

**Meeting:** IAASB-IESBA CAG Joint Session

**Meeting Location:** New York, USA

**Meeting Date:** March 10, 2020

## Agenda Item **J2-2**

### IFAC Adoption and Implementation Activities - Overview

#### Background

1. IFAC's [Strategic Plan 2019-2020 Build Trust. Inspire Confidence.](#) includes as one of its three strategic objectives: "Contributing to and promoting the development, adoption, and implementation of high-quality international standards". This objective focuses on IFAC's long-standing support for international standards and includes the following strategic actions:
  - Promote and monitor the adoption of international standards through advocacy, stakeholder relations, and enhancing the IFAC Member Compliance Program.
  - Facilitate consistent implementation of international standards through development and sharing of best practices, resources, tools and knowledge.
2. IFAC and SSB staff meet regularly to co-ordinate and communicate on A&I activities and respective roles and remits. A tracker has been developed, which captures all the activities and includes management monitoring metrics, such as the status, output, estimated delivery timing and responsible staff etc.
3. The IFAC Knowledge Gateway has dedicated sections on '[Supporting International Standards](#)' and '[Building Trust and Ethics](#)', which facilitates the sharing of thought leadership, articles, videos and resources to the global accountancy community.
4. A selection of recent and potential future A&I activities for each SSB is highlighted below.

#### Global Status Report on Adoption

5. In September 2019, the IFAC released a [report](#) which provides an analysis of the status of adoption of international standards and best practices. The report also highlights the role of IFAC member organizations in the adoption process, and their fulfillment of IFAC requirements—the [Statements of Membership Obligations](#). Among other matters, the report notes that:
  - There is strong global support for high-quality international accountancy standards and best practices.
  - Standards' adoption requires a sustained, technical effort to review, revise, and formally promulgate updated requirements, including translation.
  - 90+% of IFAC member jurisdictions use International Standards on Auditing, International Financial Reporting Standards & International Code of Ethics for Professional Accountants.

2. Detailed information about adoption in each jurisdiction is available in the country and member organization assessment profiles on the IFAC [website](#).
3. Data was collected as part of the IFAC Member Compliance Program. The report also highlights useful available resources, guidance, and examples of best practices.

#### **IAASB<sup>1</sup>**

6. An implementation 'tool' is being developed to assist practitioners with applying ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*. It highlights various steps based on the requirements covering the "what, why and how" and leveraging off a CPA Canada publication.
7. A [series of video panel discussions](#) were produced in 2019 as implementation support for ISA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* (ISA 540) covering scalability, risk assessment and inherent risk factors and professional skepticism.
8. Future updates are planned to the brochure – [Choosing the Right Service: Comparing Audit, Review, Compilation and Agreed-Upon Procedures \(AUP\) services](#) and the publication [AUP Engagements: A Growth and Value Opportunity](#) to reflect ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements*.
9. IFAC staff participate in the IAASB audits of less complex entities (LCE) working group. In 2019 this involved support for organizing an event in Paris, three webinars, a [Gateway article](#) and IFAC survey (in English, French and Spanish) exploring the possible options to address the challenges in applying the ISAs in audits of LCEs.
10. A pilot initiative is being explored to facilitate Professional Accountancy Organization (PAO) agreements with Grant Thornton to make available an ISA proficiency series of 24 interactive e-learning programs covering each of the ISAs.
11. Ongoing support for various IAASB initiatives, including:
  - Promotion of a survey to PAOs to inform a [project update](#) on the IAASB's post implementation review of the revised auditor reporting standards.
  - Support for a planned ISA 315 (Revised) webinar, future 'Train the trainer' events and a conference on emerging technology.
  - Facilitating academic desktop research for information gathering on auditor reporting, fraud and going concern.

#### **IESBA**

12. IFAC developed [A Guide for Professional Accountancy Organizations – Developing Good Practices for Members Providing Tax Advice](#) to support PAOs in providing guidance to their members regarding application of the *International Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) when providing tax advice.

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<sup>1</sup> IFAC has produced a suite of comprehensive guidance material to support the implementation of IAASB Standards, including the [Guide to Using ISAs in Audits of SMEs](#), [Guide to Compilation Engagements](#), [Guide to Review Engagements](#) and [Guide to Quality Control for Small-and Medium-Sized Practices](#).

13. IFAC updated the [Guide to Practice Management for Small- and Medium-Sized Practices](#) to reflect changes to the Code, specifically information on identifying, evaluating and addressing threats and the available safeguards to reduce threats to an acceptable level.
14. Development of a series of short publications titled *Exploring the IESBA Code* to take an in-depth look at the Code and highlight different aspects of the Code in real-world situations, in a manner that is relatable and practical: '[Installment 1: The Five Fundamental Principles](#)', '[Installment 2: The Conceptual Framework – Step 1, Identifying Threats](#)', '[Installment 3: The Conceptual Framework – Step 2, Evaluating Threats](#)'.
15. Participation in the IESBA eCode Working Group to support phase 2 enhancements of the eCode initiative.
16. Future deep dive into the *International Standards: 2019 Global Status Report* focused on ethics and investigation & discipline.
17. Continue to monitor Quality & Development outreach to Members Organizations to identify challenges and opportunities to provide support for implementation and any needed tools/guidance.
18. Consider what IFAC could further do around emerging ethical issues such as impact of technology, data governance and privacy/confidentiality, as well as ways to use real life stories on ethical examples to bring the Code to life.

#### **IPSASB**

19. In collaboration with ACCA published '[Is Cash Still King? Maximizing the Benefits of Accrual Information in the Public Sector](#)' to provide lessons learned from jurisdictions that have implemented accruals.
20. Future update of [Study 14 - Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities](#) to assist governments on their journey to sound public financial reporting and, ultimately, enhanced transparency and accountability.
21. Articles focused on [Implementing Accrual Accounting in the Public Sector-Understanding Your Technology is Vital!](#) and [The Role of the Global Accountancy Profession in Addressing 21<sup>st</sup> Century Public Sector Challenges](#).