THIS ANNUAL REPORT HIGHLIGHTS IFAC’S ACCOMPLISHMENTS OVER THE PAST YEAR, accomplishments that have been made possible as a result of the vision IFAC shares with its members, associates, and others to strengthen the accountancy profession so it can effectively serve the public interest and contribute to the growth of economies and to development worldwide. Through collaboration and an alignment of strategies, we have encouraged quality performance by all sectors of the accountancy profession around the globe and promoted adherence to the values that underpin IFAC — integrity, transparency, and expertise. Numerous IFAC initiatives have supported professional accountants in meeting their responsibilities over the past year and will continue supporting them in the coming years.

Key Strategic Initiatives

During 2007, IFAC successfully implemented the final elements of the reform program initiated in 2003, which included achieving a balance of 50 percent practitioners and 50 percent non-practitioners on all our standard-setting Public Interest Activity Committees (PIACs)*. The arrangements put in place with respect to international standards for auditing and assurance, ethics and accounting education reflect a combination of public and private sector roles, providing an optimal solution in a context in which there are needs for legitimacy, independence, technical competence, responsiveness, efficiency and accountability in the standard-setting process. The good governance and the talent and hard work of the members of these boards are reflected in the high quality results of the standard-setting activities.

The past year has also seen significant progress in IFAC’s Member Body Compliance Program. The Compliance Program is the most ambitious project undertaken by an international organization to improve the quality of the financial information systems around the world.

These two key strategic initiatives are reinforced through the work of the Developing Nations Committee and the Small and Medium Practices Committee. These two committees contribute to the standard-setting and compliance processes by presenting the perspectives of their respective constituencies and by developing their own specific projects with the public interest always as a primary objective.

The People as the Foundation

IFAC’s effectiveness depends in large part on its leadership and volunteers. Through our nominations process, we seek the best professionals to serve on IFAC’s boards and committees. This past year, we enhanced our nominations process by providing more information about the responsibilities of IFAC volunteers and offering more guidance for those making nominations. In addition to ensuring a balance of practitioners and non-practitioners on the standard-setting PIACs, we focused on ensuring that there was a regional balance on all committees and boards. We also facilitated the participation of developing nations by making subsidies available.

Promoting Convergence

A common goal for each of IFAC’s four independent standard-setting boards is promoting and facilitating convergence, and they have each made significant progress.

*The standard-setting Public Interest Activity Committees are the International Auditing and Assurance Standards Board, the International Accounting Education Standards Board, and the International Ethics Standards Board for Accountants.
The convergence momentum is best exemplified by the increasing international recognition IFAC standards are receiving from members, national standard setters, financial institutions, governments, and international organizations. For example, in November 2007 the International Organization of Securities Commissions issued a statement indicating its support for the work of the International Auditing and Assurance Standards Board in developing and improving the International Standards on Auditing, and nearly all IFAC member bodies have a code of ethics based on the IFAC Code of Ethics for Professional Accountants. The work of the Public Interest Oversight Board (see page 9), which oversees IFAC’s PIACs, has contributed significantly to the enhanced credibility of IFAC standards and further fueled convergence.

Sustaining the Profession

Another area in which we have made progress is the sustainability of the profession. Both our Member Body Compliance Program and our Developing Nations Committee have contributed substantially to the development of the profession. With participation by our full membership, the Compliance Program ensures that accountancy bodies are using their best efforts to promote the use of international standards issued by IFAC and the International Accounting Standards Board, and to implement effective quality assurance programs and good disciplinary systems for professional accountants.

During 2007, IFAC, together with the World Bank and the Inter-American Development Bank, organized a conference in Mexico City titled “Accounting and Accountability for Regional Economic Growth.” Never before have public and private sector representatives from the accounting and auditing profession come together to discuss the issues facing the region. In addition, the Developing Nations Committee, together with other IFAC groups, works to build sustainable institutional capacity for professional accountants by providing practical resources. In 2007, its toolkit, Establishing and Developing a Professional Accountancy Body, was translated into French, Spanish, and Russian.

Two other groups that are instrumental in fostering the sustainability of the profession are the Professional Accountants in Business (PAIB)

IFAC 2007 Board Members

Standing (left to right): Sylvie Voghel, Kamlesh Vikamsey, David Leonard, Norbert Pfitzer, Bernadette McGrory-Farrell, Warren Allen, Robert Bunting (Deputy President), Kevin Dancey, Fernando del Valle (President), Göran Tidström, Ian Ball (Chief Executive Officer), Charles Tilley, Joycelyn Morton, William Nabum, Ingrid Doerga, Roberto Resa, and Roberto D’Imperio. Seated (left to right): Abdul Samad, Yugui Chen, Gen Ikegami, Chuck Horstmann, Ofer Minirav, and Ndung’u Gatbinji.
Committee and the International Accounting Education Standards Board (IAESB). The PAIB Committee supports PAIBs in providing high quality work by offering numerous resources, including new good practice guidance. The IAESB, which developed a new strategy in 2007, sustains the profession by providing prequalification and continuing education standards to help ensure that accountancy professionals have the knowledge, skills and attitudes to deliver quality and to serve the public interest.

Serving as a Global Voice

Over the past year, IFAC spoke out on a wide range of topics, including convergence, the needs of small and medium practices, government accountability, and the value of professional accountants in business. We also released our first policy position, Regulation of the Accountancy Profession. The paper explains IFAC’s view that accountancy bodies and governments share a common objective of ensuring that professional accountants serve the public interest and that both professional accountancy organizations and governments need to work together to ensure an effective and efficient regulatory mix.

To ensure that IFAC’s voice is heard by a broader audience and its messages about quality reach accounting professionals worldwide, last year IFAC translated core sections of its website into Arabic, Chinese, French, Russian and Spanish. This is the beginning of an increased focus on translations.

The Future

As IFAC looks ahead, we need to be inclusive, to encourage collaboration and to communicate clearly. This involves overcoming language barriers by investigating how to efficiently translate our standards, by providing and facilitating the sharing of resources and expertise, and by engaging in regular dialogue with our many stakeholders. We should work steadfastly to encourage public confidence in our profession, speak out in areas where our expertise lends value, and encourage the innovation necessary for us to respond to the future demands that society will place on us.

In addition, we must focus on ensuring our relevancy. We must continue to design more efficient ways to deliver our services and to develop new services that better respond to the changing demands of the market. As a profession, we must also continue to collaborate to foster the skills, attitudes, values and expertise that enable us to meet not only current challenges, but future ones, and to maintain public confidence in our work.

IFAC, the regional organizations, other acknowledged accountancy groupings and IFAC’s member bodies and associates must continue to address the challenges of globalization at each of their respective levels by focusing on aligning their strategies and collaborating. In this way, we can efficiently and effectively make steady progress, promoting the development of all sectors and specializations of the accountancy profession.

IFAC is an organization that is standing strong, thanks to the work of the IFAC Board, independent standard-setting boards and their consultative advisory groups, committees, and the IFAC staff. I am personally and professionally indebted to them for their commitment and assistance. I would especially like to thank my Deputy President Robert Bunting and Chief Executive Officer Ian Ball for their commitment and insight. I thank also the members and associates who have demonstrated that they are committed to IFAC’s vision for creating a better world.

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