July 2, 2010

The *IFAC Update* provides summaries of IFAC developments over the past month.

**IFAC NEWS IN BRIEF**

**CONSULTATION PAPER ON PROPOSALS TO AMEND IFAC CONSTITUTION AND BYLAWS**

The IFAC Board seeks comment from IFAC member bodies on proposed amendments to the IFAC Constitution and Bylaws. The final proposed amendments will be considered at the September Board meeting for recommendation to the Council in November 2010.

The purpose of the Consultation Paper is to (a) familiarize the members, associates, and affiliates, as well as the Public Interest Oversight Board, the Monitoring Group, and the Forum of Firms, with the nature of the proposed amendments and, (b) in particular, to seek comments on the two most significant proposed amendments, which relate to the selection of the Deputy President and the length of the terms of office of the President and the Deputy President.

For access to the Consultation Paper or to submit a comment, contact Laura Buijs, Governance Manager, laurabuijs@ifac.org. The deadline for submitting comments is **July 26, 2010.**

**MONITORING GROUP ISSUES PUBLIC CONSULTATION PAPER ON ITS ASSESSMENT OF THE EFFECTIVENESS OF IFAC GOVERNANCE REFORMS**

The Monitoring Group seeks input on its assessment of the effectiveness of the reforms to the governance of IFAC. Interested parties are asked to comment on the merit of the preliminary conclusions as well as practical suggestions on how to implement them.

The deadline to submit a comment is **August 15, 2010.** To access the paper and to submit a comment, see [www.iosco.org/news/pdf/IOSCONEWS189.pdf](http://www.iosco.org/news/pdf/IOSCONEWS189.pdf).

**IFAC ISSUES LETTER TO G-20 LEADERS: GOVERNMENTS SHOULD PRACTICE WHAT THEY PREACH**

In a letter issued in advance of the Toronto G-20 Summit, held June 26–27, IFAC called for broad and swift action by the G-20 leaders to greatly improve government transparency and accountability as a means toward global fiscal sustainability.

Taxpayers, investors, and citizens in all nations are entitled to accurate and complete financial information about their governments, according to IFAC. They should demand that their governments provide a comprehensive picture of fiscal performance and position. This includes an accrual-based measure of surplus or deficit as well as full details of debt, other liabilities, contingent liabilities and guarantees, and future expenditures and the resources needed to support them.

IFAC’s letter contains the following specific, actionable recommendations:

- Encourage governments to adopt accrual-based accounting;
- Improve transparency and accountability of stimulus programs and bailouts; and
- Adopt international standards to improve the quality of financial information.

To access the complete letter and recommendations, see [www.ifac.org/financial-crisis](http://www.ifac.org/financial-crisis).
IFAC RELEASES 2009 ANNUAL REPORT

IFAC recently released its annual report for 2009. This report highlights IFAC’s response to the global financial crisis as well as initiatives that have positioned the organization as a more influential voice for the global accountancy profession. Featuring messages from IFAC President Robert Bunting, Chief Executive Officer Ian Ball, and Public Interest Oversight Board Chair Stavros Thomadakis, the annual report provides a detailed account of all the services delivered by IFAC in 2009.

The annual report, which was developed digitally for the first time this year, also provides noteworthy interactive features, such as a timeline that captures significant events and accomplishments in 2009 and a chart that depicts IFAC’s governance structure and an overview of its oversight and consultation processes.

To access the annual report, see www.ifac.org/About/2009-annual-report.php.

IFAC PRESIDENT ROBERT BUNTING SPEAKS AT 35TH ANNUAL IOSCO CONFERENCE

IFAC President Robert Bunting spoke at the 35th Annual International Organization of Securities Commissions (IOSCO) Conference held June 6–7, 2010, in Montreal, Canada. Featured as a panelist speaker on the theme Striving for a Common Regulatory Approach, Mr. Bunting spoke on several key topics, including the role that accounting and regulatory communities should play in addressing the challenges posed by the sovereign debt crisis, the importance of a single set of internationally accepted auditing and accounting standards in developing a well-functioning common regulatory approach, and auditor independence. To access Mr. Bunting’s complete remarks from the conference, see http://press.ifac.org/speeches.

COMMENT SOUGHT ON IFAC 2010–2012 STRATEGY AND WORK PLAN TO SERVE PROFESSIONAL ACCOUNTANTS IN BUSINESS

IFAC has released for comment an exposure draft (ED) setting out its proposed 2010–2012 Strategy and Work Plan, prepared by its Professional Accountants in Business (PAiB) Committee. The proposed strategic direction focuses on enhancing the profile, influence, and relevance of professional accountants in business and identifies two key objectives:

- Increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and
- Supporting the professional accountants in business within IFAC member bodies by facilitating the communication and sharing of good practices and ideas.

To access the exposure draft or to submit a comment, see www.ifac.org/Guidance/EXD-Outstanding.php. The comment period is open until July 14, 2010.

BUSINESS REPORTING PROJECT: RECOMMENDATIONS FROM KEY LEADERS

IFAC recently launched the next phase of its business reporting initiative with the publication of the first two articles featuring recommendations from key business leaders from around the world. IFAC will issue a total of five articles, with approximately one article published each month and the next article available in late July. The practical recommendations are taken from interviews with 25 business leaders and focus on improving corporate governance, business reporting, and auditing in the aftermath of the financial crisis.

We invite our member bodies to publish or post the articles on their websites and in their journals. Readers are also encouraged to comment on the recommendations of individual business leaders via a brief survey. The articles, along with transcripts of the full interviews and links to the surveys, are available at www.ifac.org/frsc. Based on the recommendations and reader input, IFAC plans to develop an overall concluding article and a follow-up action plan, as well as a principles-based International Good Practice Guidance, Evaluating and Improving Business Reporting in Organizations.

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IAAER/ACCA 2010–2012 RESEARCH PROGRAM

The International Association for Accounting Education & Research (IAAER) and the Association of Chartered Certified Accountants (ACCA) are planning to fund a research program for 2010–2012 that will help inform the IAESB's standard-setting activities.

A call for project proposals is expected to be released in the third quarter of 2010. Winners are expected to be announced in the fourth quarter. The final deliverables from these research projects are expected in the first quarter of 2012.

IFAC SMP COMMITTEE RELEASES PRACTICE MANAGEMENT GUIDE

IFAC’s Small and Medium Practices (SMP) Committee recently issued the Guide to Practice Management for Small- and Medium-sized Practices, which provides guidance on how this sector can better manage their practices and ultimately operate in a safe, profitable, and professional manner. With practice management principles and best practices on a comprehensive range of topics from strategic planning to managing staff, the publication features case studies to illustrate the concepts, checklists and forms, a list of further readings, and modules that may be used for training and education. The guide was developed with CPA Australia.

The guide can be downloaded free of charge from the SMP section of IFAC's Publications and Resources site: web.ifac.org/publications.

IFAC TO PARTICIPATE IN ACCA GLOBAL VIRTUAL CONFERENCE

The second annual Global Virtual Conference, hosted by the Association of Chartered Certified Accountants (ACCA), will focus on the challenges facing the accountancy profession in rebuilding the global economy. IFAC will have a virtual booth at the event, which will be held on July 28, 2010. Bringing together ACCA members, experts, and other stakeholders, the meeting will provide an online forum for participants on issues currently impacting the accounting profession, such as the future of the global economy, managing finance talent, and new developments in narrative reporting. It will feature live debates as well as previously recorded content that can be accessed through any internet browser. The content will be available for viewing through the end of October 2010.

To register for the conference, email extevents@accaglobal.com. More information about the conference is available on the ACCA’s website: www.accaglobal.com.

2010 WORLD CONGRESS OF ACCOUNTANTS: REGISTER NOW

The 18th World Congress of Accountants, hosted by the Malaysian Institute of Accountants and IFAC, will be held November 8–11, 2010, and will feature the theme Accountants: Sustaining Value Creation. The Congress will offer more than 30 panel discussions and speakers from the World Bank, Transparency International, the Financial Stability Board, the European Commission, the International Forum of Independent Audit Regulators, and the International Accounting Standards Board, among others. Thousands of delegates representing the profession from around the world will attend. Click here to register now: www.wcoa2010kualalumpur.com/registration.html.
IFAC IN FOCUS: RECENT IFAC BOARD APPROVALS

IFAC BOARD APPROVES RECOMMENDATIONS TO ASSIST SMPs

IFAC has approved a set of recommendations designed to expand support to member bodies in their work to assist small and medium practices (SMPs). The recommendations were approved by the IFAC Board at its June 2010 meeting, and are the culmination of a strategic review initiated by the Board at its February 2009 meeting.

The recommendations are intended to give SMPs the additional practical support needed to provide high-quality professional services to their main clients: small- and medium-sized entities (SMEs). IFAC considers the health of the SME sector, which accounts for the majority of private sector employment and gross domestic product (GDP) worldwide, to be crucial to global economic growth and financial stability, as well as the public interest. Through these recommendations, IFAC also seeks to enhance SMP participation in international standard setting and regulatory and policy development.

The recommendations can be categorized into the following areas:

- Increase the visibility, voice, and profile of SMPs—for example, by communicating and advocating the importance of the SME sector and the role of SMPs in supporting this sector;
- Expand the monitoring of global regulatory reform to ensure its suitability for SMEs and SMPs;
- Develop guidance, resources, and tools—in collaboration with member bodies—that help promote and build the capacity of SMPs to deliver high-quality accounting, assurance, and business advisory services; and
- Enhance the extent and effectiveness of participation of SMPs in the development of IFAC’s standards through increased SMP representation on certain independent standard-setting boards and other activities where SMP contributions are essential.

The strategic review leading to the recommendations was carried out by a task force drawn from the Board, the International Auditing and Assurance Standards Board (IAASB), and the IFAC SMP Committee. The recommendations are the outcome of a consultative process that included an online survey—sent to recognized regional organizations, other accountancy groupings, and all IFAC member bodies—which resulted in responses from a broad cross-section of IFAC stakeholders. In addition, at the IFAC-convened Chief Executives Strategy Forum, over 40 chief executives representing a diverse group of IFAC member bodies discussed the review results and provided suggestions which helped to shape the final recommendations.

While the SMP Committee will play the lead role in implementing the recommendations, and has been given an expanded mandate to do so, contributions from many areas of IFAC, its member bodies, and the independent standard-setting boards will be critical to their successful implementation. IFAC members can make the greatest contribution at this stage of the implementation process by increasing the voice and visibility of their SMP constituencies, seeking greater SMP representation, and sharing resources with IFAC to help with the training and development of SMPs globally. IFAC’s independent standard-setting boards and other groups (such as the PAIB Committee and others) will be encouraged to further embed SMP and SME considerations into their work programs—for example, through increased involvement of SMPs in projects and by adopting a “think small first” approach to tackling complexity.

For more information on the activities of the SMP Committee, including a variety of free publications and resources, please visit the International Center for SMPs at www.ifac.org/smp.
IFAC BOARD APPROVES RECOMMENDATIONS TO BETTER SUPPORT PROFESSIONAL ACCOUNTANCY ORGANIZATIONS

IFAC has approved a set of important recommendations designed to expand support and assistance in the development of Professional Accountancy Organizations (PAOs) throughout the world. The recommendations are the culmination of a regular triennial review of the Developing Nations Committee’s (DNC) structure, activities, and effectiveness.

Currently, IFAC helps establish, strengthen, and advocate for PAOs that are, or are aspiring to become, IFAC members or associates. IFAC also helps governments and other stakeholders that seek to develop such organizations within their jurisdictions. However, the DNC recognized that approximately 60 percent of IFAC members and associates operate in developing nations, where capacity and resource constraints make it difficult to establish effective financial legislative frameworks, design strong education and certification programs, and develop competent and capable accountancy professionals able to meet the needs of government and the marketplace. This can contribute to poor-quality financial reporting, lack of transparency and confidence in the financial markets, and limited foreign direct investment and economic growth. Better addressing the needs of these organizations is critical for improving the profession around the world as well as strengthening the global financial system.

From autumn 2009 until spring 2010, the DNC Review Task Force solicited input from member bodies, IFAC Recognized Regional Organizations and Acknowledged Accountancy Groupings, the donor community, PAO Chief Executives, IFAC Board Members, IFAC staff, and other relevant stakeholders through online surveys, structured interviews, and formal group discussions. Analysis of this extensive feedback and data yielded a formal report supporting the implementation of 13 recommendations to improve and strengthen the DNC and better respond to the needs of developing countries.

These findings and recommendations—including the renaming, and refocusing, of the DNC to the Professional Accountancy Organization Development Committee (PAODC)—were presented during the June 2010 IFAC Board meeting. The recommendations reflect the Task Force’s findings, and are intended to concentrate the DNC’s activities on one of the most pressing needs among existing and potential IFAC members and associates: support and assistance for the development of professional accountancy organizations.

The recommendations to refocus the PAODC (formerly DNC) activities included:

- Renaming the DNC to the PAODC in order to better reflect its focus and communicate its purpose to external stakeholders;
- Placing more emphasis on activities that directly support the development of PAOs, through the provision of tools and guidance, advocacy, and outreach;
- Increasing the emphasis on communication of the needs of PAOs and the tools and guidance developed by the committee, including translation of these resources to ensure they reach relevant stakeholders; and
- Continuing to strengthen advocacy and build awareness within the donor community by developing a strategy to improve coordination of activities and messaging.

IFAC is currently preparing a work plan for the PAODC, as well as for the Member Body Compliance Program, that will assess the resource requirements for maintaining existing service levels as well effectively implementing the full recommendations of the Task Force. Implementing these recommendations will result in a committee that will liaise more with donor groups and be more engaged with PAOs in a number of different ways, such as developing mentoring relationships and regional events.