Board (PCAOB)	PCAOB Rules and Standards on Ethics – 05/2008	Public Company Accounting Oversight Board
	State Boards of Accountancy rules and regulations		Multiple
	SEC Rule 2-01 of Regulation S-X		SEC
Professional Accountants in Business	AICPA Code of Professional Conduct	AICPA Code of Professional Conduct has been updated for all official releases through 08/12	AICPA Professional Ethics Executive Committee
	Institute of Management Accountants (Applies to IMA members)	IMA Statement of Ethical Professional Practice – 09/2005	IMA Committee on Ethics
	State Boards of Accountancy rules and regulations (Applies to CPAs in business)		Multiple
	AICPA Code of Professional Conduct (Applies to CPAs in business)	Updated through 08/12	AICPA Professional Ethics Executive Committee



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Professional Accountants in the Public Sector	Generally Accepted Government Auditing Standards (GAGAS)	Generally Accepted Government Auditing Standards (GAGAS) – 12/2011	United States General Accounting Office
Other (please describe) Internal Auditors	Institute of Internal Auditors	Institute of Internal Auditors (IIA) Code of Ethics – 07/2007	Institute of Internal Auditors Global Ethics Committee

a. How can IFAC obtain copies of these documents?

PCAOB rules can be obtained at: www.pcaobus.org/Standards/EI/Pages/default.aspx

SEC Independence rules can be obtained at: www.sec.gov/rules/final.shtml

IMA Statement of Ethical Professional Practice can be found at:
www.imanet.org/PDFs/Public/Press_Releases/STATEMENT%20OF%20ETHICAL%20PROFESSIONAL%20PRACTICE_2.2.12.pdf

GAGAS Ethical Principles in Government Auditing can be obtained at:
www.gao.gov/govaud/ybook.pdf

AICPA Code of Professional Conduct can be found at: www.aicpa.org/Research/Standards/Code_of_Conduct/Pages/default.aspx

IIA's Code of Ethics can be obtained at: na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx

b. Are the documents available in English? Yes No



Section 6B- Standard Setting

56. For each professional body or standard-setting body responsible for setting ethics standards, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

Name of body responsible for setting ethics standards	Nature of body	Name of standards
Public Company Accounting Oversight Board (PCAOB)	The PCAOB is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws to promote investor protection.	PCAOB's Ethics Rules and Standards
Institute of Management Accountants (IMA) Committee on Ethics	IMA's Committee on Ethics is a standing advisory committee of IMA charged with the responsibility of interpreting and enforcing IMA's Statement of Ethical Professional Practice.	IMA's Statement of Ethical Professional Practice
GAO's Advisory Council on Government Auditing Standards	The GAO is the audit, evaluation, and investigative arm of the U.S. Congress. The Comptroller General of the GAO sets standards as advised by the Advisory Council on Government Auditing Standards.	Generally Accepted Government Auditing Standards' Ethical Principles in Government Auditing
AICPA Professional Ethics Executive Committee (PEEC)	The AICPA's Professional Ethics Executive Committee is a senior committee of the AICPA charged with the responsibility of interpreting and enforcing the AICPA's Code of Professional Conduct.	AICPA Code of Professional Conduct



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The Institute of Internal Auditors (IIA)	The mission of IIA's Global Ethics Committee is to serve the global profession of internal auditing by overseeing the maintenance, update, and interpretation of the IIA's Code of Ethics.	IIA's Code of Ethics
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With respect to each professional body or standard-setting body responsible for setting ethics standards, please answer the following questions. Attach additional pages for each body if necessary.

Section 6B- Standard Setting ([Public Company Accounting Oversight Board \(PCAOB\)](#))

(Source for questions 57 – 66: www.pcaobus.org)

57. How many voting members does the standard-setting body have?

5

58. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary
- Employed
- Both
- If both, please describe

59. What are the criteria considered in selecting members of the standard setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

As required by the Sarbanes-Oxley Act of 2002, Board members are appointed from among prominent individuals of integrity and reputation who have a demonstrated commitment to the interests of investors and the public. The Board members also have an understanding of the responsibilities for and nature of the financial disclosures required of issuers under the securities laws, and the obligations of accountants with respect to the preparation and issuance of audit reports with respect to such disclosures.

Two members of the Board shall be or have been certified public accountants provided that if one or two of those members is the chairperson, he or she may not have been a practicing certified public accountant for at least five years prior to his or her appointment to the Board.



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60. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The five members of the PCAOB, including the Chairman, are appointed to staggered five-year terms by the SEC after consultation with the Chairman of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury.

61. What is the term of appointment for members?

5 years

62. For how many years has the standard-setting body been in existence?

The PCAOB has been in existence since July 30, 2002 (10 years).

63. Please indicate the budget of the standard-setting body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

Budget for fiscal year 2012 - \$214,983,000

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

64. To what entity is the standard-setting body accountable?

As required by the Sarbanes-Oxley Act of 2002, the Board shall submit an annual report, including its financial statements to the SEC. The SEC shall transmit copies of reports to the Committee on Banking, Housing and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives.

65. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. public exposure of standards

The PCAOB follows a public exposure process. A copy of standards can be obtained at: www.pcaobus.org/standards/pages/default.aspx.

b. accessibility of meetings (i.e., public or private)

Meetings are announced at least five days in advance. They are held at the Board's headquarters in Washington, D.C., and are open to the public. The meetings also are webcast live and available to download as podcasts. Instructions for logging into webcasts and downloading can be found at: www.pcaobus.org.



c. approval process for final standards (i.e., majority required to approve final standards)

The PCAOB approves final standards as required by the Sarbanes-Oxley Act of 2002.

d. other relevant due process activities

N/A

66. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Board holds open meetings regularly to consider and vote on PCAOB rulemaking and other activities.

Section 6B- Standard Setting (Institute of Management Accountants (IMA) Committee on Ethics)

With respect to each professional body or standard-setting body responsible for setting ethics standards, please answer the following questions. Attach additional pages for each body if necessary.

57. How many voting members does the standard-setting body have?

The IMA Committee on Ethics is comprised of 15 members.

58. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

- Both

- If both, please describe

59. What are the criteria considered in selecting members of the standard setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

Nominations to the Committee on Ethics are sought from those members who have relevant experience in dealing with ethics and independence related issues. Nominees must be committed to developing a strong body of ethics for the membership base. Committee selection is managed to maintain a balanced representation from business, industry and academia.



60. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The Chair of the Committee on Ethics and the Global Board Liaison to the Committee on Ethics are appointed by IMA's Governance Committee. The Chair of the Committee on Ethics approves the members of the Committee.

61. What is the term of appointment for members?

Members are appointed to a two-year term, which may be extended to a subsequent consecutive two-year term.

62. For how many years has the standard-setting body been in existence?

IMA's Committee on Ethics has been in existence for 93 years. It was among the first standing advisory committees established by IMA.

63. Please indicate the budget of the standard-setting body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

The budget for the Committee on Ethics is not separately defined.

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

64. To what entity is the standard-setting body accountable?

IMA's Committee on Ethics is accountable to IMA's Governance Committee.

65. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. public exposure of standards

IMA's Statement of Ethical Professional Practice applies only to its members. IMA's Global Board policies do not require the public exposure of revisions to the Statement prior to implementation, but IMA acknowledges that public exposure with a corresponding comment period is a best practice. IMA's Statement of Ethical Professional Practice is available to the public and can be found on IMA's website at:

http://www.imanet.org/resources_and_publications/ethics_center_helpline.aspx



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b. accessibility of meetings (i.e., public or private)

Meetings conducted by IMA's Committee on Ethics are not open to the public. Members of IMA who are not members of the Committee can submit a request to the staff liaison to attend a Committee meeting or participate during one of their teleconferences.

c. approval process for final standards (i.e., majority required to approve final standards)

A majority vote among Committee members must be in place to move a proposal forward to IMA's Governance Committee for approval of a revision to IMA's Statement of Ethical Professional Practice. Once a favorable majority vote among members of IMA's Governance Committee is conducted, then the proposal is shared with IMA's Global Board of Directors. A final revision to IMA's Statement of Ethical Professional Practice is incorporated once a majority vote among IMA's Global Board of Directors takes place.

d. other relevant due process activities

IMA's Committee on Ethics oversees IMA members' professional conduct as stipulated in the principles and standards that are part of IMA's Statement of Ethical Professional Practice. Disciplinary action for members is conducted as stipulated by IMA's Bylaws. Members and prospective members whose conduct is being investigated have the right to request a hearing.

66. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Committee meets 12 days per year either in person or by monthly teleconferences.

Section 6B- Standard Setting (United States General Accounting Office (GAO))

(Source for questions 57 – 62, 64 – 66: www.nasact.org/downloads/GAO/12_04_est_GAS.pdf)

57. How many voting members does the standard-setting body have?

The Advisory Council of Government Auditing Standards is comprised of 15 to 20 highly qualified members.

58. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

- Both

- If both, please describe



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59. What are the criteria considered in selecting members of the standard setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The Advisory Council is comprised of highly qualified members with complementary skills that ensure a strong knowledge base in such areas as:

- Federal, state, and local government;
- Colleges, universities, and other nonprofit entities that receive governmental financial assistance;
- Financial, compliance, and performance auditing;
- Program evaluation methods and standards;
- Performance management;
- Data processing; and
- Operational, financial, and compliance internal controls

There is a mix of practitioners from large and small firms and users at all levels of government, as well as academics.

60. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

Members are appointed by the Comptroller General. New members are selected from nominations received from relevant professional organizations.

61. What is the term of appointment for members?

Advisory Council appointments are for a three-year term. Terms can be extended to four years depending on the workload and activity of the Council.

62. For how many years has the standard-setting body been in existence?

40 years

63. Please indicate the budget of the standard-setting body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

(Source: www.gao.gov/assets/590/589362.pdf)

Budget for FY 2013 – \$526,200,000

Please enter the exchange rate used to calculate this number.



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Note: Please enter a decimal amount (e.g., 4.0027)

64. To what entity is the standard-setting body accountable?

The GAO is accountable to the United States Congress.

65. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. public exposure of standards

Standards are exposed to the public in accordance with the Administrative Procedures Act. Standards can be found at: www.gao.gov/govaud/ybook.pdf

b. accessibility of meetings (i.e., public or private)

Meetings are open to the public in accordance with the Administrative Procedures Act, the pertinent part of which can be found at: www.archives.gov/federal_register/public_laws/administrative_procedure_act/552b.html

c. approval process for final standards (i.e., majority required to approve final standards)

Upon reaching consensus, the Advisory Council will make recommendations to the Comptroller General. The Comptroller General decides on the final standards. The Advisory Council does not have a voting policy.

d. other relevant due process activities

The GAO also has designated staff that conducts ongoing work and initiatives in support of Generally Accepted Government Audit Standards and the Advisory Council. The Comptroller often seeks comments from specific constituents throughout the process.

66. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The Advisory Council meets once to twice a year or more as necessary, which results in meeting for four to six days annually.

Section 6B- Standard Setting (AICPA's Professional Ethics Executive Committee)

(Source for questions 57 – 66:

www.aicpa.org/InterestAreas/ProfessionalEthics/Pages/ProfessionalEthics.aspx)

57. How many voting members does the standard-setting body have?

The Committee is comprised of 20 members.



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58. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary
- Employed
- Both

-If both, please describe

Seventeen members are volunteers while three members are from the public (non-CPAs) and compensated by the AICPA.

59. What are the criteria considered in selecting members of the standard setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

Members are appointed so that there is representation from public practice, business and industry, government, educators, state regulators, and the public. Relevant experience with respect to ethics and independence is preferable.

60. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The Director of the AICPA Professional Ethics Division, in consultation with the PEEC Chair, nominates the members of the PEEC. The AICPA Board of Directors approves nominations for members of the PEEC.

61. What is the term of appointment for members?

Members are appointed for a one-year term, which is generally renewed for up to three years.

62. For how many years has the standard-setting body been in existence?

In its current form, the PEEC has been in existence since 1971. However, the Committee's earliest predecessor was the American Association of Public Accountants' Committee on Ethics, which was formed in 1906 to develop ethics standards to which its members should adhere. Based on this history, the Committee has been in existence for 106 years.

63. Please indicate the budget of the standard-setting body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

Unknown – please refer to AICPA for this information.

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

64. To what entity is the standard-setting body accountable?

The PEEC is accountable to the AICPA Council.



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65. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. public exposure of standards

Proposals for new or revised standards by the PEEC are issued in an exposure draft for public comment. The comment period is generally 60 to 90 days. Exposure drafts can be found on the AICPA's website at: www.aicpa.org/Research/ExposureDraft/Pages/default.aspx. Final standards can be found on the website at: www.aicpa.org/Research/Standards/CodeofConduct/Pages/default.aspx

b. accessibility of meetings (i.e., public or private)

The Committee generally meets quarterly for two days. A portion of each meeting is devoted to open sessions during which the Committee carries out its standard-setting discussions and other activities. These sessions are open to the public. The other portion of the meeting is devoted to reviewing various case investigations. The AICPA staff provides Committee members materials for both sessions in advance of the meeting.

Special meetings may be called as deemed necessary by the chair. Committee members must receive proper notice of the date of such a meeting. Depending on the timing of subcommittee meetings and the workload of a particular meeting, the Committee may schedule a conference call meeting to dispose of case investigations and other matters.

c. approval process for final standards (i.e., majority required to approve final standards)

A quorum is a majority of appointed members including the Chair. The loss of a quorum precludes a vote. Votes on standard-setting and enforcement matters are generally taken by a show of hands. All matters are moved to a vote by means of a seconded motion. Motions carry if supported by a simple majority and fail in the event of a tie. However, motions to pass the issuance of an exposure draft or adopt a final ethics standard require a super majority of those voting.

d. other relevant due process activities

N/A

Votes are required for the following actions:

- To adopt an ethics pronouncement for publication in the Journal of Accountancy
- To determine whether a member has violated the Code of Professional Conduct
- To determine what corrective action is required of a member who has been found to have violated the Code including: (a) referring a member to a hearing by the joint trial board; (b) offering a settlement agreement that would affect membership rights; and (c) recommending acceptance of a member's resignation.

66. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The committee meets approximately eight days; it meets quarterly for two days.



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Section 6B- Standard Setting (Institute of Internal Auditors (IIA))

(Source for questions 57 – 60, 64, 65c – IIA’s Board Policy Manual)

57. How many voting members does the standard-setting body have?

The IIA’s Global Ethics Committee should always have a minimum of five members.

58. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

- Both

-If both, please describe

59. What are the criteria considered in selecting members of the standard setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

All members of IIA’s Global Ethics Committee must be Certified Internal Auditors (or equivalent), unless an exception is made at the discretion of the Senior Vice Chair of the Committee.

60. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The Chairman of the Committee is appointed by the Chairman of the Board. Members are appointed by the Chairman of the Committee.

61. What is the term of appointment for members?

(Source: IIA’s ethics hotline – ethics@theiia.org)

Members are appointed for a three-year term, but are evaluated annually.

62. For how many years has the standard-setting body been in existence?

(Source: na.theiia.org/about-us/Pages/About-The-Institute-of-Internal-Auditors.aspx)

The IIA has been in existence since 1941.

63. Please indicate the budget of the standard-setting body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

Unavailable – Please refer to IIA for this information.

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A



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64. To what entity is the standard-setting body accountable?

The IIA's Global Ethics Committee is accountable to the IIA's Board of Directors.

65. Describe the due process followed by the standard-setting body. Please include explanations of the following:

a. public exposure of standards

The IIA's Code of Ethics is updated by the IIA's Global Ethics Committees. The code includes a statement of the principles and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. The code also includes a description of the minimum requirements for conduct. The Code describes behavioral expectations rather than specific activities.

Proposals for new or revised standards by the IIA's Global Ethics Committee are issued in an exposure draft for public comment under an exposure period of 90 days. The most recent version of the code can be found at: na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx

b. accessibility of meetings (i.e., public or private)

(Source: IIA's ethics hotline – ethics@theiia.org)

There are two meetings and two teleconferences scheduled to take place annually. Additional, teleconferences are held as needed. The meetings and meeting materials are not open to the public. The IIA has an entity, the International Professional Practices Framework Oversight Council (IPPF OC), that has access to the meetings, materials, etc., to determine that due process is being followed.

c. approval process for final standards (i.e., majority required to approve final standards)

A minimum of two-thirds of members of IIA's Global Ethics Committee has to vote in favor of revisions to the Code to be presented to IIA's Board of Directors for final approval.

d. other relevant due process activities

IIA's Global Ethics Committee is responsible to conduct investigations of members who are in violation of the code. Specifically, the Committee is responsible to:

- Hear complaints concerning breaches of the IIA Code of Ethics by members, for those institutes that do not have an established ethics case adjudication process, and impose sanctions, as appropriately deemed warranted under the circumstances.
- Hear all complaints in relation to certificate holders and/or certificate candidates.
- Hear appeals for those cases adjudicated by an institute's own ethics process and impose sanctions, as appropriately deemed warranted under the circumstances.
- Develop and maintain a register of complaints, decisions and sanctions where the Committee has the responsibility for considering the case or the appeal.



66. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

(Source: IIA's ethics hotline – ethics@theiia.org)

At minimum, four days are spent on meetings; as a result, two meetings and two teleconferences are scheduled to take place annually.



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Section 7 -- Education

Responses to questions in this section will provide a description of how education requirements for the profession are established. Please indicate the role your organization plays within this process.

Section 7A -- Education Requirements

67. Please describe in general terms the education system in your country including the different stages of education from early childhood education through to tertiary level study. Please indicate which aspects / levels are compulsory as part of the national education system:

Publicly funded education is available in the United States from kindergarten (generally age 5), through eight years of elementary and middle school, and four years of high school. Attendance in an educational program is compulsory in all states through ages 14 to 18, depending on the laws of the state. Private schools and approved home schooling are also available. Many students go on to pursue higher education through post-secondary institutions which may be privately or publicly funded. Degrees granted by colleges and universities include associates' degrees (generally requiring two years of study) and bachelors' degrees (generally requiring four years). Graduate programs confer masters' degrees, typically requiring one to two years of further study. Post-graduate doctoral degrees are also offered, as well as specialized professional degrees in law and medicine.

68. Is there a legal authority or regulation that specifies the requirements for an individual to operate as an accountant or auditor in your country?

Yes No

If YES, please provide the name and describe the requirements, including any relating to education, experience or qualifications.

Individuals and firms offering audit services are closely regulated by the state boards of accountancy. In certain jurisdictions, regulations also apply to individuals and firms offering general accounting support to the public. In these cases, a license issued by the state is required, and is dependent on passing the Uniform CPA Exam administered by the AICPA and meeting the education and experience requirements set by the state. A bachelor's degree is mandatory, and most jurisdictions currently require 150 semester hours of college level study, typically attained over five years.

There are no regulations or licensing requirements governing the careers of individuals employed as accountants within businesses.

69. Please select from below all the relevant key levels of requirements to obtain certification from your member body (i.e. to qualify as a certified or chartered accountant) and provide a general description of the requirement.

To qualify as a CMA[®] (Certified Management Accountant) one must meet the following requirements:



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- Academic requirements

A bachelor's degree (four years) from an accredited college or university.

- Professional examinations

Two professional exams, each four hours in length, with a combination of multiple choice and essay questions: Part 1 covering Financial Planning, Performance and Control; Part 2 covering Financial Decision Making

- Practical experience

Two continuous years of professional experience in management accounting or financial management.

- Final qualifying examination

There are no further exams required beyond Part 1 and Part 2 of the CMA exam.

- Other (please describe)

Membership in IMA, adherence to the IMA Statement of Ethical Professional Practice, and ongoing Continuous Professional Education.

70. Which of the following arrangements best describes who establishes the education requirements for the accounting profession in your country? Please select one option.

- A government ministry, department or agency establishes education requirements for the accounting profession with no additional requirements set by the member body(ies).

X - A government ministry, department, or agency establishes minimum education requirements for the public accounting profession, and member body(ies) supplement these requirements.

- Member body(ies) establishes the education requirements for the accounting profession.

- Other (please describe)

NOTE: while it is true that there are regulations covering auditors and public accountants, there are no government regulations over the management accounting profession.



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71. Please provide the name(s) of the relevant body in the government ministry, department, agency and/or member body who establishes the education requirements.

Education requirements for public accountants and auditors are established by the state boards of accountancy. The only accounting related designation regulated by government in the USA is the CPA which includes management accounting education and certification. Further information is available on the National Association of State Boards of Accountancy website at: <http://www.nasba.org/stateboards/>

IMA is deeply involved in establishing appropriate education guidelines for management accountants. In 2010, IMA and the Management Accounting Section (MAS) of the American Accounting Association (AAA) formed a joint task force which has as its goals: (1) the development of an integrated competency-based framework that identifies all-inclusive and professional competencies for long-term career requirements and (2) providing recommendations for embedding those competencies into the accounting curriculum.

A general description of the role of the relevant body(ies) including how it operates and its due process in establishing the education requirements.

IMA has taken a leadership role in establishing education guidelines for management accountants by conducting periodic job analyses and linking core competencies to the typical undergraduate and graduate accounting curriculum.

The following answers pertain to IMA.

How many voting members does the relevant body(ies) have?

IMA's Global Board of Directors has 52 voting members.

Are the members of the relevant body (ies) involved on a voluntary basis or employed by the standard-setting body?

- Voluntary
- Employed
- Both Please describe:

For how many years has the body been in existence?

IMA has been in existence for 93 years.

72. How would you describe the authority that the education requirements have?

X - Requirements are legally-based

The requirements of the state boards of accountancy for public accountants are legally based.

X - Requirements are set in the constitution, by-laws, or other rules of the relevant body(ies).

The requirement of a bachelor's degree for the CMA[®] is set by the Board of Regents of the Institute of Certified Management Accountants (ICMA).



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- Requirements are set in member body(ies) policy document(s).
- Other (please describe)

72 a. How can IFAC obtain copies of these documents?

The relevant Policies of the ICMA are available upon request.

72 b. Are these documents available in English?

Yes X No

73. Are the education requirements for accountants and auditors the same throughout your country, or do they differ among regions, provinces or states?

Same Different X

If different, please briefly describe the main differences:

The Uniform Accountancy Act created by AICPA and NASBA, and followed by the majority of states, requires 150 hours of education and one year of experience for CPAs.

Requirements set by the ICMA for Certified Management Accountants are consistent across the globe: bachelor's degree or equivalent and two years of experience.

74. Please indicate the scenario that best describes who delivers the education and examination process for members of the profession. Please only select one option.

- The education program and final examination are delivered by the member body.
- The education program and final examination are delivered by the member body and other education institutions (e.g., universities, colleges, and others).
- The education program and final examination are delivered by education institutions (e.g., universities, colleges, and others).
- Other (please explain)

For both public accountants and management accountants, the education program is typically delivered by education institutions, while the certification exam is provided by the member body or the state licensing authority.

75. Once qualified as a member of your professional body, can members offer their services directly to the public?

Yes No X

The CMA[®] is not a license to provide auditing and public accounting services.



The CMA[®] is designed to certify the competencies of the management accountant.

Section 7B -- Licensing

76. Are there licensing requirements for auditors in your country?

Yes (continue with Question 77)

No (proceed to Section 8)

77. Who sets the requirements to obtain a license?

The state boards of accountancy establish the requirements separately in each jurisdiction.

78. What are the requirements to obtain a license (please select all relevant requirements)?

X - Academic study specific for obtaining a license

X - Practical experience

X - Licensing examination

X - Final qualifying examination

- Other (please describe)

79. Are there ongoing requirements to retain a license?

Yes X No

If YES, please select all relevant requirements.

X - Continuing professional development

- Re-examination

- Other (please specify):

80. What entity grants the license?

The state boards of accountancy grant the licence separately in each jurisdiction.



81. Describe any additional licensing requirements for auditors of listed entities (e.g., additional education requirements, registration, etc.).

Registration with the PCAOB is required for auditors of listed entities.

Section 8 -- Public Sector Accounting Standards

Responses to this section will provide a description of the legal and professional framework governing public sector accounting standards in your country. The section focuses on the establishment of such standards. Please indicate, where appropriate, the role of your organization within this framework.

Section 8A -- Statutory Framework

82. Please provide the name of the Legal authority and/or self-regulatory rules establishing public sector accounting standards in your country, the date of last amendment and the name of the body responsible for setting public sector accounting standards. If the standards are different for different entities (e.g., whole of government, ministry/department, statutory authority/agency, profit entity owned by government, state governments, local governments, other [please specify]), please specify the details that apply to each.

Type of entity	Name of legal authority	Date of last amendment (e.g. MM/YYYY 06/2001)	Name of body responsible for setting public sector accounting standards
Whole of government	Federal Accounting Standards Advisory Board (FASAB)	Statements of Federal Financial Accounting Standards – 06/2011	FASAB
-Ministry/department	FASAB	06/2011	FASAB
Statutory authority/agency	FASAB for Federal and Governmental Accounting Standards Board (GASB) for State	Statements of Federal Financial Accounting Standards – 06/2011 Last standard issued under GASB – 06/12	FASAB (Federal) and GASB (State)
-Profit entity owned by government	FASAB for Federal and Governmental Accounting Standards Board (GASB) for State	Statements of Federal Financial Accounting Standards – 06/2011 Last standard issued under GASB – 06/12	FASAB (Federal) and GASB (State)
State governments	GASB	Last standard issued under GASB – 06/12	GASB
Local governments	GASB	Last standard issued under GASB – 06/12	GASB
Other (please describe)			



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a. How can IFAC obtain copies of these documents?

Statements of Federal Financial Accounting Standards –
www.fasab.gov/pdffiles/2011_fasab_handbook.pdf

Governmental Accounting Standards –
<http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176160042391>

b. Are the documents available in English? Yes No

Section 8B -- Standard-Setting (Federal Accounting Standards Advisory Board (FASAB))

(Source for questions 83 – 89, 91, 93: www.fasab.gov/pdffiles/fasab_facts.pdf)

83. For the Federal Accounting Standards Advisory Board, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

The FASAB is a federal advisory committee established by the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the United States. The FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

b. Name of standards

Statements of Federal Financial Accounting Standards

84. How many voting members does the standard-setting body have?

The Board has nine members.

85. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

- Both - Please describe



86. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The Board has nine members – three federal appointees who represent the sponsoring agencies, and six public or nonfederal members. A panel convened by the FASAB’s chairperson considers various criteria in recommending the non-federal members to the sponsors. The panel includes representation from each of the sponsoring agencies, the AICPA, the Accounting Research Foundation, and the Financial Accounting Foundation.

87. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The head of each of FASAB’s three sponsoring agencies (Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the United States) selects a federal member to serve on the Board. The six public or nonfederal members are appointed by the sponsors after considering recommendations of the panel convened by the FASAB’s chairperson.

88. What is the term of appointment for members?

The public or nonfederal members are eligible for two five-year terms. The federal members serve without a fixed term. Terms are staggered to provide continuity on the Board.

89. For how many years has the standard-setting body been in existence?

The FASAB has been in existence since October 1990.

90. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

\$1,900,000

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

91. To what entity is the standard-setting body accountable?

The FASAB is accountable to its sponsors: the Treasury Department, the Office of Management and Budget, and the General Accounting Office of the United States.



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92. Describe the due process followed by the standard-setting body. Please include explanations of the following:

- Public exposure of standards

The Board considers comments from the public on its proposed statements which are widely distributed as exposure drafts. Exposure drafts and final guidance can be found on FASAB's website at: www.fasab.gov.

- Accessibility of meetings (i.e., public or private)

FASAB meets bimonthly, currently in the even months of the year. Unless otherwise noted, all meetings are open to the public and are held at the Government Accountability Office.

Agendas, briefing material, and minutes can be found on the FASAB's website at: www.fasab.gov/board-activities/meeting/meetings.

- Approval process for final standards (i.e., majority required to approve final standards)

A majority vote among Board members is required for a proposed statement to be submitted to the Board's sponsors for review. After the Board concludes its deliberations on a proposed statement and submits it to the sponsors, they have 90 days to review the statement. If neither the Director of the Office of Management and Budget nor the Comptroller General object, the Statement is published by the FASAB and becomes a part of generally accepted accounting principles for federal financial reporting entities.

- Other relevant due process activities

Public hearings are required.

93. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The FASAB meets at least six days a year or more as needed.

Section 8B -- Standard-Setting (Governmental Accounting Standards Board (GASB))

(Source for questions 83 – 89, 91 - 93 for GASB: www.gasb.org)

83. For the Governmental Accounting Standards Board (GASB), please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.



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a. Nature of body

The GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments. The GASB is an operating component of the Financial Accounting Foundation (FAF), which is a private sector not-for-profit entity.

b. Name of standards

Statements of Governmental Accounting Standards

The GASB also issues Concepts Statements, GASB Interpretations, and GASB Technical Bulletins.

84. How many voting members does the standard-setting body have?

There are seven members of the GASB.

85. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

- Both - Please describe

86. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The members of the GASB are required to have knowledge of governmental accounting and finance and a concern for the public interest in matters of accounting and financial reporting.

87. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

Board members are appointed by the Trustees of the Financial Accounting Foundation (FAF).



88. What is the term of appointment for members?

Board members are appointed for a five-year term and can serve up to 10 years. The chairman serves full-time and the six other members serve on a part-time basis.

89. For how many years has the standard-setting body been in existence?

The GASB has been in existence since 1984 (28 years).

90. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

(Source:

www.accountingfoundation.org/cs/ContentServer?site=Foundation&c=Document_C&pagename=Foundation%2FDocument_C%2FFAFDocumentPage&cid=1176159956152)

Budget for revenues YE 12/31/12 - \$6,350,000; Revenues under expenses for Y/E 12/31/12 per Statement of Budget Revenue and Expenses – (\$2,004,200). Funding for the GASB comes primarily from an accounting support fee established under the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as the sale of certain publications.

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

N/A

91. To what entity is the standard-setting body accountable?

The GASB is responsible to the Trustees of the FAF.

92. Describe the due process followed by the standard-setting body. Please include explanations of the following:

- Public exposure of standards

Before issuing its standards, the GASB follows the due process activities described in its published Rules of Procedure. The GASB's stringent due process activities are designed to encourage broad public participation in the standards-setting process. These activities promote timely, thorough, and open study of financial accounting and reporting issues by the preparers, auditors, and users of financial reports.



For many of the issues it addresses, the GASB:

- Appoints an advisory task force of outside experts.
- Studies existing literature on the subject and conducts or commissions additional research if necessary.
- Publishes a discussion document for public comment setting forth the issues or concerns being addressed and possible solutions.
- Broadly distributes an Exposure Draft of a proposed standard for public comment.
- Conducts public hearings and forums on its due process documents.

Significant steps in the process are announced publicly. The GASB's meetings are open for public observation and a public record is maintained. The GASB also is advised by the Governmental Accounting Standards Advisory Council (GASAC), a 30-member group appointed by the FAF Trustees that represents a wide range of the GASB's constituents.

Transcripts of public hearings, letters of comment and position papers, research reports, and other relevant materials on projects leading to issuance of pronouncements become part of the Board's public record and are available for inspection. In addition, letters of comment are available on the GASB website. To encourage public comment, discussion documents and Exposure Drafts are distributed by means of the Internet. Single printed copies are available without charge during the comment period to all who request them. Final pronouncements are distributed when published through GASB subscription plans and are posted to the GASB website. Printed copies of final pronouncements may be purchased by placing an order on the GASB website, www.gasb.org, or by contacting the GASB's Order Department.

- Accessibility of meetings (i.e., public or private)

All meetings of the GASB will be open to public observation to the extent of available seating at the place of meeting. One or more members may participate in a meeting by telephone or other electronic means. For this purpose, a meeting does not include: (i) discussion among GASB members that involves simply the reporting of events or the consideration of administrative matters; (ii) an informal gathering primarily of a social nature; or (iii) in view of the part-time nature of the GASB, informational or briefing sessions for GASB members (regardless of the number of members present), where such sessions are not intended or expected to result in decisions on technical issues/ Notwithstanding the foregoing, any meeting or portion of a meeting of the GASB may be closed to public observation if, by vote of GASB members, such meeting (or portion of that meeting) is determined as likely to result in discussion or disclosure of matters that relate to:

1. Administrative matters, such as personnel rules and practices, including matters with respect to selection, removal, promotion, or salaries.
2. Privileged matters, matters specifically exempted by statute or order from public disclosure, or proprietary information of a general character and statistical data and related explanatory material submitted, and information and data requested by the GASB, under confidential treatment.
3. Information of a personal nature, disclosure of which would constitute an unwarranted invasion of personal privacy.
4. Matters that concern participation in proceedings in court or other involvement in judicial or other legal or regulatory proceedings.



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If a meeting is to be closed in whole or in part to public observation, or if GASB action is to be taken by written ballot in lieu of a vote at a meeting, then, in each such case, the GASB will, as soon as practicable, make a public announcement of its reasons for closing the meeting (or portion of the meeting) or of the matters voted on by ballot. The GASB will publicly announce the time, date, and place of each GASB meeting, the agenda for the meeting, the extent and reason any part of the meeting is to be closed to public observation, and a telephone number to call for further information. Those announcements will be made at least four days in advance of regular meetings and two days in advance of special meetings, unless the GASB's Chairman determines that the business to come before the GASB requires earlier consideration, in which event such announcements will be made as soon as practicable. All significant changes in prior publicly announced information about meetings will be publicly announced if and as practicable. The Chairman may adjourn any meeting in whole or in part to reconvene at another time, date, or place without any announcement other than announcement at the meeting. The GASB will maintain minutes of its public meetings, which summarize the matters discussed and the votes taken, as a part of the GASB's public file.

- Approval process for final standards (i.e., majority required to approve final standards)

Proposed guidance is issued in the form of an exposure draft. The Board considers comments received on the exposure draft, and often incorporates suggested changes in the final document. If substantial modifications appear to be necessary, the Board may decide to issue a revised Exposure Draft for additional public comment. When the Board is satisfied that all reasonable alternatives have been considered adequately, the staff is directed to prepare a draft of a final document for consideration by the Board. Voting by Board members of issuance of final guidance is done by written ballot. At minimum, four Board members must vote in favor of issuance of final guidance.

- Other relevant due process activities

Soon after a major project is placed on the Board's technical agenda, a task force usually is appointed, including preparers, auditors, and users of financial information who are knowledgeable about the subject matter. Experts from other disciplines also may be appointed. Care is taken to ensure that various points of view on the issues involved are represented.

93. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

Day(s)

The Board meets monthly. Quarterly meetings are conducted for three days and other meetings throughout the year are for one day. The Board can meet as often as 36 days per year as a result of regular Board meetings and public hearings conducted.



Section 9 -- Private Sector Accounting Standards

Responses to the questions in this section will provide a description of the legal, statutory and professional framework governing private-sector accounting standards in your country. The section focuses on the establishment of such standards. Please indicate what role your organization plays within this framework.

Section 9A -- Statutory Framework

94. Please provide the name of the Legal authority and/or self-regulatory rules that establish private-sector accounting standards in your country, the date of last amendment, and the name of the body responsible for setting private sector accounting standards. If the standards are different for different entities (for example, listed entities, private companies, governmental organization, not for profit organizations, etc.), please specify the requirements that apply to each.

Type of entity	Name of legal authority or applicable rules	Date of last amendment (e.g. MM/YYYY)	Name of body responsible for setting private sector accounting standards
Listed entity	Securities Act of 1933	07/30/2002	United States Securities and Exchange Commission (SEC)
Other (please describe) SEC registrants, private and not-for-profit organizations	Financial Accounting Standards Board (FASB) Accounting Standards Updates promulgated as U.S. Generally Accepted Accounting Principles	07/2009 as a result of development of FASB Accounting Standards Codification	Financial Accounting Standards Board (FASB)
	International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs)	July 2009	International Accounting Standards Board (IASB)
Other (please describe) Privately held organizations	International Financial Reporting Standards (IFRS)	June 2012	International Accounting Standards Board (IASB)
Other (please describe) Guidance on cost and management accounting for SEC registrants, private and not-for-profit organizations	Statements on Management Accounting (SMAs)	12/2011 as a result of issuing SMA on Enterprise Risk Management	Institute of Management Accountants (IMA)



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a. How can IFAC obtain copies of these documents?

The Securities Exchange Act of 1933 can be found at: www.sec.gov/about/laws.shtml

FASB Accounting Standards Updates can be found at:

www.fasb.org/cs/ContentServer?site=FASB&c=Page&pagename=FASB%2FPage%2FSectionPage&cid=1176156316498

IMA's Statements on Management Accounting (SMAs) can be found at:

www.imanet.org/resources_and_publications/research_studies_resources/statements_on_management_accounting.aspx

b. Are the documents available in English? Yes No

Section 9B -- Standard-Setting (United States Securities and Exchange Commission (SEC))

95. For the SEC, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

(Source: www.sec.gov)

a. Nature of body

The Securities and Exchange Commission (SEC) is a government agency, established through the Securities Exchange Act of 1934, and has responsibility to:

- Interpret federal securities laws;
- Issue new rules and amend existing rules;
- Oversee the inspection of securities firms, brokers, investment advisers, and rating agencies;
- Oversee private regulatory organizations in the securities, accounting, and auditing fields; and
- Coordinate U.S. securities regulation with federal, state and foreign authorities.

b. Name of standards (rules)

Accounting Series Releases, Financial Reporting Releases, Staff Accounting Bulletins

96. How many voting members does the standard-setting body have?

(Source for questions 96 – 100: www.sec.gov/about/commissioner.shtml)

There are five Commissioners that serve on the Securities and Exchange Commission.



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97. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

Both - Please describe:

98. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

Commissioners are appointed by the President of the United States with advice and consent of the Senate. To ensure that the Commission remains non-partisan, no more than three Commissioners may belong to the same political party.

99. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

Commissioners are appointed by the President of the United States with advice and consent of the Senate. The President also designates one of the Commissioners as Chairman, the SEC's top executive.

100. What is the term of appointment for members?

The Commissioners' terms last five years and are staggered so that one Commissioner's term ends on June 5 of each year.

101. For how many years has the standard-setting body been in existence?

The SEC has been in existence since 1934 as a result of the passing of the Securities Exchange Act (78 years).

102. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

(Source: www.sec.gov/about/secreports.shtml)

Total Budgetary Resources from Statement of Budgetary Resources as of September 30, 2011 –

\$1,713,531,000

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)



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103. To what entity is the standard-setting body accountable?

(Source: www.sec.gov)

The SEC is an independent agency of the federal government.

104. Describe the due process followed by the standard-setting body. Please include explanations of the following:

Public exposure of standards

(Source: <http://www.sec.gov/about/whatwedo.shtml>)

Concept Release: The rulemaking process usually begins with a rule proposal, but sometimes an issue is so unique and/or complicated that the Commission seeks out public input on which, if any, regulatory approach is appropriate. A concept release is issued describing the area of interest and the Commission's concerns and usually identifying different approaches to addressing the problem, followed by a series of questions that seek the views of the public on the issue. The public's feedback is taken into consideration as the Commission decides which approach, if any, is appropriate.

Rule Proposal: The Commission publishes a detailed formal rule proposal for public comment. Unlike a concept release, a rule proposal advances specific objectives and methods for achieving them. Typically the Commission provides between 30 and 60 days for review and comment. Just as with a concept release, the public comment is considered vital to the formulation of a final rule.

Accessibility of meetings (i.e., public or private)

The Commission convenes regularly at meetings that are open to the public and the news media unless the discussion pertains to confidential subjects, such as whether to begin an enforcement investigation. Listings of meetings and public hearings can be found on the SEC's website at: www.sec.gov/about/upcoming-events.htm.

Approval process for final standards (i.e., majority required to approve final standards)

(Source: www.sec.gov/about/whatwedo.shtml)

Rule Adoption: Finally, the Commissioners consider what they have learned from the public exposure of the proposed rule, and seek to agree on the specifics of a final rule. If a final measure is then adopted by the Commission, it becomes part of the official rules that govern the securities industry.

Other relevant due process activities

N/A



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105. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

(Source: www.sec.gov/about/commissioner.shtml)

The number of days that the Commission conducts meetings and hearings can vary annually.

Section 9B -- Standard-Setting (Financial Accounting Standards Board (FASB))

(Source for questions 95 – 101, 103 – 105: www.fasb.org)

95. For the FASB, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities. Those standards are officially recognized as authoritative by the Securities and Exchange Commission (SEC) (Financial Reporting Release No. 1, Section 101, and reaffirmed in its April 2003 Policy Statement) and the American Institute of Certified Public Accountants (Rule 203, Rules of Professional Conduct, as amended May 1973 and May 1979).

IMA's Financial Reporting Committee (FRC) and Small Business Financial and Regulatory Affairs Committee (SBFRC) have submitted comment letters to the FASB on their proposed guidance throughout the committees' tenure. Members of these committees hold very senior level management accounting positions at large and small, public and private companies; specifically functioning as preparers and users of financial statements. Dennis Beresford, former chairman of the FASB, currently serves on IMA's Financial Reporting Committee and has been involved for several years.

In addition to various letters addressing issues about the FASB and IASB's convergence project promoting the development of a global set of accounting standards, the Committees have submitted recent letters in response to the FASB's proposed Disclosure Framework and Private Company Decision – Making Framework. Copies of these letters can be found on IMA's website at: www.imanet.org/about_ima/advocacy_activity.aspx.

b. Name of standards

Financial Accounting Standards Board (FASB) Accounting Standards Updates promulgated as U.S. Generally Accepted Accounting Principles.

96. How many voting members does the standard-setting body have?

There are seven members that serve on the FASB.



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97. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

Both - Please describe:

98. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The seven members of the FASB serve full-time and, to foster their independence, are required to sever connections with the firms or institutions they served before joining the Board. While they individually have diverse backgrounds, each has a concern for investors, other users, and the public interest in matters of accounting and financial reporting and they collectively have "knowledge of accounting, finance, business, accounting education, and research. In addition to technical backgrounds, members of the FASB are expected to have the following skill sets:

High level of intellect applied with integrity and discipline – Ability to absorb complex information, analyze it objectively, and make lucid decisions accordingly. This requires rigorous effort, discipline, and intellectual integrity. It implies consistency of approach and avoidance of digression into areas that have been discussed before and rejected or are unrealistic to consider in current circumstances.

Ability to work in a collegial atmosphere – The FASB is a collegial body, characterized by group decision making that requires give and take among the decision makers in order to arrive at timely, workable solutions to problems. The objective is to provide guidance for preparers, auditors and users of financial reports. That objective must take precedence over the personal philosophies of individual members. For it to do so, members must be able and willing to articulate clearly their views on the issues, but at the same time, they should be prepared to make reasonable compromises that will lead to improvement of financial accounting standards even though the improvement may not be an ideal solution in the opinion of an individual member. Such a process can work effectively only if individual members are tactful, respectful of one another's views, and mindful of the need to agree on workable, rather than ideal, solutions to problems.

Communication skills – Board members should be able to communicate effectively in both oral and written form. Oral communication includes discussion in Board meetings, dialogue with fellow Board members and technical staff, speeches, and other contacts with persons outside the FASB. Written communication includes internal memoranda, speeches, articles, and correspondence with constituents. All of these kinds of communication require thought, tact, and clarity of expression.

Awareness of financial reporting environment – The FASB deals with technical accounting issues, but its decisions must be made in the context of trends and events in the economic community as a whole. A member of the FASB should have a broad understanding of the environment in which the Board operates.

Commitment to the FASB's mission – A candidate for membership on the FASB should be committed to the Board's mission and to the hard work required to fulfill it."



99. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

Board members are appointed by the Trustees of the Financial Accounting Foundation (FAF).

100. What is the term of appointment for members?

Board members are appointed for a five-year term and can serve up to 10 years.

101. For how many years has the standard-setting body been in existence?

The FASB has been in existence since 1973 (39 years).

102. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

(Source: www.accountingfoundation.org/jsp/Foundation/Page/FAFSectionPage&cid=1176157765746)

Budget for revenues YE 12/31/12 - \$29,794,800; Revenues under expenses for Y/E 12/31/12 per Statement of Budget Revenue and Expenses – (\$9,285,200).

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

103. To what entity is the standard-setting body accountable?

The FASB is accountable to the Trustees of the Financial Accounting Foundation (FAF). The FAF's role is to select members of the Board, provide funding, and exercise general oversight. However, the FAF has no authority over the resolution of technical issues by the Board. As mentioned in the response for question 95a, the SEC has statutory authority to establish financial accounting and reporting standards for publicly held companies under the Securities Exchange Act of 1934. The SEC has delegated this authority to the FASB.

104. Describe the due process followed by the standard-setting body. Please include explanations of the following:

Public exposure of standards

Each Exposure Draft of a proposed Update will identify those FASB members who voted for its issuance and will identify and include the alternative views of any FASB member who voted against its issuance.

The FASB will expose all Exposure Drafts of proposed Updates for public comment. In determining the comment period length, the FASB will weigh the nature and complexity of the proposal, the amount of time stakeholders need to consider and comment on the proposal, and



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the urgency of the need for change. The following examples illustrate the range of comment periods that would likely result when applying that principle in some common situations:

- a. A comprehensive amendment of a major Topic or Subtopic within the Accounting Standards Codification generally would be exposed for a period of 60 days or longer.
- b. An amendment that changes, interprets, or provides application guidance in a narrower area generally would be exposed for a period of 25 days or longer.
- c. Narrow amendments that are not expected to cause a major change in accounting practice for a significant number of entities, minor technical corrections of existing requirements, or proposed deferrals of effective dates generally would be exposed for a period of 25 days or less.

In exceptional circumstances, when the need for the guidance is particularly urgent, the FASB may establish a comment period of less than 15 days, subject to consultation with the Foundation's Board of Trustees (or designated committee thereof).

Exposure Drafts, and notices of issuance of Exposure Drafts, will specify the time and manner in which individuals and organizations may comment. Written comments received in respect of Updates and Exposure Drafts constitute a part of the FASB's public file. Notice of issuance and availability of each Update and of each Exposure Draft of a proposed Update will be made through a posting to the FASB's website and by any other means (such as a press release) the FASB Chairman deems appropriate.

Accessibility of meetings (i.e., public or private)

All meetings of the FASB are open for public observation, limited to the amount of public seating available at the meeting location. If the FASB does not provide for any public seating at the location, it will make the meeting available for public observation via video webcast. The FASB strives to make all public decision-making meetings and public forums held in its Norwalk, Connecticut, offices available through audio or video webcast. Access to meetings by webcast can be done by logging onto the FASB's website at: www.fasb.org

Any meeting with a legislative, judicial executive, or other governmental body or its representatives will be closed to public observation if requested by that body. If a meeting is to be closed in whole or in part to public observation, or if FASB action is to be taken by written ballot, in each such case, the FASB will, as soon as practicable, make a public announcement of its reasons for closing the meeting or of the matters voted on by ballot.

The FASB will publicly announce the time, date, and place of each FASB meeting, the agenda for the meeting, the extent and reason any part of the meeting is to be closed to public observation, and a telephone number to call for further information. Those announcements will be made at least four days before a regular meeting and two days before a special meeting, unless the FASB Chairperson determines that the business to come before the FASB requires earlier consideration, in which event such announcements will be made as soon as practicable.

Approval process for final standards (i.e., majority required to approve final standards)

A majority of the full FASB must approve issuance of an Accounting Standards Update or an Exposure Draft of a proposed Accounting Standards Update that amends (or proposes to amend) the authoritative portions of the Accounting Standards Codification. Voting by FASB members on any Accounting Standards Update or Exposure Draft will be by written ballot.



Other relevant due process activities

N/A

105. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

The FASB generally meets on a weekly basis, approximately 48 days annually.

Section 9B -- Standard-Setting ([Institute of Management Accountants \(IMA\) Research Foundation](#))

95. For IMA's Research Foundation, please indicate the nature of the body (i.e., whether it is part of a government ministry or department, an agency appointed by government, a private organization established by the profession, or other [please describe]) and the name of the standards.

a. Nature of body

The IMA Research Foundation is the standard-setting body of the Institute of Management Accountants. In recognition of the vital role of IMA's research, the IMA Foundation for Applied Research, Inc. (FAR) was formed in 1994, IMA's 75th anniversary year. The founding trustee's intent was to ensure sufficient resources, both human and financial, to sustain and augment IMA's role as a valued center of research on the most important practice issues of the day while also identifying financial management trends to meet the challenges of the next millennium. As of November 2011, IMA's Foundation for Applied Research (FAR) was renamed IMA's Research Foundation.

b. Name of standards

Statements on Management Accounting (SMAs). The purpose of SMAs is to provide practice-based guidance to the global financial community on management accounting and financial management concepts, policies, and practices.

The current body of SMAs is comprised of guidance in the following practice areas:

- Leadership Strategies and Ethics
- Technology Enablement
- Strategic Cost Management
- Business Performance Management
- Finance Governance, Risk and Compliance (FGRC)
- Practice of Management Accounting

96. How many voting members does the standard-setting body have?

There are 28 members that serve on IMA's Research Foundation.



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97. Are the members of the standard-setting body involved on a voluntary basis or employed by the standard-setting body?

- Voluntary

- Employed

Both - Please describe:

98. What are the criteria considered in selecting members of the standard-setting body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

The following are criteria considered for members to serve on IMA's Research Foundation:

A balanced mix of academics and management accounting professionals is desired. In general, no more than 70% of Foundation members should be academics.

Academic member characteristics:

- Significant applied research experience;
- Significant number of research publications in a variety of academic journals;
- Qualifications/certifications: P.h.D., CMA[®], practical business experience, and experience publishing in both academic and practitioner journals; and
- Commitment to IMA and advancing the profession of management accounting.

Management accounting professional member characteristics:

- Significant business experience in management accounting in the areas of decision support, planning, and control;
- Desired qualifications/certifications: CMA[®], MBA, or graduate degree; and
- Commitment to IMA and advancing the profession of management accounting.

Expectations of all Foundation members:

- Attend at least 50% of all scheduled face-to-face meetings (international members outside U.S. may participate via conference call);
- Participate in at least 75% of all scheduled conference calls; and
- Perform all requested reviews except when:
 - The content falls outside a sufficient level of understanding.
 - The deadline conflicts with a significant/unusual business or personal commitment that is communicated to the sub-committee chairperson.

99. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

The Chair of the Committee, who reports to the Board of Trustees of the IMA Research Foundation, seeks nominations of individuals with appropriate technical skills and appoints the members of the Committee.

100. What is the term of appointment for members?

The term of appointment is two years, which can be extended to subsequent terms.



101. For how many years has the standard-setting body been in existence?

The IMA Foundation for Applied Research, Inc. (FAR) was formed in 1994, IMA's 75th anniversary year. As of November 2011, the IMA Foundation for Applied Research (FAR) was renamed IMA Research Foundation.

102. Please indicate the budget in US\$ of the standard-setting body for the last fiscal year:

Note: Please enter a whole number using commas (e.g., 4,000,000)

The IMA Research Foundation is supported administratively by IMA, and awards grants of approximately \$100,000 annually.

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027)

103. To what entity is the standard-setting body accountable?

IMA Research Foundation is accountable to IMA's Global Board of Directors.

104. Describe the due process followed by the standard-setting body. Please include explanations of the following:

Public exposure of standards

The draft of the SMA is published in IMA's flagship magazine, *Strategic Finance*[®], along with an Invitation to Comment. The full text is also made available on IMA's website at: www.imanet.org. The Invitation to Comment is also sent to other leading accounting organizations.

Accessibility of meetings (i.e., public or private)

Meetings conducted by IMA's Research Foundation are not open to the public. Members of IMA who are not members of the Committee can submit a request to the staff liaison to attend a Committee meeting or participate during one of their teleconferences.

Approval process for final standards (i.e., majority required to approve final standards)

The following is the due process that is executed for development and approval of SMAs:

1. Suggestions for new projects can come from various sources, including the international business community, governmental entities, accounting organizations, IMA staff, and members.
2. Based on the suggestions received, staff that supports IMA's Research Foundation will compile a list of approved topics.
3. Staff that supports the Research Foundation will select a subject matter expert(s) (SME) for each approved topic. An honorarium will be paid to the SME to draft the SMA or to



update an existing SMA. The amount of the honorarium paid by the Research Foundation will vary based on the content of the SMA. Projects will be carried out under the direction of IMA's VP of Research.

4. The SME will submit a proposed outline for the SMA. The VP of Research will review the outline, propose suggestions for changes as needed, and finalize the outline of the SMA with the SME.
5. The SME will submit a draft of the SMA to the VP of Research.
6. An abstract of the draft SMA will be published in IMA's flagship magazine, *Strategic Finance*[®], along with an Invitation to Comment, and the full text will be made available on IMA's website at: www.imanet.org. The Invitation to Comment will also be sent to other leading accounting organizations.
7. For each draft SMA, an ad hoc Review Committee of SMEs will be formed based on recommendations from the IMA Research Foundation trustees, to review the draft and submit suggestions for revision. The suggestions for revision will be based on the review of the draft SMA by the Review Committee, letters received from other interested parties, and any other information deemed relevant. The Review Committee will have 30 days to review and comment on the draft SMA.
8. Suggestions for revision will be sent to the author of the draft SMA by the VP of Research on behalf of the Review Committee.
9. The author of the draft SMA will submit a revised draft within 30 days of receiving the Review Committee's suggestion for revision. The Research Foundation reserves the right to modify the revised draft as it deems appropriate prior to the issuance of the SMA.

Final SMAs can be found on IMA's website at:

www.imanet.org/resources_and_publications/research_studies_resources/statements_on_management_accounting.aspx

Other relevant due process activities

105. Approximately how many days per year does the standard-setting body meet in full session (including teleconferences)?

IMA's Research Foundation conducts two in-person meetings annually and teleconferences as needed.



Section 10 -- Monitoring (Quality Assurance) and Enforcement

Responses to the questions in this section will provide a description of the legal and professional framework governing regulation of the profession in your country. Please indicate what role your organization plays within this framework.

Section 10A -- Securities Market Regulatory Authority

(Source for questions 106 – 107: www.sec.gov)

106. Name the authority that regulates the securities market:

The Securities and Exchange Commission (SEC).

107. What responsibilities does this organization have for monitoring and enforcing compliance with accounting, reporting or auditing requirements? Please identify the Legal authority that establishes that responsibility:

The Securities and Exchange Commission (SEC) was established through the Securities Exchange Act of 1934 and has responsibility to:

- interpret federal securities laws;
- issue new rules and amend existing rules;
- oversee the inspection of securities firms, brokers, investment advisers, and ratings agencies;
- oversee private regulatory organizations in the securities, accounting, and auditing fields; and
- coordinate U.S. securities regulation with federal, state, and foreign authorities.

108. Briefly describe the role of the regulatory authority as it relates to the following:

Regulation of the audit profession

(Source: www.pcaobus.org)

The Public Company Accounting Oversight Board (PCAOB) is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws to promote investor protection.

The Sarbanes-Oxley Act of 2002, which created the PCAOB, requires that auditors of U.S. public companies be subject to external and independent oversight for the first time in history. Previously, the profession was self-regulated. The Act established funding for PCAOB activities primarily through annual fees assessed on public companies in proportion to their market capitalization.



The Securities and Exchange Commission (SEC) has oversight authority over the PCAOB, including the approval of the Board's rules, standards and budget.

Accounting and auditing standard-setting

(Source: www.fasb.org)

The SEC has statutory authority to establish financial accounting and reporting standards for publicly held companies under the Securities Exchange Act of 1934. Throughout its history, however, the Commission's policy has been to rely on the private sector for this function to the extent that the private sector demonstrates ability to fulfill the responsibility in the public interest.

Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities. Those standards are officially recognized as authoritative by the Securities and Exchange Commission (SEC) (Financial Reporting Release No. 1, Section 101, and reaffirmed in its April 2003 Policy Statement) and the American Institute of Certified Public Accountants (Rule 203, Rules of Professional Conduct, as amended May 1973 and May 1979). Such standards are important to the efficient functioning of the economy because decisions about the allocation of resources rely heavily on credible, concise, and understandable financial information.

Review of financial statements prepared by listed entities, and monitoring of their compliance with the accounting and disclosure requirements

(Source: www.sec.gov/divisions/corpfin.shtml)

In support of the Commission's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, the SEC's Division of Corporation Finance seeks to ensure that investors are provided with material information in order to make informed investment decisions, both when a company initially offers its securities to the public and on an ongoing basis as it continues to give information to the marketplace. The Division also provides interpretive assistance to companies with respect to SEC rules and forms and makes recommendations to the Commission regarding new rules and revisions to existing rules.

Through the Division's filing review process, filings selected for review are made under the Securities Act of 1933 and Securities Exchange Act of 1934 both to monitor and to enhance compliance with disclosure and accounting requirements. The Division concentrates its review resources on disclosures that appear to be inconsistent with Commission rules or applicable accounting standards, or that appear to be materially deficient in their rationale or in clarity.

In the course of a review, the staff may issue comments to a company to elicit better compliance with applicable disclosure requirements. In response to those comments, a company may revise its financial statements or amend its disclosure to provide additional or enhanced information, or may undertake to revise its financial statements or other disclosures in future filings. This comment process deters fraud and facilitates investor access to information necessary to make informed investment decisions, thus enhancing the efficiency of the capital markets. Where appropriate, the Division refers matters to the Division of Enforcement.



The Division also has legal, accounting, regulatory and capital markets offices that provide legal and accounting support, advice and recommendations to the Commission, to the Division’s full disclosure program, and to the public. Through these offices, recommendations are made to the Commission about new rules, or changes to existing rules, as needed to improve investor protection and to facilitate capital formation. Advice is also provided to companies, investors, and their advisors by issuing Staff Legal and Accounting Bulletins, staff Disclosure Guidance Topics, updates to the Division’s Financial Reporting Manual, no-action and interpretive letters, and Compliance and Disclosure Interpretations.

Section 10B -- Stock Exchange

109. Name the four largest stock exchanges (by market capitalization) and whether it is organized as a profit or not-for-profit organization:

Profit	Not-for-profit	Stock Exchange
	X	NYSE
X		NASDAQ
	X	American Stock Exchange
	X	Regional stock exchanges

Section 10B -- Stock Exchange

110. Is there a mechanism at the stock exchange(s) for monitoring and enforcing financial reporting, accounting and auditing of listed entities?

Yes No

If YES, please describe the following:

a. How the monitoring and enforcement of financial reporting, accounting and auditing is conducted.

(Source: AICPA SMO1 Assessment)

The stock exchanges examine their members for the purpose of evaluating the soundness of their financial condition and the extent of their compliance with stock exchange rules and pertinent securities laws and regulations. This is accomplished by a review and analysis of financial statements filed by members. Annual audited reports are also reviewed. The purpose of the review is not to monitor or enforce the conduct of financial reporting, accounting or auditing.



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b. The consequences of non-compliance with the financial reporting, accounting or auditing requirements.

c. How enforcement actions are administered.

Section 10C -- Regulatory Oversight of the Accounting Profession

111. Has an audit profession oversight body been established (e.g., to oversee the external quality assurance review process, etc.)?

Yes No

If NO, proceed to the next section.

If YES, please describe:

a. The duties of the oversight body

As described in Section 5 of the SMO, the Public Company Accounting Oversight Board (PCAOB) is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws to promote investor protection.

b. The number of members on the oversight body

There are five members on the PCAOB.

c. Its powers

The Sarbanes-Oxley Act of 2002, which created the PCAOB, requires that auditors of U.S. public companies be subject to external and independent oversight for the first time in history. Previously, the profession was self-regulated. The Act established funding for PCAOB activities primarily through annual fees assessed on public companies in proportion to their market capitalization.

d. How the oversight body conducts or oversees a program of inspections to assess the degree of compliance of each audit firm/auditor with applicable auditing standards and regulations

The PCAOB inspects registered public accounting firms to assess compliance with the Sarbanes-Oxley Act of 2002, the rules of the Board, the rules of the Securities and Exchange Commission, and professional standards, in connection with the firm's performance of audits, issuance of audit reports, and related matters involving U.S. companies, other issuers, brokers, and dealers.

The Act requires the Board to conduct those inspections annually for firms that regularly provide audit reports for more than 100 issuers, and at least triennially for firms that regularly provide audit reports for 100 or fewer issuers.

As required by the Act, the PCAOB prepares a written report on each inspection and provides it, in appropriate detail, to the SEC and to certain state regulatory authorities. The Board also makes



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portions of the reports available to the public; however, certain information is restricted from public disclosure, or its disclosure is delayed, as required by the Act.

e. The sanctions the oversight body may impose in the event of non-compliance?

Sanctions imposed by the PCAOB may include suspension or revocation of a firm's registration, suspension or bar of an individual from associating with a registered public accounting firm, and civil money penalties. The Board may also require improvements in a firm's quality control, training, independent monitoring of the audit work of a firm or individual, or other remedial measures.

f. How the oversight body is accountable to any public institution or body?

The Securities and Exchange Commission (SEC) has oversight authority over the PCAOB, including the approval of the Board's rules, standards and budget.

Section 10D -- Banks Regulatory Authority

112. Name the authority that regulates the banks and similar financial institutions. Discuss how this authority differentiates between accounting requirements for regulatory reporting and general purpose external financial reporting:

(Sources: www.federalreserve.gov and www.fdic.gov, www.occ.gov)

There are three agencies responsible for regulating banks and savings institutions in the U.S. System:

1. Federal Reserve – Responsible for regulation of state member institutions.
2. Federal Deposit Insurance Corporation – The (FDIC), an independent agency of the federal government, preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000; by identifying, monitoring, and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.
3. Office of the Comptroller of the Currency (OCC) – The primary mission of the OCC, an independent bureau of the U.S. Department of the Treasury, is to charter, regulate, and supervise all national banks and federal savings associations. The OCC supervises the federal branches and agencies of foreign banks. Its goal in supervising banks and federal savings associations is to ensure that they operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. Examiners analyze loan and investment portfolios, funds management, capital, earnings, liquidity, sensitivity to market risk for all national banks, and federal thrifts, and compliance with consumer banking laws, national banks, and
4. thrifts with less than \$10 billion in assets. They review internal controls, internal and external audit, and compliance with law. They also evaluate management's ability to identify and control risk.



In regulating national banks and federal thrifts, the OCC has the power to:

- Examine the national banks and federal thrifts.
- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure.
- Take supervisory actions against national banks and federal thrifts that do not comply with laws and regulations or that otherwise engage in unsound practices. Remove officers and directors, negotiate agreements to change banking practices, and issue cease and desist orders as well as civil money penalties.
- Issue rules and regulations, legal interpretations, and corporate decisions governing investments, lending, and other practices.

Credit Unions are regulated by the National Credit Union Association.

The agencies state that regulatory reporting, in addition to general purpose external financial reporting, is now to be in accordance with Generally Accepted Accounting Principles (GAAP). In some cases, the regulators limit the alternatives that may exist under GAAP.

113. Discuss briefly the legal requirements with respect to monitoring and enforcement by the regulatory authority of accounting and auditing standards that apply to the banks and similar financial institutions:

(Source: AICPA SMO1 Assessment)

The primary legislation impacting the regulatory authority of accounting and auditing standards that apply to the banks and similar financial institutions can be found in the Federal Deposit Insurance Act and the Federal Deposit Improvement Act of 1991 (FDICIA). These statutes provide for periodic regulatory examinations of these depository institutions. FDICIA requires all banks and thrifts with assets of \$500 million or more to have an annual audit of their financial statements including an audit of internal control over financial reporting. The audit must be performed by an independent accountant meeting certain specific qualifications. Institutions less than \$500 million are encouraged but not required to have an annual audit.

A copy of the Federal Deposit Insurance Act can be found at:

www.house.gov/legcoun/Comps/FDIA.pdf

114. Briefly describe the role of the regulatory authority as it relates to the following:

(Source for questions 114a – c: AICPA SMO1 Assessment)

a. Regulation of the audit profession

Audit reports received by the regulators in compliance with the reporting requirements of the FDICIA are reviewed by the primary regulators. In some cases, the regulators may ask to examine the work papers. The regulators can refer problems to the AICPA or the state boards of accountancy, or, if the deficiencies meet certain criteria, they may take enforcement action against the auditor.



b. Accounting and auditing standard-setting

The regulatory agencies provide input during the exposure process to the standard setting bodies for accounting and auditing.

c. Review of financial statements prepared by listed entities

Under legislative authority, the regulators have the responsibility of reviewing the filings of all listed financial institutions under their authority. The regulatory agencies require these institutions to follow the same SEC guidelines and regulations as other listed entities.

d. Enforcement of accounting, reporting and auditing requirements

See responses for questions 114a – c.

Section 10E -- Non-Banking Financial Institutions Regulatory Authority

115. Name the regulatory authority(ies) responsible for monitoring compliance with and enforcing accounting, reporting and auditing requirements imposed on non-banking institutions.

There are no regulatory authorities other than the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB). Background information about these authorities can be found in Sections 4 and 5 of this document.

116. What is the source of Legal authority of the regulatory authority (ies)?

117. Briefly describe the role of the regulatory authority (ies) as it relates to the following:

- a. Regulation of the audit profession**
 - b. Accounting and auditing standard-setting**
 - c. Review of financial statements prepared by listed entities**
 - d. Enforcement of accounting, reporting and auditing requirements**
-



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Section 10F -- Insurance Companies Regulatory Authority

118. Name the regulatory authority responsible for monitoring compliance with and enforcing accounting, reporting and auditing requirements imposed on insurance companies.

(Source: www.naic.org)

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

119. What is the source of Legal authority of the regulatory authority(ies)?

(Source for questions 119 – 120: AICPA SMO1 Assessment)

The authority of each state insurance regulator is established in state law.

120. Briefly describe the role of the regulatory authority(ies) as it relates to the following

a. Regulation of the audit profession

The regulatory authorities do not regulate the auditing profession. The NAIC has a model regulation requiring annual audited financial reports from insurance companies.

b. Accounting and auditing standard-setting

Statutory accounting refers to the accounting required of insurers reporting to insurance regulatory authorities. Statutory accounting principles and practices are primarily detailed in the NAIC Accounting Practices and Procedures Manual, although each insurer's state of domicile may allow or require an insurer to utilize an alternative accounting principle or practice. Other sources of statutory accounting guidance exist, and these are organized into a hierarchy that is detailed in the Preamble of the Accounting Practices and Procedures Manual. Objectives of Statutory Accounting Principles (SAP) differ from Generally Accepted Accounting Principles (GAAP). GAAP supports the concept of matching revenues with expenses while SAP supports the concept of measuring the ability of an insurer to pay claims in the future.

Additional information about Statutory Accounting Principles can be found at:
www.irmi.com/online/insurance-glossary/terms/s/statutory-accounting-principles-sap.aspx

c. Review of financial statements prepared by listed listed entities

Each of the state insurance regulators may review the financial statements prepared for listed entities. The NAIC has a Financial Analysis Unit. The mission of the Financial Analysis Unit is to assist insurance regulators in achieving their objective of identifying, at the earliest possible stage, insurance companies that may be financially troubled.

d. Enforcement of accounting, reporting and auditing requirements



Section 10G -- Other Regulatory Authority

121. Name any other regulatory authority (ies) responsible for monitoring compliance with and enforcing accounting, reporting and auditing requirements.

122. What is the source of Legal authority of each regulatory authority?

123. Briefly describe the role of the regulatory authority(ies) as it relates to the following

- a. Regulation of the audit profession**
- b. Accounting and auditing standard-setting**
- c. Review of financial statements prepared by listed listed entities**
- d. Enforcement of accounting, reporting and auditing requirements**

Section 10H -- Quality Assurance

124. Does any organization of professional accountants/auditors organize a program of quality assurance review to monitor compliance with accounting, reporting and auditing requirements?

Yes **No**

If NO, proceed to next Section.

If YES, briefly describe the monitoring and enforcement mechanism.

The Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting practices of firms performing audits. Additional information about the PCAOB can be found in Section 5 of this document.

Accounting professionals engaged in the practice of public accounting, as an owner or as an employee who has been licensed as a CPA for more than two years, must be enrolled in one of the practice-monitoring programs conducted by the American Institute of Certified Public Accountants (AICPA). The two programs are the AICPA's Peer Review Program (www.aicpa.org/members/div/practmon/index.htm) and Center for Public Company Audit Firms Peer Review Program (www.aicpa.org/centerprp/index.htm).



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125. Under what authority does the organization conduct the program of quality assurance review?

The PCAOB conducts reviews under the authority of the Securities and Exchange Commission (SEC). The AICPA Board of Directors has authority under its Bylaws to establish a peer review process.

126. Who performs the review (e.g., one firm reviewing another firm, staff from the national professional organization, contractors, or a combination of these)?

See Section 5 of this document for information about quality reviews conducted by the PCAOB.

One firm peer reviews another firm in both AICPA practice-monitoring programs.

Section 10 I -- Investigation and Discipline

127. Is there a process for investigating and disciplining the accounting profession in your country?

Yes No

If NO, proceed to the Certification of Chief Executive

128. Which of the following best describes the responsibility for the investigatory and disciplinary function in your country?

-Government or other agencies are solely responsible for this function.

-Government or other agencies have this responsibility, but the member body or bodies participate in the process.

-Government formally delegates this function to the member body or bodies, to exercise on its behalf.

X - Member body or bodies have separate and independent processes that operate alongside processes of legal authorities.

-Other (please explain)



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129. Please indicate the name of the body or bodies responsible for investigation and discipline.

AICPA, State Boards of Accountancy, PCAOB, SEC, certain state and local government agencies with jurisdiction over the engagement, General Accounting Office (GAO), Institute of Internal Auditors (IIA), and Institute of Management Accountants (IMA).

Responses to the remaining questions in this Section are required if your organization has responsibility for investigation and disciplinary actions.

Background information about the organizations listed as a response for question 129 can be found in Section 6 of this document.

IMA's Committee on Ethics is the IMA body responsible for investigation and disciplinary actions regarding the ethical performance of IMA's members. Information in Section 6 provides responses for questions 130 – 138.

130. How many voting members does the body have?

131. Are the members of the body involved on a voluntary basis or employed by the standard-setting body?

-Voluntary

-Employed

-Both - Please describe:

132. What are the criteria considered in selecting members of the body (e.g., best person for the job, sector of the profession, private and public members, academic, geographical representation, etc.)?

133. Who appoints these members (e.g., member body, government, user, regulator, etc.)?

134. What is the term of appointment for members?

Year(s)

135. For how many years has the body been in existence?

Year(s)



136. Please indicate the budget in US\$ of the body for the last fiscal year.

Note: Please enter a whole number using commas (e.g., 4,000,000)

Please enter the exchange rate used to calculate this number.

Note: Please enter a decimal amount (e.g., 4.0027) and specify currency

137. To what entity is the body accountable?

138. Approximately how many days per year does the body meet in full session (including teleconferences)?

Day(s)