

April 2014

International Federation of Accountants

2013 Service Delivery



This document was approved by the Board of the International Federation of Accountants (IFAC).

The mission of the International Federation of Accountants (IFAC) is to serve the public interest by: contributing to the development of high-quality standards and guidance; facilitating the adoption and implementation of high-quality standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide; and speaking out on public interest issues.

2013 SERVICE DELIVERY

CONTENTS

	Page
Section 1 Standards and Guidance	5
Section 2 Support for Adoption and Implementation	10
Section 3 Quality and Development.....	15
Section 4 Representation.....	20
Section 5 Communications	29

IFAC'S Service Delivery

To achieve its mission, IFAC seeks to influence various economic and social outcomes through the delivery of services to external parties, including member organizations, governments, professional accountants, academia, and others. This service delivery statement describes the external services delivered through IFAC's four service areas (sections 1-4), as well as through Communications (section 5). The four service areas are as follows:

1. Standards and Guidance—*Contributing to the development of high-quality standards and guidance*
2. Support for Adoption and Implementation—*Facilitating the adoption and implementation of high-quality standards and guidance*
3. Quality and Development—*Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide*
4. Representation—*Speaking out on public interest issues*

The annual Operational Plan details the services that were planned for 2013. This statement describes the services delivered during 2013 against the planned services; it does not report internal services that support the delivery of services to external parties.

Basis for Presenting the Service Delivery Information

1. All substantial services delivered during 2013 that directly affect parties external to IFAC are included under the appropriate service area.
2. Planned services specified in the Operational Plan for 2013 that were not delivered during 2013 are noted in the report.
3. Activities are appropriately described from a quantitative and, where appropriate, qualitative perspective.

Section 1 Standards and Guidance

The standards of the independent standard-setting boards cover the areas of accounting education; auditing, assurance and related services; ethics for professional accountants; and public sector financial reporting. IFAC's committees develop guidance in other areas such as the development of the profession, the provision of services by small and medium practices, and the role of professional accountants operating in business.

Due Process

To ensure consistent high quality in the standards issued, the International Accounting Education Standards Board (IAESB), International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA), and International Public Sector Accounting Standards Board (IPSASB) follow a clearly defined rigorous due process. The Public Interest Oversight Board (PIOB), which has the mandate to oversee the IAASB, IAESB, and IESBA, has approved this due process and monitors compliance with it.

At a Glance

During 2013, some of the independent standard-setting boards continued to issue "At a Glance" summaries of Exposure Drafts and Final Standards. The "At a Glance" documents are available on the IFAC website to provide a quick snapshot of key provisions of the documents.

Accounting Education

The IAESB continued work on the project to redraft and revise the International Education Standards (IESs) to improve their clarity, and approved the following:

Standards

- ES 4, *Initial Professional Development, Professional Values, Ethics, and Attitudes (Revised)* (June)
- IES 2, *Initial Professional Development-Technical Competence* (October)
- IES 3, *Initial Professional Development-Professional Skills* (October)

Exposure Drafts

- Approved the Exposure Draft, *2014-2016 IAESB Strategy and Work Plan* (June)
- Approved the content of IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* for re-exposure for public comment (October)

Annual Report

- The IAESB 2012 Annual Report, *Enhancing Professional Accounting Education*, was published in August.

Modification

- As a result of public consultation, the IAESB has clarified the scope and requirements of IES 8. The IAESB is currently re-exposing the revised IES 8 and now expects to approve the standard at its 2014 Q4 meeting.

Auditing, Assurance, and Related Services

The IAASB approved the following:

Standards

- ISA 610 (Revised 2013), *Using the Work of Internal Auditors* (February)
- ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (September). Conforming amendments to the following were also approved:
 - *International Framework for Assurance Engagements*
 - ISAE 3402, *Assurance Reports on Controls at a Service Organization*
 - ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*
 - ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*
- *Framework for Audit Quality: Key Elements that Describe an Environment for Audit Quality* (December)

Exposure Drafts

- *Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)* (June). The Exposure Draft includes:
 - Proposed ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*
 - Proposed ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*
 - Proposed ISA 260 (Revised), *Communication with Those Charged with Governance*
 - Proposed ISA 570 (Revised), *Going Concern*
 - Proposed ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*
 - Proposed ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*
 - Proposed Conforming Amendments to Other ISAs
- Proposed Strategy for 2015–2019 and Proposed Work Program for 2015–2016: *Fulfilling Our Public Interest Mandate in an Evolving World* (December)

Other

- Final Report, *The Clarified ISAs – Findings from the Post-Implementation Review* (June)

Annual Report

The IAASB 2012 Annual Report, *Responding to the Needs of an Interconnected World*, was published in June.

Handbook

The *2013 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* was published in September.

Ethics

The IESBA approved the following:

Standards

- *Change to the Definition of “Engagement Team” in the Code of Ethics for Professional Accountants* (March)
- *Change to the Definition of “Those Charged with Governance” in, and Related Changes to, the Code of Ethics for Professional Accountants* (June)

Exposure Drafts

- Proposed Strategy and Work Plan, 2014–2018 (December)

Annual Report

The IESBA 2012 Annual Report, *Connecting and Engaging with Our Global Stakeholders* was published in August.

Handbook

The *2013 Handbook of the Code of Ethics for Professional Accountants* was published in May.

Modifications

Final approval of the Ethics Board's Strategy and Work Plan for the period 2014-2018 was deferred from December 2013 to July 2014 as the Board already has a full work program for 2014 given the addition of four new work streams to its agenda in mid-2012.

Public Sector Financial Reporting

The IPSASB approved the following:

Public Sector Conceptual Framework and IPSASB Policy Paper

- *Conceptual Framework – Preface* (The IPSASB approved the Preface to be issued as a preliminary views document and posted in the website. The final Preface to the Framework will be approved when the Framework is completed, currently scheduled for 2014.)
- IPSASB Policy Paper, *IPSASs and Government Finance Statistics (GFS) Reporting Guidelines* (December)

Exposure Drafts

- Exposure Draft for Phase 4 of the Public Sector Conceptual Framework, *Presentation in General Purpose Financial Reports* (March)
- Five Exposure Drafts (EDs) related to the revision of IPSASs 6-8 (September)
 - ED 48, *Separate Financial Statements*
 - ED 49, *Consolidated Financial Statements*
 - ED 50, *Investments in Associates and Joint Ventures*
 - ED 51, *Joint Arrangements*
 - ED 52, *Disclosure of Interests in Other Entities*
- ED 53. *First Time Adoption of Accrual IPSASs* (September)
- ED 54. *Reporting Service Performance* (December)

Recommended Practice Guidelines

- Recommended Practice Guideline 1, *Reporting on the Long-Term Sustainability of a Public Sector Entity's Finances* (June).
- Recommended Practice Guideline 2, *Financial Statement Discussion and Analysis* (June)

Project and Work Program

- The IPSASB finalized consultation on its work program.
- Project Briefs on Social Benefits and Emissions Trading Schemes were completed.

Modifications

The IPSASB deferred the following to 2014:

- Exposure draft on Public Sector Combinations was delayed due to resignation of a staff member.
- Consultation paper on Government Business Enterprises has been delayed due to resignation of staff member.
- Consultation Paper on Financial Instruments – Public Sector has been delayed due to reallocation of existing staff resources to projects considered more urgent.
- Amendments to IPSASs 28-30 (formerly IAS 39 amendments) have been delayed pending completion of related materials by the International Accounting Standards Board (IASB).
- Exposure draft and final standard on Improvements to IPSASs has been deferred until 2014 given shortage of staff resources.

Small and Medium Practices (SMPs)

The SMP Committee provided input to the following:

- The IAASB via 12 comment letters/survey responses on current IAASB projects, including the Exposure Draft, *Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)*
- The IESBA via four comment letters/survey responses on current IESBA projects

Section 2 Support for Adoption and Implementation

IFAC supports the adoption and implementation of international standards by major capital markets, emerging markets, and relevant organizations.

IFAC's adoption support involves two main elements: the facilitation of the translation of the pronouncements of the independent standard-setting boards and guidance developed by IFAC's committees through a process that emphasizes the need for quality translations; and the provision of institutional adoption resources targeted to the needs of the recipient. IFAC recognizes that the central responsibility for adoption rests at a national or regional level and that its role is to support this through provision of advice, facilitation, the sharing of knowledge and best practices and, where necessary, the development of guidance.

Implementation support—provided at an institutional level—includes a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance, and any other activities that promote proper understanding and use of the standards in practice. IFAC recognizes that the central responsibility for implementation, similar to adoption, rests at a national or regional level and that its role is to provide support as appropriate through the development of high-level guidance, provision of advice, facilitation, and the sharing of knowledge and best practices.

Many of the activities presented in the Representation section directly or indirectly promote the adoption and implementation of the international standards.

Translations and Permissions

During 2013, IFAC:

- Signed 200 translation/reproduction agreements
- Processed 327 translation/reproduction requests
- Made 352 updates to the Translations Database
- Updated Spanish language Trados translation memories and provided them to IberAm project translating bodies
- Published updated versions of the permission request form and Frequently Asked Questions for Translations and Permissions on the IFAC website
- Updated template reproduction and translation agreements
- Executed a co-existence agreement with the International Financial Reporting Standards (IFRS) Foundation in regard to trademarks for international standard setting boards
- Received final clearance from the European Commission's Directorate General of Internal Market and Services (DGM) and Directorate General of Translations (DGT) for the French and Spanish translations of the 2009 IAASB Clarity Standards. With receipt of these two clearances, all clearances have now been received from DGM and DGT for the translations of the 2009 Clarity Standards into the 21 relevant, official languages of the European Union
- Presented on, or represented, Translations and Permissions at 8 events

In 2013, translations of documents were published in the official United Nations languages: Arabic (5), Chinese (5), French (3), Russian (3), and Spanish (18). Numerous translations in other languages were also published.

Accounting Education

Modifications

- The guidance (Staff Advisory) on Assessment Using Written Examinations has been deferred to 2014. The IAESB has decided to update the International Education Information Paper, *Development and Management of Written Examinations*, before releasing the staff advisory. The release of the Information Paper is expected in 2014.
- The content of the Ethics Education Toolkit is being updated for the revised IES 4, *Initial Professional Development-Professional Values, Ethics, and Attitudes* and the IESBA's *Code of Ethics for Professional Accountants*. The IAESB now expects the project to be completed in 2014.
- Implementation Guidance on Learning Outcomes has been deferred to 2014. The IAESB requested further information that would assist in defining the scope of this guidance project. The IAESB directed the steering committee to continue its consultations with other professional organizations experienced in providing this type of guidance with the aim of clarifying the scope of this project.

Auditing, Assurance, and Related Services

Article

- "Recent Developments in Auditing: The Importance of Audit Quality and Auditor Reporting" was developed and featured on Hawkamah, the Institute for Corporate Governance website.

Podcasts

- Podcasts highlighting some of the key discussions of IAASB meetings were recorded and posted on the website.

Ethics

Articles and Interviews

- Interview for article, "The Only Way is Ethics," Accounting and Business journal of the Association of Chartered Certified Accountants, (January)
- Interview for article regarding the IESBA's Exposure Draft, *Responding to a Suspected Illegal Act*, the Strategic Finance magazine of the U.S. Institute of Management Accountants (February)
- Interview for the Management Accountant journal of the Institute of Cost & Management Accountants of Pakistan (March)
- Interview with IESBA Chair Jörgen Holmquist, "The Role of Ethics in Restoring Confidence," published in IFAC member body journals or magazines in Hungary, Pakistan, Malaysia, Malta, Singapore, Ireland, and Korea (May)

- Interview for Wirtschaftsprüferkammer (WPK) magazine (May)
- Interview for ACCA's Accountancy Futures magazine, The Ethics Chief (June)
- Interview for Ordem dos Técnicos Oficiais de Contas (OTOC) magazine (June)
- Interview for Ordem Dos Revisores Oficiais de Contas (OROC) newsletter (June)
- Interview for ICJCE magazine Auditores (June)
- Interview for El País newspaper, La Rotación Del Auditor No Es La Panacea, Tiene Inconvenientes (June)
- Interview for the Global Accountant magazine, The Code of Common Ground (August)
- Interview for the Accountant magazine, "The Only Way is Ethics" (September)
- Interview with Australian Financial Review, "Accountants Warned to Cherish Reputation" (September)
- Interview with Australian Business Review Weekly, "Accountants as Whistleblowers" (September)
- Interview for the Norwegian Institute of Public Accountants magazine (October)
- "How Should Accountants Respond to Illegal Acts?", CPA Australia's *In the Black* magazine (October)
- "More Ethics Guidance for IESBA Members Being Considered", CPA Australia's *In the Black* magazine (December)
- Article for magazine of Consiglio Nazionale Dei Dottori Commercialisti E Degli Esperti Contabili (CNDCEC) (December)

Podcasts

- Podcasts highlighting some of the key discussions of IESBA meetings were recorded and posted on the website.

Modification

- Overview of Section 290 requirements and prohibitions for audits of entities other than public interest entities was deferred pending recommendations of the Structure of the Code Working Group.

Public Sector Financial Reporting

Articles and Interviews

- Article, "Ermittlung von Defizit und Verschuldung der öffentlichen Hand: Harmonisierung zwischen öffentlichen Jahresabschlüssen und der Finanzstatistik," Thomas Müller-Marqués Berger and Holger Wirtz, *Die Wirtschaftsprüfung*
- Research paper, "From Servant to Master? On the evolving relationship between accounting and budgeting in the public sector", Jens Heiling (together with Professor James L. Chan), *Yearbook of Swiss Administrative Sciences* (January)

- Article on Conceptual Framework Phase 2 and 3, “Rahmenkonzept für die öffentliche Rechnungslegung – Phase 2 und Phase 3 des Conceptual Framework-Projekts des IPSASB,” Thomas Müller-Marqués Berger, *Die Wirtschaftsprüfung* (April)
- Article on Conceptual Framework Phase 4, “Rahmenkonzept für die öffentliche Rechnungslegung – Phase 4 des Conceptual-Framework-Projekts des International Public Sector Accounting Standards Boards (IPSASB),” Thomas Müller-Marqués Berger, *Die Wirtschaftsprüfung* (July)
- Essay on development of government accounting in Germany, “Thesen zur Fortentwicklung des öffentlichen Rechnungswesens in Deutschland,” Thomas Müller-Marqués Berger, in book, “Die Verwaltung 2030” by Christoph Glock/Michael Broens (October)
- Article, “EPSAS werden bisher noch zu wenig diskutiert” (EPSAS are not yet discussed sufficiently), Thomas Müller-Marqués Berger, *Der neue Kämmerer* (November)
- Article “EU-weite Standards für das öffentliche Rechnungswesen” (EU-wide standards for public sector accounting), Thomas Müller-Marqués Berger, *Innovative VERWALTUNG* (December)
- Chapter IX: “Internationale Rechnungslegungsgrundsätze für die öffentliche Verwaltung (IPSAS),” Thomas Müller-Marqués Berger, in book, “Rechnungslegung nach IFRS Kommentar auf der Grundlage des deutschen Bilanzrechts” (December)
- Article “Harmonisierung des öffentlichen Haushalts- und Rechnungswesens in Europa” (Harmonization of public sector accounting in Europe), Thomas Müller-Marqués Berger, *AWV-Informationen*

Podcasts

- Podcasts highlighting some of the key discussions of IPSASB meetings were recorded and posted on the website.

Training Materials

- Content for *Introduction to IPSASBs* was finalized—these are materials for a three-day introductory course for transitioning from cash-basis accounting to accrual IPSASBs. The inaugural course will be conducted by IPSASB staff in Jamaica in March 2014.

Compliance Advisory Panel

- Communication to Member Bodies and Associates and inclusion of plans to review and address revisions within Statements of Membership Obligations (SMO) Action Plans updated in 2013.
- 3 workshops and 2 webinars were held on the revised SMOs during the 2013.
- A webinar on Revised SMOs was organized for Russian speaking Professional Accountancy Organizations (PAOs).

Modifications

- CAP and staff postponed the consolidation and refinement of the Information Gathering Questionnaires (Regulatory Framework and SMO Self-Assessment Tools) after considering other 2013 work plan pressures.

Small and Medium Practices (SMPs)

Implementation Support

The SMP Committee:

- Held a Trainers' Seminar, *Tips for Trainers on ISAs: International Perspectives – Local Insights*, organized in conjunction with the Institute of Certified Public Accountants of Uganda (ICPAU) and Pan African Federation of Accountants (PAFA) (June)
- Published an implementation guide, *A Guide to Review Engagements for Use by Small- and Medium-sized Practices* (December)
- Updated the companion manual for implementation guides, *Guide to Quality Control for SMPs/Guide to Using ISAs in the Audits of SMEs/Guide to review Engagements*, to scope in *Guide to Review Engagements - Companion Manual* (December)

Articles

The SMP Committee developed the following articles for Member Body use in the first instance and then for public dissemination:

- “Boosting the Quality and Efficiency of Smaller Entity Audits” (June)
- “IAASB Proposals for Enhancing the Auditor’s Report: Potential Impact on Audits of Unlisted Entities” (August)
- “Review Engagements for SMEs: Limited Assurance, Numerous Benefits” (November)

Section 3 Quality and Development

IFAC promotes the provision of high-quality services by all members of the profession through the implementation of the Member Body Compliance Program, member body development initiatives, initiatives aimed at improving audit quality, and issuance of good practice guidance.

Member Body Development

Member Body Compliance Program

The Member Body Compliance Program requires members and associates to develop SMO Action Plans to address requirements set out in the SMOs. These SMO Action Plans, published on the IFAC website, demonstrate members' and associates' commitment to international standards and best practice. The SMO Action Plans are now recognized as the mechanism for developing bodies to use as a roadmap to development and for developed organizations as an opportunity to highlight new initiatives and good practice. 110 SMO Action Plans were updated and 22 members and associates were approved for the biennial update cycle. 8 SMO Action Plans of new associates were published. 73 SMO progress reports prepared.

Outreach Activities

As part of the ongoing work on SMO Action Plans, staff members provide policy advice and guidance to assist members and associates in their activities towards adopting international standards. Outreach activities with respect to SMO Action Plans are included in the Representation section.

Advice is provided as part of annual update discussions with members and associates. 120 updates were done in 2013.

Membership in IFAC

Assessments of membership applications, including expanded on-site due diligence, gave rise to the Council approving the admission of the following organizations in November:

Admission of four members:

- Cayman Islands Society of Professional Accountants (Cayman Islands)
- Institute of Certified Auditors of the Republic of Macedonia (Macedonia, FYR)
- Ordre National des Experts Comptables et Comptables Agréés du Sénégal (Sénégal)
- Institute of Management Accountants (United States)

Admission of six associates and affiliates:

- Colegio de Contadores Públicos y Auditores de Guatemala (Guatemala)
- Association of Accountants of the Republic of Latvia (Latvia)
- Palestinian Association of Certified Public Accountants (Palestine)
- Moscow Audit Chamber (Russian Federation)
- Chamber of Auditors of Uzbekistan (Uzbekistan)
- Association of Corporate Treasurers (United Kingdom)

Recognized Regional Organizations and Acknowledged Accountancy Grouping

Staff received and reviewed quarterly reports from four recognized regional organizations, and annual reports from six acknowledged accountancy groupings regarding their compliance with IFAC *Regional Organizations and Accountancy Groupings Policy Statements*.

The Gulf Cooperation Council Accounting and Auditing Organization was approved as a new acknowledged accountancy grouping.

Input to the World Bank Reports on Observance of Standards and Codes

Staff provided input to the World Bank Reports on Observance of Standards and Codes (ROSC) for the following countries:

- Burundi
- Chad
- Guinea
- Jamaica
- Poland
- Sri Lanka
- Trinidad and Tobago
- Uganda

Professional Accountancy Organization (PAO) Development

MOSAIC: Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration

The MOSAIC Task Force met in May and July and discussed the donor engagement strategy and work plan. A MOSAIC Steering Committee meeting was held in Beijing, China in October. Attendance included representatives of Global Fund to Fight AIDS, Tuberculosis and Malaria; African Development Bank; Asian Development Bank; Inter-American Development Bank; World Bank; Foreign Affairs, Trade and Development Canada; European Commission, and Australian Agency for International Development. A prototype for a proposed MOSAIC website was showcased and discussed at the October Beijing meeting and received a positive response from the Steering Committee.

PAO Development Committee Perspectives

The PAO Development Committee issued *PAO Development Committee Perspectives* for the Africa region in January. This document summarizes discussions during PAO Development Committee meetings around the success factors, opportunities, and challenges relevant to the accountancy profession in that region, and is aimed at those individuals and organizations that are working to establish, strengthen, and/or further develop PAOs in the region.

Other Initiatives

“Ambassador and Committee Operations Concept Note 2013” was approved by PAO Development Committee in February.

Establishing Governance: A Guide for PAOs was published in April.

Modifications

Production of a Mentoring Program Toolkit and associated promotional materials were deferred to 2014 to allow focus on donor engagement and implementation of MOSAIC initiatives.

Professional Accountants in Business (PAIBs)

The PAIB Committee issued:

- *Executive summary: Evaluating and Improving Internal Control in Organizations* (April)
- International Good Practice Guidance (IGPG), *Project and Investment Appraisal for Sustainable Value Creation*, together with an executive summary (August)
- Discussion paper, *Global recognition of PAIBs: Expectations of the Role of Senior Financial Officer/Chief Financial Officer* (October)

Framework Paper

The PAIB Committee, together with the Chartered Institute of Public Finance & Accountancy (CIPFA), developed a public sector governance framework, *Good Governance in the Public Sector*.

Business Reporting

The PAIB Committee issued the IGPG, *Effective Business Reporting Processes*, in January.

International Integrated Reporting Council

As a co-founder of the International Integrated Reporting Council (IIRC), IFAC continued to proactively support the IIRC's development, with various levels of involvement:

- IFAC President Warren Allen represented IFAC as a member of the IIRC.
- An IFAC staff member is seconded to the IIRC and works on both developing the Integrated Reporting <IR> framework and designing future governance arrangements, with further input from the IFAC staff who support the PAIB Committee.
- The report for *Business Model Background Paper for Integrated Reporting* (with PricewaterhouseCoopers and the Chartered Institute of Management Accountants) was issued in March.
- The <IR> Framework was issued in December 2013. IFAC also assisted the IIRC with the analysis of responses to the proposed <IR> Framework consultation document.

Work Plan

- The PAIB Committee approved the PAIB Committee *Strategy and Work Plan 2013-16* (March).

Modifications

- Of the 7 IGPGs, 3 have been produced in the new design format with executive summaries. The remaining IGPGs will be reviewed in 2014.
- Development of the IFAC Sustainability Framework to highlight how accountants and the audit profession contribute to the accounting for sustainability will be dealt with as part of the development of the Global Knowledge Gateway, which will be launched 2014.

- The proposed IGPG on how to integrate risk management and internal control will be completed and issued for exposure in 2014 due to continuing development of content.
- Consideration of an updated Memorandum of Understanding with the Prince of Wales' Accounting for Sustainability (A4S) and ongoing project collaboration with A4S and the Accounting Bodies Network has been deferred to 2014. A holistic review of the relationships IFAC has with others in the area of accounting for sustainability, and whether these support the achievement of IFAC's strategic objectives, will occur in 2014.

Small and Medium Practices (SMPs)

Practice Management Guidance

The SMP Committee issued the second edition of Good Practice Checklist for Small Business, including a new section on environmental management in March.

Articles for Member Body Support

The SMP Committee completed the following articles for use by members and associates:

- "Tomorrow's Firm and the Role of Value Pricing: IFAC Interview with Ronald J. Baker" (February)
- "Sustainability: Challenges and Opportunities for SMPs and SMEs" (April)
- "7 Tips for Accountants on Supporting the Globalization of Small Business" (August)
- "Social Media Marketing May Be the Key to Practice Profitability" (October)

SMP Case Studies

Case studies on "How is your professional accountancy organization helping its members in practice, especially SMPs, promote their value and professional services to small businesses and other potential clients?" were published to LinkedIn (February).

SMP Quick Polls

The *SMP Quick Poll: 2012 Round-Up*, with podcast interview of the SMP Committee chair by Chartered Accountants Ireland was published following polling in November-December 2012.

The SMP Committee conducted semi-annual SMP Quick Polls (May/June and November/December), which were promoted by a number of members, associates, regional organizations and accountancy groups. Poll results and analysis were published on the IFAC website.

SMP Committee Online

- The SMP Committee developed an online library of existing audiovisual materials sharing best practices from practitioners on practice management and business.
- The IFAC SMP Committee Twitter has almost 2,000 followers and a respectable Klout score (measure of influence) of 47.
- IFAC SMP Community on LinkedIn has over 200 members and hosts an active discussion board.

- Ongoing improvements were made to the SMP Committee website including links to resources, discussion board, and a speech/presentation archive.

Modification

The update of the Companion Manual, *Guide to Practice Management for Small- and Medium-Sized Practices*, was eliminated due to the fact that the *Guide to PM Management for SMPs* was not revised in 2013.

Transnational Auditing

Members and Affiliates

The Transnational Auditors Committee (TAC) admitted one Affiliate (from Russia) and one member (a newer start-up network) into the Forum of Firms (the Forum) in 2013. Affiliates are able to participate in Forum meetings but are not able to publicize their relationship with the Forum. Affiliates are expected to use their Forum involvement to help move towards meeting the Forum's membership obligations so as to prepare for actual membership and are only admitted as Affiliates if they evidence a high chance of being able to do this within three years.

Events

Staff assisted the Forum in hosting the following events:

- A symposium, in Vienna entitled *Audit Quality & the Value of Assurance – Perspectives from a New Europe*, focused on examining audit quality challenges specific to the New Europe region and ways the Forum could contribute to the further advancement of audit quality (April).
- A joint conference call between the Forum and the International Monetary Fund was held to discuss audit quality issues related to the audit of Central Banks (May). This event built on a joint meeting of the organizations in February 2011 in New York and joint conference call in July 2012.
- An in-country roundtable in Mumbai, India, resulting in the creation of an India-based "Planning Committee" with membership comprising primarily of Forum practitioners based in India (December).

Other

Staff assessed reports on compliance with the Forum's membership obligations received from all members of the Forum for 2013—all members reported compliance.

Modifications

- No paper on matters related to audit quality and related topics was published by the Forum and TAC in 2013. An extensive review of external regulator reports has highlighted possible opportunities for the development of a future paper.

Section 4 Representation

IFAC develops policy positions in areas where the expertise of the profession and IFAC is most relevant; comments on material published by other international and regional organizations that directly relates to the accountancy profession and accounting or auditing matters; develops and maintains relationships with other international and regional organizations as appropriate; and participates in global, regional, and national forums.

Many of the activities presented in this section directly or indirectly promote the adoption and implementation of the international standards.

Regulatory and Public Policy Activities

Symposiums

IFAC co-hosted, with the Global Public Policy Committee (GPPC) and its Regulatory Working Group (RWG), a symposium titled *ASEAN Capital Markets: The Importance of a Strong Financial Reporting Environment* (May).

Public Policy Positions

Policy Position Paper 8: *Enhancing Organizational Reporting* was approved by the IFAC Board (September).

Submissions to the G-20

IFAC submitted to the G-20 a letter of recommendations prior to the G-20 Leaders' Summit held in St. Petersburg, Russia. The recommendations were primarily directed toward the stated priority of the Russian presidency of the G-20: *Growth through trust and transparency* (August).

Other External Submissions

IFAC made the following formal submissions to external organizations:

- A response letter to the Canadian Institute of Chartered Accountants (CICA) and the Canadian Public Accountability Board (CPAB) on the issued Discussion Paper titled *Enhancing Audit Quality: The Role of the Audit Committee in External Auditor Oversight* (March)
- A response letter to UK Competition Commission on the issue of a paper, *Notice of possible remedies* (March)
- A response letter to Basel Committee on Banking Supervision (BCBS) on a consultative document, *External audits of banks* (June)
- A response letter to the IIRC on the consultation draft of the International <IR> Framework (July)
- A response letter to the IASB on a *Request for Information* concerning IFRS for SMEs, (November)

Other

IFAC continued to liaise with Fédération des Experts Comptables (FEE) and monitor developments with respect to the progress of the proposed legislation through the European Parliament.

Monthly Regulatory Report

Throughout 2013, Public Policy and Regulation (PPR) staff continued to issue a monthly regulatory report, which is sent to the Board, Chairs of Boards and Committees, Forum of Firms members, and other key stakeholders, such as the GPPC and its RWG.

Regulatory and Other Relationships

In July, IFAC and The Institute of Internal Auditors (The IIA) have signed a Memorandum of Understanding (MoU) at the IIA international conference to create a formal basis for the advancement of risk management and internal controls toward a common goal of enhanced governance.

IFAC also maintained relationships with the following international and regional organizations:

- African Development Bank
- Asian Development Bank
- Association of Insolvency Professionals (INSOL) International
- Basel Committee on Banking Supervision
- Chartered Financial Analysts Institute
- European Commission
- Financial Stability Board
- Global Public Policy Committee
- IFRS Foundation
- Institute of Internal Auditors
- Institute of International Finance
- Inter-American Development Bank
- International Accounting Standards Board
- International Actuarial Association
- International Association for Accounting Education and Research
- International Association of Insurance Supervisors
- International Corporate Governance Network
- International Forum of Independent Audit Regulators
- International Insurance Society
- International Monetary Fund
- International Organization of Securities Commissions
- Monitoring Group
- Organization for Economic Co-operation and Development
- Prince of Wales Accounting for Sustainability (A4S) Project
- Transparency International

- United Nations
- United Nations Conference on Trade and Development
- World Bank
- World Federation of Exchanges

Participation in International, Regional, and National Events

The officers & senior management participated in the following conferences, meetings, roundtables, and seminars:

	Africa / Middle East	Asia	Australia/ Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	–	–	–	–	1	1	1
Firms	–	–	–	3	–	3	6	4
Global Public Policy Committee (GPPC)	–	–	–	2	–	1	3	1
IFAC Member Organizations / Regional Organizations	1	10	3	26	3	21	64	34
IFRS Advisory Council	–	–	–	3	–	–	3	3
International Integrated Reporting Council	–	–	–	3	–	1	4	12
International Standard Setters	–	–	–	1	–	6	7	2
Monitoring Group	–	–	–	–	–	2	2	2
Consultation and Meetings Related to IPSASB Oversight	–	–	–	1	–	1	2	–
National Standard Setters	–	–	–	–	–	3	3	3
Other International / Regional / National Organizations	–	3	3	8	–	8	22	35
Public Authorities, Regulators, and Governments	1	2	–	11	2	5	21	18
Public Interest Oversight Board	–	–	–	3	–	1	4	4
Regulatory Working Group of the GPPC	–	1	–	–	1	9	11	13
Standards Working Group of the GPPC	–	–	–	–	–	4	4	3
2013 Total	2	16	6	61	6	66	157	–
2012 Total	11	13	3	47	10	51	–	135

Promotion of Public Interest Activities

Accounting Education

Research Forum

The International Accounting Education Standards Board (IAESB) continued to collaborate on accounting education research projects with the International Association for Accounting Education and Research (IAAER), with funding from the Association of Chartered Certified Accountants (ACCA). The research program aims to develop theory and evidence to inform the IAESB's decision-making process. The three research teams of the 2nd phase of the IAAER/ACCA research program published the final research reports on the IAAER website.

Participation in International, Regional, and National Events

	Africa / Middle East	Asia	Australia/ Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	4	–	1	–	1	6	9
Consultative Advisory Group	–	–	–	1	–	2	3	2
Firms	–	–	–	1	–	–	1	–
IFAC Member Organizations / Regional Organizations	2	1	–	–	1	3	7	5
Other International / Regional / National Organizations	–	–	–	4	1	5	10	5
Public Authorities, Regulators, and Governments	–	–	–	1	–	1	2	1
Standards Working Group of the GPPC	–	–	–	–	–	1	1	1
2013 Total	2	5	0	8	2	13	30	
2012 Total	3	2	2	7	6	3		23

Auditing, Assurance, and Related Services

External Submissions

As part of its ongoing liaison initiative, IAASB released its comments on IASB's recent exposure drafts, including:

- November 2012 Exposure Draft, *Classification and Measurement: Limited Amendments to IFRS 9*
- May 2013 Exposure Draft, *Leases*

- October 2013 Exposure Draft on Insurance Contracts

The IAASB also issued a comment letter to the Basel Committee on Banking Supervision consultative document, *External Audit of Banks*.

Participation in International, Regional, and National Events

	Africa / Middle East	Asia	Australia/ Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	–	–	4	1	3	8	6
Consultative Advisory Group	–	–	–	–	–	2	2	2
Firms	–	–	–	8	–	2	10	3
Global Public Policy Committee	–	–	–	1	–	–	1	1
IFAC Member Organizations / Regional Organizations	–	3	–	8	3	1	15	22
International Standard Setters	–	–	–	1	–	1	2	4
National Standard Setters	–	–	–	1	–	8	9	8
Other International / Regional / National Organizations	2	2	–	11	1	7	23	27
Public Authorities, Regulators, and Governments	–	5	–	22	–	15	42	40
Standards Working Group of the GPPC	–	–	–	–	–	3	3	2
2013 Total	2	10	–	56	5	42	115	
2012 Total	4	16	17	48	7	23		115

Ethics**Participation in International, Regional, and National Events**

	Africa / Middle East	Asia	Australia / Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	–	1	–	–	1	2	–
Consultative Advisory Group	–	–	–	–	–	5	5	2
Firms	–	–	–	2	–	2	4	2
IFAC Member Organizations / Regional Organizations	–	6	1	20	2	2	31	7
International Standard Setters	–	–	1	–	–	–	1	1
National Standard Setters	1	2	–	–	–	4	7	–
Other International / Regional / National Organizations	–	3	1	4	–	3	11	6
Public Authorities, Regulators, and Governments	–	9	2	20	–	10	41	14
2013 Total	1	20	6	46	2	27	102	
2012 Total	1	1	–	19	1	8		30

Public Sector Financial Reporting

Participation in International, Regional, and National Events

	Africa / Middle East	Asia	Australia/ Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	–	2	15	–	–	17	12
Firms	–	–	–	1	–	–	1	5
IFAC Member Organizations / Regional Organizations	2	5	3	7	1	–	18	25
International Standard Setters	–	–	1	20	1	3	25	7
National Standard Setters	4	3	11	5	–	–	23	12
Other International / Regional / National Organizations	–	1	–	1	–	–	2	22
Public Authorities, Regulators, and Governments	9	29	13	33	9	5	98	63
2013 Total	15	38	30	82	11	8	184	
2012 Total	22	28	23	56	8	9		146

Member Body Development

CReCER

IFAC, along with the World Bank, the Inter-American Development Bank, and the GPPC, held the seventh Conference for Accounting and Accountability for Regional Economic Growth, or CReCER (Contabilidad y Responsabilidad para el Crecimiento Económico Regional) in Cartagena, Colombia, in August 2013, hosted by IFAC member body the Instituto Nacional de Contadores Públicos de Colombia. The conference themed *Integrating Approaches to Financial Reporting to Advance Regional Economic Growth: An Exchange between Public and Private Sector*. It drew more than 350 attendees and speakers and covered important topics, such as national and regional initiatives to advance adoption and implementation of international standards; global perspectives on the evolving role of auditors and accountants; recent capital market developments to support investment; and the future of business reporting, including integrated reporting.

Outreach to Member Organizations, Recognized Regional Organizations, Acknowledged Accountancy Groupings, and Other Organizations

	Africa / Middle East	Asia	Australia / Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
Member Organizations/Regional Organizations	5	4	1	4	6	5	25	50
Other International / Regional / National Organizations	2	1	–	1	1	2	7	6
Public Authorities, Regulators, and Governments	1	–	–	1	–	–	2	5
Other Organizations	–	–	–	–	–	–	–	40
2013 Total	8	5	1	6	7	7	34	
2012 Total	33	28	–	27	9	4		101

Professional Accountants in Business (PAIBs)

The PAIB Forum and Joint meeting with the PAO Development Committee and the Chinese Institute of Certified Public Accountants (CICPA) were held at the CICPA offices in Beijing, China in October. This meeting afforded a rare opportunity for outreach as a committee, and to hold a PAIB Forum as a mechanism of engaging the Chinese profession, particular in terms of raising awareness of the PAIB perspective.

Participation in International, Regional, and National Events

	Africa / Middle East	Asia	Australia / Oceania	Europe	Latin America / Caribbean	North America	2013 Total	2012 Total
IFAC Member Organizations / Regional Organizations	–	2	–	–	–	1	3	5
International Integrated Reporting Council	–	–	–	–	–	–	–	2
International Standard Setters	–	–	–	–	–	–	–	2
Other International / Regional / National Organizations	–	–	–	1	–	5	6	12
2013 Total	–	2	–	1	–	6	9	
2012 Total	1	4	–	5	–	11		21

Small and Medium Practices (SMPs)

IFAC Small and Medium Practices Forum 2013

Over 175 delegates from 33 professional accountancy organizations in 30 countries convened in Kampala, Uganda, for the seventh annual IFAC SMP Forum (June 5). Co-hosted with ICPAU and PAFA, this year's event featured a keynote address by Right Honorable Rebecca Kadaga, Speaker of the Parliament of Uganda. The SMP Forum brings together representatives from the regulatory community, regional and national professional accountancy bodies, standard setters, and thought leaders and experts in their fields to collaborate on solutions to the challenges and pressures facing SMPs, both regionally and globally. This year's event focused on trends that may impact the growth of small business and the way SMPs deliver their services. In addition to the co-hosts, the event was made possible by the generous support of our gold sponsor, ACCA; and silver sponsors, Corpul Expertilor Contabili si Contabililor Autorizati din Romania (CECCAR), Hong Kong Institute of Certified Public Accountants (HKICPA), and Institute of Chartered Accountants in England and Wales (ICAEW).

Participation in International, Regional, and National Events

	Africa / Middle East	Asia	Australia / Oceania	Eur ope	Latin America / Caribbean	North America	2013 Total	2012 Total
Academic Community	–	–	–	1	–	–	1	–
Consultative Advisory Group	–	–	–	–	–	2	2	–
Firms	–	–	–	2	–	–	2	3
IFAC Member Organizations / Regional Organizations	2	2	1	9	–	2	16	31
International Standard Setters	–	–	1	–	–	–	1	1
Other International / Regional / National Organizations	2	–	–	9	–	4	15	11
Public Authorities, Regulators, and Governments	–	–	–	1	–	–	1	–
2013 Total	4	2	2	22	–	8	38	
2012 Total	3	5	1	27	4	6		46

Section 5 Communications

IFAC's communications activities support its overall strategy by promoting the value of and adherence to high-quality international standards; increasing awareness of the accountancy profession's many roles and, in particular, its contributions to economic growth and development; and facilitating collaboration and ongoing dialogue with IFAC stakeholders through the IFAC website and various other electronic and print media. IFAC's communications are targeted to a wide-ranging audience that includes members, associates, and affiliates; recognized regional organizations and acknowledged accountancy groupings; firms; the media; regulators; standard setters; development agencies; academics; professional accountants; and various international organizations.

Media Relations and outreach

- IFAC, the committees, and the standard-setting boards were mentioned in 326 articles in journals including *Financial Times*, *Accounting Today*, *Public Finance International*, *World Accounting Intelligence*, *Accountancy Age*, *Reuters*, *Compliance Week*, *Bloomberg Law*, *CFO.com*, and *Global Accountant*.
- 19 press releases for IFAC were issued and 39 press releases for boards and committees were issued.
- IFAC maintained contact with media outlets with an interest in accountancy, business, finance and regulation.

Communications Materials and Reports

IFAC issued the following communication materials and papers:

- IFAC 2012 Annual Report (print and electronic versions) in March
- "Global Accountancy Leaders Identify Major Themes for 2013" on March 5; in addition, presented findings at CE Strategic Forum

In addition, IFAC supported the delivery of standards, guidance, and adoption and implementation material.

Newsletters

Issued the following IFAC newsletters in 2013:

- IFAC News (April, August, December/January 2013-14)
- 23 eNews
- 12 editions of the Global Digest
- 12 editions of the IFAC Update, issued monthly

Online Communications

- Updated website on an ongoing basis to reflect the release of new publications and other changes
- Increased social media presence on Twitter, Facebook, and LinkedIn

- Developed the Global Knowledge Gateway; demonstrated the Gateway at the Council Meeting in November

Speeches and Presentations

- Provided support for 27+ speeches/presentations for IFAC Officers and executives in 2013

Modifications

- Implementation of major "global voice" campaigns, studies, surveys, or research projects, aimed at creating "new hooks" and enhancing media presence and stature on topics of international importance to the auditing profession has been postponed due to budget restrictions.
- The objectives of the Global Leadership Survey were reviewed; as a result, IFAC deferred the 2013 survey to 2014 and will revisit objectives then.
- Communications has been less aggressive in submitting letters to the editor and opinion editorials to relevant media outlets due to resource constraints.
- Communications has been less aggressive in leveraging media relations, agency, website, collateral, and other documents in order to communicate with, engage, and attract support from influential 3rd parties due to resource constraints.

Exposure Drafts, Consultation Papers, and other IFAC publications are published by, and copyright of, IFAC.

IFAC does not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The IFAC logo, 'International Federation of Accountants', and 'IFAC' are trademarks and service marks of IFAC.

Copyright © April 2014 by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store or transmit, or to make other similar uses of, this document, except as permitted by law. Contact permissions@ifac.org.

Published by:





529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.ifac.org