IFAC Celebrates 30th Anniversary
Declares December 2-8 World Accountancy Week

The International Federation of Accountants is celebrating the 30th anniversary of its founding this year and is inviting members, associates and regional accountancy bodies to participate in the commemoration.

IFAC has planned a number of activities designed to recognize the progress of the profession and its contribution to economic growth and development, to increase awareness of the roles of professional accountants, and to recognize the dedication of the many volunteers who have contributed to IFAC’s work over the past three decades. Key messages will focus on the value of these contributions, members’ commitment to upholding financial responsibility, transparency and accountability at all levels of society, and the expanding scope and reach of IFAC in international standard setting and other areas, particularly those related to the public interest.

As part of the celebration, IFAC has planned the following:

- A seminar in November in connection with the IFAC Council meeting, focused on “The Financial Reporting Environment of the 21st Century;”
- A dinner honoring IFAC past presidents;
- A special reception to recognize IFAC committee and board members;
- A forum in December in New York City on “Government, the Accountancy Profession, and the Public Trust;” and
- The publication of a book on the international accountancy profession and perspectives on shaping progress in the 21st century.

To draw the world’s attention to the profession, IFAC has declared December 2-8, 2007 World Accountancy Week, which is now included in the U.S. national registry of special events. During this week, IFAC will conduct its forum in New York and release the book that will feature perspectives of those who play critical roles in influencing the current and future direction of the profession. Member bodies are encouraged to seek national proclamations of World Accountancy Week.

In October and November, IFAC is also planning to conduct a survey of the chief executives and presidents of its member bodies on key global issues involving the profession, with the release of results also anticipated for World Accountancy Week.

Historical information about IFAC has been added to its website and a brief history of IFAC is slated for release later in the year. A complete issues-oriented history will be released in 2009. Two accountancy academicians have been commissioned to develop the history. See the insert which is the second in a series of IFAC newsletter articles focusing on IFAC’s development.

A complete plan outlining these activities and how members may participate in them has been sent to member and regional bodies. In addition, a section of the IFAC MemberNet is devoted to historical information about IFAC.

IFAC Website Survey
In Progress

Between May 1 and June 15, IFAC is conducting a survey of users of its website to determine how it can enhance the usability and relevancy of the site. Please take a few minutes to complete the survey so we can be sure the IFAC website is as effective as possible and features the content you need. The survey can be accessed on the IFAC home page (www.ifac.org) under “Of Special Interest.”

1977 – 2007
Thirty Years of Progress
IAASB Makes Further Progress on Clarity of ISAs

The International Auditing and Assurance Standards Board (IAASB) continues to advance its project to clarify its International Standards on Auditing (ISAs). At its meeting in Sydney, Australia in April, the IAASB approved three exposure drafts that were redrafted following the IAASB’s conventions designed to enhance the clarity of its pronouncements. It also addressed the need to incorporate statements about the authority of ISAs and the obligations of auditors who follow those standards within the ISAs themselves.

Exposure Drafts
The following three exposure drafts have been issued by the IAASB for public comment:
• Proposed ISA 200 (Revised and Redrafted), Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing;
• Proposed ISA 250 (Redrafted), The Auditor’s Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements; and
• Proposed ISA 500 (Redrafted), Considering the Relevance and Reliability of Audit Evidence.

The IAASB plans to issue a further 15 exposure drafts in 2007 and to complete all 34 ISAs as final standards by the end of 2008.

Comments on the proposed ISA 200 (Revised and Redrafted) and proposed ISA 500 (Redrafted) are requested by September 15, 2007. Comments on the proposed ISA 250 (Redrafted) are requested by July 31, 2007.

Objective of the Auditor and Conduct of an ISA Audit
The IAASB’s exposure draft of proposed ISA 200 (Revised and Redrafted) incorporates key provisions of the amended Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Preface), which was reissued in January 2007. These provisions address the authority of ISAs and the obligations of auditors who follow those standards. Because the amended Preface may not be adopted in certain jurisdictions, the IAASB decided that these statements should be incorporated within the ISAs themselves, and included them within the proposed ISA 200.

Status of the IAASB’s Clarity Project
The IAASB is making considerable progress on its clarity project. It has issued four final ISAs drafted in accordance with the new conventions. The IAASB has also released 15 exposure drafts of proposed redraft ISAs (including the three exposure drafts listed above).

IAASB Consults on Proposed Future Strategy and Work Program
The IAASB has begun a broad and transparent process to develop its strategy and work program for the period 2009-2011. A core component of this process is consultation with various stakeholders throughout 2007.

Consultations with Stakeholders
In April, the IAASB hosted a forum in Sydney, Australia to obtain input from a broad range of standard setters, regulators and users of the IAASB’s standards. In addition to the IAASB’s future strategy and work program, the forum addressed the issue of whether to develop an assurance service (other than an audit) for small and medium entities and, if so, what the parameters of such a service might be. Additional forums are planned for June 2007 in Mexico City, Mexico and Brussels, Belgium. Members of the IAASB’s Consultative Advisory Group, in addition to other interested parties, have been invited to attend the Brussels forum.

In January, the IAASB broadly circulated a questionnaire to solicit the views of a wide range of stakeholders, and more than 130 responses were received. The IAASB also received input from national auditing standard setters at their annual meeting with the IAASB in New York in March, and from key speakers at two recent IAASB meetings who shared their views about the IAASB’s future strategy and work program.

Input Received
Consultations to date have confirmed the importance of completing the clarity project in accordance with the project timetable (see article above). A variety of recommended actions for the IAASB were also received, including:
• The establishment of a stable platform period after the effective date of the redrafted ISAs;
• A post-implementation review of the clarity redrafted ISAs; and
• The need for the IAASB to develop implementation guidance.

There have also been calls for revisions of those ISAs that have not been revised as part of the clarity project, the redrafting of other IAASB pronouncements in the clarity style, and the development of other assurance standards focusing on a series of subjects beyond audits of financial statements.

The outcome of the consultations will form the basis of an exposure draft of the IAASB’s proposed future strategy and work program, which will be issued for public comment later this year.

For more information on the IAASB and its work program, visit its website at www.iaasb.org.
President’s Message

Collaboration: A Condition of Success

IFAC has a challenging agenda, as expressed in the IFAC 2007-2010 Strategic Plan, but it is one that I also believe is achievable. In fact, we are already making much headway on the goals expressed in that plan. That progress has been made possible through collaboration. Collaboration with our members and associates, with regional accountancy bodies, with the Forum of Firms, with development agencies, with standard setters, with regulators and with other organizations whose work involves the international accountancy profession.

Just as collaboration has defined our success in the past, it will define our success in the future. There is still room for new forms of collaboration, especially with and among member bodies. Many of the initiatives included in our strategic plan are responses to the common needs of our member bodies. Our objective should be to collaborate, avoid duplication of efforts and achieve a common set of services or products that have the authority international consensus assures. Collaboration is key. We should look at what we are doing and what more we can do when we work together.

IFAC as Standard Setter

One of IFAC’s most important goals is to “be recognized as the international standard setter in the areas of auditing and assurance, education, ethics and government financial reporting.”

Our member bodies help us in gaining this recognition by promoting IFAC standards locally. They also play an important role in contributing to the efficient operations of IFAC’s independent standard-setting boards by recommending high quality candidates to serve on them and by providing financial and technical support.

Of course, the operations of all IFAC boards are a collaborative activity, involving the input of the public and numerous stakeholders through Consultative Advisory Groups and other means. For example, to avoid duplication of effort and to more closely coordinate agendas, IFAC, through the International Auditing and Assurance Standards Board (IAASB) reaches out to national audit standard setters through an annual meeting and ongoing dialogue. This enables IFAC to understand their priorities and to identify areas of mutual concern. In addition, the IAASB is currently in the process of holding Strategy Forums engaging a wide range of stakeholders in order to determine future priorities (see page 2).

The International Public Sector Accounting Standards Board (IPSASB) also reaches out to national public sector standard-setting groups and is seeking additional input from such organizations.

Our members help us in gaining recognition as the international standard setter in the areas of auditing and assurance, education, ethics, and government financial reporting by promoting IFAC standards locally.

through its Consultative Group. Just last month the IPSASB Chair and Technical Director met with national standard setters in Hong Kong to progress further a collaborative project on the conceptual framework.

The collaborative efforts have resulted in independent standard-setting boards that are recognized as the most transparent and efficient in the world and have also resulted in greater use of their standards, enabling us to move closer to our goal of convergence. Another example of collaboration is the development of an implementation guide to International Standards on Auditing for small and medium entities (SMEs), for which IFAC has commissioned the Canadian Institute of Chartered Accountants. This product will be available to everyone and it will offer an authority and recognition that a member body would not be able to achieve by itself.

Sustainability

Another key strategic objective is related to sustainability. IFAC seeks to sustain the profession in numerous ways, including through its Member Body Compliance Program, through the development of best practice guidance for professional accountants in business, and by communicating the attractiveness of the profession. In each of these areas, member body collaboration is necessary.

The overwhelming support of IFAC members to the Compliance Program has demonstrated our global profession’s commitment to promoting high quality performance by accountants worldwide and contributed to the strengthening of the profession. The Compliance Team has just embarked on Part 3 of the program — that is, the development of policy recommendations for member bodies where improvements are deemed necessary. Member bodies will then be required to prepare action plans to address those areas.

This is another great opportunity for collaboration. The preparation of action plans will help us to identify common problems and common solutions. The logical way to undertake the improvement process is to identify the projects that contribute solutions to more than one country and facilitate the completion of tasks that can be utilized by various interested parties.

Recognizing the many challenges professional accountants in business (PAIBs) face as they strive to meet a wide range of financial and management responsibilities, IFAC is expanding its resources for this group in two ways. First, as previously reported to you, we launched continued on page 4
continued from page 3

the global search engine, IFAC KnowledgeNet for PAIBs, leveraging the high quality work and resources of many member bodies by making their documents available through a customized search engine. A second way in which IFAC, through its PAIB Committee, is supporting the sustainability of the profession through the development of good practice guidance, an initiative that is just getting underway.

What should be done about the other specializations of the public accountant

Understanding developing nations’ needs is critical.

profession? Taxes, information systems, insolvency, forensic accounting: are there not prospective fields for other collaboration projects here?

We also well recognize that the sustainability of the profession is dependent on having the necessary and qualified human resources. For that reason, it is incumbent on all of us to communicate about the value of the profession, the diverse opportunities it offers, and its many other attributes, so that it is more attractive to potential recruits. These are also areas where coordinating and acting together are justified.

Member Body Input

IFAC is committed to providing many opportunities for member body input into its strategies. In addition to the Chief Executives meeting held in New York in February, in June we will host a meeting in Warsaw, Poland for about a dozen smaller member bodies in the region and we will continue to have these types of meetings around the world.

Collaboration with other parties is also very important.

A recent focus of IFAC’s has been on small and medium practices (SMP). IFAC’s SMP Committee is collaborating with the International Accounting Standards Board (IASB) by assisting with field testing of the proposed IASB International Financial Reporting Standard for SMEs.

IFAC Collaborates on Website Translation

IFAC has undertaken a project to translate core sections of its website into the five working languages of the United Nations, which are Arabic, Chinese, French, Russian, and Spanish (in addition to English). The web pages being translated include those about the organization, IFAC structure and governance, regulation and the Public Interest Oversight Board, all board and committee home pages, pages related to membership and the Member Body Compliance Program, and the new IFAC History page.

The translations have been prepared by an outside translation company. Through May and early June, IFAC will be collaborating with member bodies that work in these languages to check the translations. The following member bodies are assisting in this process:

• Chinese Institute of Certified Public Accountants (Chinese translations)
• Délégation Internationale pour l’Audit et la Comptabilité, the international arm of IFAC’s two members in France (French translations)
• Instituto de Censores Jurados de Cuentas de España (Spanish translations)
• Saudi Organization for Certified Public Accountants (Arabic translations)

In addition, IFAC technical staff who are native speakers of these languages will also assist in checking the translations.

The new website in five languages plus English will be launched on the IFAC website in August 2007.

Understanding developing nations’ needs is also critical. Next month, IFAC, together with the World Bank and the Inter-American Development Bank, will be holding a seminar in Mexico City to learn more about the needs of Latin American and Caribbean countries and to discuss possible solutions.

It is an opportunity to reflect on the efficiency of the models of collaboration and to think about their potential. The goal of this exercise should be to identify new models for working together.

Discovering new models of collaboration among the member bodies could be the determining factor in making viable projects that are of vital importance to the profession, and above all, will contribute to achieving the desired results.

Conclusion

Let’s not be afraid of collaboration. The challenge is to distinguish fields of competition from those of collaboration. We have done it before, and we can continue to do so now. Our success depends on it.

IFAC values the participation of all its members and stakeholders in its programs. As we celebrate IFAC’s 30th anniversary this year, I urge you all to continue to make collaboration one of our priorities.

IFAC Anniversary

continued from page 1

the anniversary and will feature information on what members are doing around the world to celebrate the event. Member bodies have already reported progress in integrating the anniversary message into their articles, newsletters, and seminars and special events.

For more information, contact Helene Kennedy, Chief Communications Officer (helenekennedy@ifac.org) or Bryan Hall, Communications Associate (bryanhall@ifac.org).
IFACnet Expands Resources and Adds New Features

Accountants working in small and medium practices (SMPs) can now access a wide range of technical, marketing, management and other materials through IFACnet, the global, multilingual accountancy search engine. Developed collaboratively by IFAC and its members, IFACnet was launched in October 2006 as a service for professional accountants in business. Since then, IFACnet has attracted thousands of users from all sectors and across more than 190 countries worldwide.

Expanding Resources
Throughout early 2007, IFACnet has expanded content, particularly for SMPs. SMPs can now easily locate information on a range of topics, such as succession planning, managing a small firm, staff recruitment and retention, and promoting firm services. Additional resources have been added for professional accountants in business as well.

More than 20 member bodies (see inset box) now make their resources and information available to their members and other professional accountants worldwide through IFACnet. Several additional member and regional bodies have also expressed an interest in participating and will join IFACnet in the coming months. Many organizations also include links to IFACnet.com on their websites.

New Features
IFACnet has also added three new features to help users stay current on technical, professional and marketplace issues, and to make the search engine more user-friendly.

• A “Latest News” page offers links to a variety of business, management and accounting media and other websites;
• Users can download a search box that enables them to search IFACnet directly from their Internet browser; and
• The “What’s News” section informs visitors of new IFACnet features and content.

What’s Next
IFACnet is continuing to expand the tools and resources available. Beginning in May 2007, external organizations that provide quality information of interest to professional accountants will be invited to participate. By the end of 2007, IFACnet will be expanded to provide relevant materials for accountants working in all sectors of the profession.

Spanish Translation of Good Practice Guidance on Developing the Profession Now Available

IFAC’s Developing Nations Committee has released a Spanish translation of its good practice guidance on Establishing and Developing a Professional Accountancy Body.

First released in English in late 2005, this guidance is designed to support the establishment and development of professional accountancy organizations worldwide. The guidance addresses a range of situations, including:

• Where no formal accountancy profession exists in a country;
• Where the profession exists and there is a desire to establish a professional body; and
• Where an existing body requires further development.

French, Arabic and Russian translations of the guidance are also currently being developed. The Developing Nations Committee is planning to issue an updated version later in 2007 with expanded guidance about the role of professional bodies and accountancy in the public sector.

The Spanish translation of the good practice guidance can be downloaded free-of-charge from the IFAC online bookstore (www.ifac.org/store). CD-ROM copies are also available from the bookstore.
IPSASB Approves New Projects; Advances Work on Social Benefits

The International Public Sector Accounting Standards Board (IPSASB) made significant progress on its strategy and work program at its meeting in Accra, Ghana on March 20-23, 2007. It agreed to key aspects of its 2007-2009 Strategic Plan (see article below) and advanced the following projects:

- The IPSASB affirmed its approach on social benefits and will develop an exposure draft on disclosure only, which is planned to be approved in July 2007;
- It approved project proposals on financial instruments and improvements to International Public Sector Accounting Standards (IPSASs); and
- It requested additional information to assist in deciding the next steps in dealing with heritage assets and entity combinations.

Social Benefits

A key item for discussion at its March meeting was the IPSASB’s project on social benefits. The IPSASB agreed to develop an exposure draft dealing only with disclosure and not recognition and measurement. Among other things, the exposure draft, which the IPSASB plans to review for approval in July 2007, will provide minimum disclosure requirements for amounts to be transferred to those eligible for the benefits. It will also define collective and individual goods and services. A separate consultation paper dealing with social benefit recognition and measurement issues will also be developed.

Financial Instruments

During the meeting, the IPSASB approved a project proposal on financial instruments, scoped to only amend IPSAS 15, Financial Instruments: Disclosure and Presentation, in accordance with changes made to International Accounting Standard 32, Financial Instruments: Presentation.

The IPSASB also approved a project to update a number of IPSASs in accordance with changes to the relevant International Financial Reporting Standards (IFRSs). This follows on the completion of its first general improvements project in November 2006 (see articles in the October 2006 and February 2007 issues of IFAC News).

The IPSASB also approved a project to close the gap that has emerged between the existing IPSASs and the related IFRSs.

Heritage Assets and Entity Combinations

In reviewing project proposals on heritage assets and entity combinations, the IPSASB decided that additional analysis of some issues would be required before deciding the next steps. For heritage assets, a key issue was how to define a "heritage asset," as this impacts the scope of assets affected. For entity combinations, the IPSASB requested further analysis of combinations for which the application of the purchase/acquisition approach in IFRS 3, Business Combinations, may not be the most appropriate.

More information on the outcomes of the IPSASB’s meeting can be found in the April 2007 IPSASB Meeting Highlights and Decisions, which is available in English, French and Spanish from the IPSASB home page: www.ipsasb.org.

IPSASB Advances Strategic Plan

At its meeting in March, the IPSASB agreed to key aspects of its Strategic Plan for 2007-2009. The plan builds upon the following strategic themes that will guide the IPSASB’s work program over the next three years:

- Developing a public sector conceptual framework;
- Addressing public sector specific projects including convergence with statistical bases where appropriate;
- Furthering convergence of International Public Sector Accounting Standards (IPSASs) with the equivalent International Financial Reporting Standards (IFRSs), where appropriate; and
- Promoting and communicating the work of the IPSASB and the role of IPSASs in improving public sector financial reporting and financial management.

At the meeting, the IPSASB focused on how to best operationalize these themes. A major point of discussion was the need for a project to develop criteria for making modifications to relevant IFRSs to reflect public sector specific issues ("rules of the road").

During the period of 2007-2009, the IPSASB plans to commence projects in the following areas:

- "Rules of the road;"
- Updating/improving IPSASs;
- Heritage assets;
- Financial instruments – disclosure;
- Fiscal sustainability;
- Review of the cash basis IPSAS;
- Performance reporting;
- Management discussion and analysis;
- Fair value measurement;
- Entity combinations;
- Intangible assets; and
- Financial instruments – recognition and measurement.

The IPSASB’s strategy, operational and work plans (including the timing of all projects) will be posted on its website once they are finalized. For more information on the work of the IPSASB, visit: www.ipsasb.org.

IAASB Advises on Auditors’ Report on Special Purpose Financial Statements

The IAASB has issued advice regarding auditors’ reports on special purpose audit engagements. In a communication released in April, the IAASB advised auditors that reports for special purpose audit engagements can, with appropriate amendments, be issued in the form of the illustrative report in paragraph 60 of International Standard on Auditing 700, The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements.

The communication, which is available on the IAASB’s website (www.iaasb.org) under “Resources,” provides additional information in this regard and contains links to relevant standards.
IFAC Participates In World Bank ROSC Events

Over the past 12 months, representatives of IFAC’s Member Body Compliance Program and Developing Nations Committee have participated in numerous World Bank events for its Reports on the Observance of Standards and Codes (ROSC) program. The ROSC initiative is designed to assist World Bank member countries in implementing international accounting and auditing standards for strengthening the financial reporting regime. The objectives of this program are two-fold:

- Analyze comparability of national accounting and auditing standards with international standards, determine the degree with which applicable accounting and auditing standards are complied, and assess strengths and weaknesses of the institutional framework in supporting high-quality financial reporting.
- Assist the country in developing and implementing a country action plan for improving institutional capacity with a view to strengthening the country’s corporate financial reporting regime.

Following the completion of the ROSC assessment, dissemination workshops are held to review the recommendations of the report and identify actions to improve the legal and regulatory framework. These workshops bring together stakeholders such as the ministry of finance, the auditor oversight body, the professional accountancy body, banking and insurance regulators, audit firms, and the World Bank.

IFAC has participated in these events in Albania, Botswana, Cambodia, El Salvador, Georgia, Jordan, Turkey, and Uruguay. IFAC representatives at these events have included Russell Guthrie, Björn Markland, Manuel Sanchez y Madrid, and Julio Porteiro.

For more information on the World Bank ROSC activities, visit the World Bank website at www.worldbank.org/ifa/rosc_aa.html.

Ethics Standards Board Continues Focus On Independence Requirements

The International Ethics Standards Board for Accountants (IESBA) is continuing to focus on developing standards and guidance on issues related to independence for professional accountants worldwide.

Last December, the IESBA issued proposed revisions to the independence sections of the Code of Ethics for Professional Accountants section 290 and a proposed section 291. There was significant interest in the proposals in the exposure draft (ED), and the IESBA received over 70 comment letters which can be viewed on the IFAC website at www.ifac.org/eds. The IESBA will be carefully considering all comments received and will commence discussion at its meeting in Berlin, Germany at the end of June.

Also at its meeting in Berlin, the IESBA plans to approve for exposure a second ED on independence. When the IESBA approved the ED in December 2006, it recognized that there were three specific areas not addressed in the ED that should be considered subsequent to its release. These are:

- Whether it is appropriate to revise the existing guidance related to the provision of internal audit services to audit clients;
- Whether it is appropriate to include additional guidance related to the relative size of fees received from a single assurance client; and
- Whether it is appropriate to revise the existing guidance relating to contingent fees.

The IESBA plans to address these issues in the second ED.

In addition to independence, the IESBA also anticipates approving an ED of its Operating and Strategic Plan at the June meeting. Further information on the outcomes of the IESBA’s June meeting will be featured in the next issue of IFAC News.

For more information on the IESBA’s work program and to register as a public observer for an IESBA meeting, visit its home page at www.ifac.org/ethics.

IFAC to Co-Organize Latin American Accounting and Accountability Conference

IFAC, the World Bank and the Inter-American Development Bank are organizing a regional conference on Accounting and Accountability for Regional Economic Growth in Latin America and the Caribbean in Mexico City on June 13-15, 2007. This follows on a similar program for Africa in 2006.

The objective of this conference is to build greater awareness of the importance of sound accounting and auditing practices for the development of a well-functioning market economy and an efficient public sector. It will also focus on the ways in which improved financial reporting can contribute to overcoming significant development challenges.

The conference will bring together representatives from government, regulators, standard setters, the accounting and auditing profession, academia, the private sector, and international development organizations to address issues related to private and financial sector development, education and training, and public sector governance. The outputs from this conference will be available on the conference website after the event.

For more information on IFAC’s work to support developing nations, visit the Developing Nations Committee home page (www.ifac.org/developingnations).
IAESB Commissions Research on Continuing Professional Development

Continuing Professional Development (CPD) plays a major role in maintaining and enhancing the competence of professional accountants, enabling them to effectively serve the public interest throughout their working lives.

The International Accounting Education Standards Board (IAESB) has commissioned the Professional Associations Research Network in the United Kingdom to undertake research into approaches adopted by a range of professions to the measurement of CPD. The IAESB believes this project will be useful for IFAC member bodies in developing CPD programs for their professional accountants. It will also be of interest to a wide range of external stakeholders involved in CPD, including the academic community, accounting educators, policy makers, researchers, regulators, and professional accountants themselves.

The research team will be led by Andy Friedman, Professor of Management and Economics at the University of Bristol, United Kingdom, who has led a number of other research projects on such topics as CPD, governance, member services, ethical codes, and routes to membership.

For more information on the IAESB’s work program, visit its website at www.ifac.org.

IFAC to Host SMP Forum in Malta in October

As this newsletter went to print, IFAC’s Small and Medium Practices (SMP) Committee was finalizing details for the 2007 IFAC Small and Medium Practices Forum. The forum will be held on October 30, 2007 in St. Julian’s, Malta. All IFAC member and regional bodies will be invited to send a representative to this event.

The forum will provide an important opportunity to address key issues affecting the global community of SMPs and small and medium entities (SMEs). It will also focus specific attention on SMPs and SMEs in the Mediterranean, Middle Eastern, and Central Asian regions.

The 2007 forum will follow a similar format to the 2006 IFAC SMP Forum in Hong Kong. This year’s forum will focus on the following issues:

- Accommodating SMP/SME issues in auditing and ethics standard setting;
- Reflecting SMP/SME issues in accounting standards and guidance for SMEs and micro-entities (the smallest SMEs); and
- How SMPs can best contribute to the development of SMEs.

The forum will also present an opportunity to provide input to the SMP Committee’s work program.

Speakers will include representatives from IFAC, its member bodies, the International Accounting Standards Board, and the Malta Institute of Accountants, which is co-hosting the forum with IFAC.

Further details on the program, including registration information, will be distributed to member bodies in the near future. For more information on the work of the SMP Committee, visit its home page at www.ifac.org/smp.

Education Board Releases Ethics Education Toolkit

The International Accounting Education Standards Board (IAESB) has released a CD-ROM version of the Ethics Education Toolkit, which is designed to assist member bodies and others in developing high quality ethics education training programs.

Developed by a team of researchers led by Professor Philomena Leung from Deakin University, Australia, the Ethics Education Toolkit contains a range of case studies and supporting notes, presentations, video clips, and other teaching materials designed to support the implementation of International Education Standard 4, Professional Values, Ethics and Attitudes. It is also intended to help professional accountancy bodies and accounting educators develop and deliver high quality ethics education and training to professional accountants and accounting students worldwide.

The toolkit is currently available from the IFAC online bookstore (www.ifac.org/store) in CD-ROM format for US$25 plus shipping. A free downloadable version is currently under development and is planned to be available in June 2007.
IFAC’s 1992 annual report noted that its first 15 years had witnessed an impressive set of achievements, including a membership of 106 professional accountancy bodies in 78 countries representing more than one million accountants worldwide, almost a doubling since IFAC’s foundation in 1977. During this period more than 60 technical pronouncements had been issued, covering many important aspects of the work of the profession, most notably in the field of auditing. IFAC’s work was increasingly being recognized by international organizations and a strategic plan had been established to take the international accountancy profession toward the 21st century. Behind these achievements lay a myriad of initiatives and activities that collectively comprised the daily working life of IFAC. This article highlights some of these and identifies a number of key developments in IFAC’s first 15 years of operation.

Organizational Structures

The location for IFAC had been designated as New York; however as a non-governmental organization formed under the Swiss Civil Code, it was registered in Geneva, Switzerland. As discussed in our article in the previous newsletter, IFAC’s organizational structure had been determined prior to its foundation – the formal senior governing body being the Assembly which was composed of one representative from each of the member organizations. The Assembly met on the occasion of the International Congresses held every fifth year. During this period, World Congresses were held in Mexico City (1982), Tokyo (1987) and Washington, D.C. (1992). Much of the Assembly’s powers were delegated to the Council comprising 15 national representatives which met regularly twice a year. The Council elected from among its members a president, a deputy president and two vice presidents. One of the first actions at the first meeting of the Council, held on October 8, 1977, was to appoint Robert N. Sempier as the first Executive Director.

Following the 12-point work program agreed when IFAC was formed, a number of committees were established.* Dealing with technical matters, four basic standing committees were set up to develop practice guidance and principles. These were the International Auditing Practices Committee (IAPC), the Ethics Committee, the Education Committee, and the Management Accounting Committee (which added “Financial” to its name in 1982). Of these, the IAPC was the most important. In 1986 an additional technical committee was formed, the Public Sector Committee; this had the authority to issue pronouncements on accounting, auditing and reporting in the public sector. Council and committee members were

During the period of 1977-1992, more than 60 technical pronouncements were issued, covering many important aspects of the work of the profession, most notably in the field of auditing.

“country” representatives, meaning that if there were two or more member bodies in one country, they were collectively represented by the appointed national representative. It was also made clear early on that only people who were members of an IFAC member body could sit on IFAC committees. Technical advisers, though, were allowed to attend meetings, and it is notable that some played a long and important role in IFAC, such as John Williams (United Kingdom) and Henk Volten (Netherlands). Henk, for example, at one stage served as adviser to the Dutch members of three different IFAC committees.

The other committees established in the wake of IFAC’s formation were the Planning Committee, which dealt with strategic and wider operational issues; the International Congress Committee, which oversaw the organization and approval of World Congresses; and the Regional Organizations Committee.

Overall, it was a lot of activity to be coordinated by a small secretariat and Bob Sempier commented: “I can only tell you that it was no easy task to organize these committees. The problem, of course, was that the members are spread all over the world.”

Offices, Officers, Staff and Budgets

IFAC’s New York headquarters in 1977 were based in a suite of offices at the American Institute of Certified Public Accountants (AICPA) at 1270 Avenue of the Americas. The AICPA provided not only offices, but also office furniture, equipment and other services free-of-charge, a big help to an organization with an initial budget of only US$145,000. In 1982, this arrangement ended and IFAC moved to 540 Madison Avenue, where it remained until 1992.

Following his appointment, Bob Sempier employed what he described as “a modest staff consisting of two and one-half professionals with secretarial support.” Often the professionals IFAC employed were seconded from national associations for a limited period rather than being permanent staff. Financing the activities of IFAC was a constant concern, and the issue of how much each member body should pay was described by the President in 1991 as being a matter of difficulty which could only be resolved subjectively through (what became known as) a system of “rough justice.” The World Congress was also a source of income, with IFAC taking 10 percent of each delegate’s fee. The cost of IFAC meetings was high, but travel costs of committee members were paid by their associations, so in this way an extra subsidy from member bodies was obtained. Throughout the period from 1977 to 1991, when he retired, Bob Sempier was the crucial driving force. He had to be a “jack-of-all-trades” and among

* Information on IFAC’s history, including the 12 points that guided its early work program, is available on its website (www.ifac.org).
IFAC – The First Fifteen Years: 1977-1992

continued

his achievements can be listed designing the logo which IFAC still uses today (albeit slightly modernized). In the 1990 annual report, it was remarked that “it is largely through his influence that IFAC has achieved its present high standing and wide recognition around the world.”

During his tenure, Bob Sempier worked closely with the Presidents, who in this period were: Reinhard Goerdeler (W. Germany, 1979-81); Gordon Cowperthwaite (Canada, 1981-83); Washington SyCip (Philippines, 1983-85); Robert May (United States, 1985-87); Richard Wilkes (United Kingdom, 1987-90); and Bertil Edlund (Sweden, 1990-92). The Presidents played not only a role in IFAC itself, but also acted as global ambassadors for the organization and its work both in discussions with international organizations and through giving speeches at national and regional professional accounting conferences.

IFAC and the International Accounting Standards Committee

A fascinating issue during IFAC’s first 15 years was its relationship with the International Accounting Standards Committee (IASC). The early years of IFAC’s existence saw ongoing discussions as to whether or not the IASC should be brought under the IFAC umbrella. The competing arguments concerned whether integrating the IASC within IFAC would give a more coherent external image as to the accounting profession’s global standard-setting activity, or whether such a move would be counterproductive—sending out signals that accounting and auditing standard setting was (overly) dominated by the accounting profession, with an inadequate voice for outside voices/interested parties. This latter view was influenced significantly by claims that bodies such as the Organisation for Economic Co-operation and Development (OECD) and the United Nations viewed accounting standards as being too important to be left solely in the hands of the accounting profession.

The end result of the first four years of discussions which followed the formation of IFAC was the 1982 “IASC/IFAC Mutual Commitments” agreement. This essentially allowed the IASC and IFAC to exist as separate bodies, but with the IFAC Council being granted the right to appoint all IASC board members. As part of the agreement, a Co-ordinating Committee was established to facilitate close working between the IASC and IFAC.

The mutual commitments accord, while gaining the approval of both the Council of IFAC and the IASC Board, subsequently proved to be something of an uneasy truce. Merger talk returned visibly in 1987 and discussions at the Tokyo World Congress held that year led to the formation of a Working Party (chaired by John Bishop, an Australian and former member of both the IFAC Council and the IASC Board) to review the aims, effectiveness and relationship of IFAC and the IASC.

Significantly, the Bishop Working Party found little evidence of confusion about the respective roles of IFAC and the IASC. It felt that the IASC had “firmly established itself as the setter of international accounting standards, while IFAC is recognized as the representative of the internationally organized accounting profession whose responsibilities include the development of international auditing, educational, ethical and other standards which are complementary to the international accounting standards set by IASC.” The idea of a merger between IFAC and the IASC was firmly rejected. While in the early 1980s, the IASC had feared being taken over by IFAC\(^1\), by the end of the decade it was evident that any such takeover was off the agenda.

Looking Forward

IFAC concluded 1992 with the approval of its strategic plan, “Toward the 21st Century — Strategic Directions for the Accountancy Profession,” which emphasized the importance of planning and linking activities to strategic objectives such as promoting the profession’s record of achievement, developing a strong and cohesive international accounting profession, and furthering efforts to influence capital markets and global trade.

IFAC had begun life with “all the problems of a new international body, relying largely on volunteer effort and with little or no authority over anyone or anything.”\(^4\) But by the 1990s IFAC seemed to be having success, particularly in the field of international auditing. IFAC had become an established international standard setter for auditing. One of the most important events in bringing this about was that it became increasingly unlikely that there would be any attempt to produce competing European standards. In 1991 it was decided to rename the international auditing guidelines issued by the IAPC as International Standards on Auditing, on the basis that the term “standard” better reflected IFAC’s position and authority. The IAPC committed itself to a major codification and assessment of these standards. It was felt that the switch would improve perceptions as to the status of such documents and encourage usage of them. In 1992 the Presidents’ Committee of the International Organization of Securities Commissions (IOSCO) issued a resolution that recommended that members of IOSCO accept 24 specified International Standards on Auditing (and three exposure drafts expected to be published as standards in 1993) as an “acceptable basis for use in cross-border offerings and continuous reporting by foreign issuers…”

Commenting on the theme of the forthcoming 1992 Congress, “The Accountant’s Role in a Global Economy,” IFAC wrote: “as we convene, we expect to find that in spite of our differences, we face the same problems everywhere and that IFAC’s goal of a truly harmonized accountancy profession is, indeed, an achievable objective.”

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2 Ibid. p.21.
