



June 2015

MEMBER BODY COMPLIANCE PROGRAM FACT SHEET

Objective

The objective of the IFAC Member Body Compliance Program is to encourage Professional Accountancy Organizations (PAOs)—IFAC members and associates—to continuously improve by adopting, or otherwise incorporating, and implementing international standards and best practice. The Program encourages PAOs around the world to focus attention and resources on improving the quality of the accountancy profession in support of the IFAC vision and in the public interest.

The objective of the Program is progressed through members' and associates' ongoing commitment to use best endeavors to adopt and support implementation of auditing, education, ethics, international financial reporting, and public sector accounting standards as well as to operate or support robust quality assurance and investigation and disciplinary mechanisms.

IFAC Membership Obligations

The seven [Statements of Membership Obligations \(SMOs\)](#) are the foundation of the Program. Adherence is mandatory for all IFAC members and associates, although the SMOs recognize that in many jurisdictions the authority to establish standards and practices does not exist within the member body or associate, but with the government or other regulatory authority.

Five of the SMOs relate to the international standards established by the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board (IAESB), the International Ethics Standards Board for Accountants (IESBA), the International Public Sector Accounting Standards Board (IPSASB), and the International Accounting Standards Board (IASB). The remaining two establish best practices for quality assurance and investigation, and disciplinary processes.

In essence, the SMOs serve as a framework for credible and high-quality professional accountancy organizations focused on serving the public interest by a) supporting adoption and implementation of international standards; and b) maintaining adequate enforcement mechanisms to ensure professional behavior of their individual members.

The SMOs are recognized as the international benchmarks for professional accountancy organizations. For example, the World Bank's [Reports on Observance of Standards and Codes \(ROSCs\)—Accounting & Auditing](#) refer to the SMOs as part of their policy recommendations to governments and PAOs.

Role of the Compliance Advisory Panel

The Compliance Advisory Panel (CAP) oversees and provides advice to IFAC Compliance staff regarding the implementation and operation of the Program, recommendations to the IFAC Board about membership applications, and collaborations with Regional Organizations and Accountancy Groupings. The Program is the responsibility of the IFAC Compliance staff, reporting to IFAC's Chief Executive Officer. As one of IFAC's public interest activities, the CAP is overseen by the [Public Interest Oversight Board \(PIOB\)](#). The CAP's [Terms of Reference](#) further describe its role and responsibilities. The [CAP operating procedures document](#) provides an overview of CAP and Compliance staff procedures with regard to key elements of the program.

Recognizing the public dimension of the CAP work, the PIOB in its 6th Public Report, published in May 2011, notes that the CAP's "advice and direction are crucial to the success of [adoption and effective implementation] initiatives. Its constant interaction with member bodies continues to provide valuable insight into the unique implementation and compliance challenges faced by individual jurisdictions".

Compliance Program: Components and Processes

IFAC members and associates are required to participate in the IFAC Member Body Compliance Program to demonstrate that they are maintaining their good standing and addressing the requirements of IFAC membership. The program was implemented in three phases. Part 1, launched in 2004, is a fact gathering exercise to determine the legal, regulatory, and standard-setting arrangements. Part 2 was launched in 2005 and requires member bodies and associates to self-assess their level of compliance with the specific requirements of the 7 SMOs as well as the status of adoption of international standards and best practices.

Part 3, the Action Plan phase, was launched in late 2007. Member bodies and associates develop and update Action Plans to illustrate their progress toward, or continued compliance with, SMO requirements. Progress in the execution of Action Plans is monitored by the CAP and the IFAC Compliance staff. IFAC members and associates are responsible for maintaining the accuracy of their Action Plans and ensuring that they continue to reflect the status of the accountancy profession in their jurisdictions.

Transparency and Oversight

As the Program is committed to transparency, all compliance responses, including the country's regulatory framework overview, SMO self-assessment, Action Plans, and an analysis of the basis used by different jurisdictions in adopting the International Standards on Auditing (ISAs) are published on the IFAC website (www.ifac.org/about-ifac/membership/compliance-program). This information is accessed regularly by IFAC member bodies, associates, and others interested in the development of the profession, including key international stakeholders such as the International Organization of Securities Commissions (IOSCO), International Forum of Independent Audit Regulators (IFIAR), World Bank and development agencies, as well as national governments and regulators.

Collaboration with Recognized Regional Organizations and Accountancy Groupings

The objectives of the Program are shared by Recognized Regional Organizations (ROs), independent bodies that share IFAC's mission and values and which in many cases share IFAC's membership. ROs play a valuable role by supporting the development of the international accountancy profession, facilitating convergence to international standards, and providing leadership in addressing issues affecting the accountancy profession in their region and/or constituencies. Accountancy Groupings (AGs) are acknowledged by IFAC. These groupings support the objectives and pronouncements of IFAC and support the advancement of the accountancy profession within their constituencies. ROs and AGs assist shared members and associates to prepare and execute Action Plans.