



Enhancing Quality: Global Adoption of International Accountancy Standards

IESBA Board
December 5, 2019

New York, USA

International Standards' Adoption & Implementation



Help drive economic growth & financial market stability



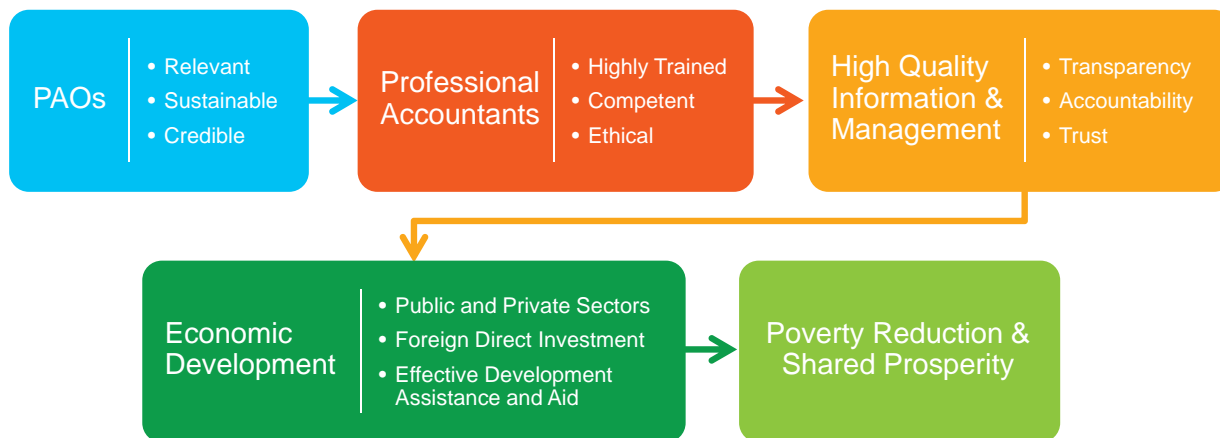
Promotes transparency, accountability, and trust in financial information



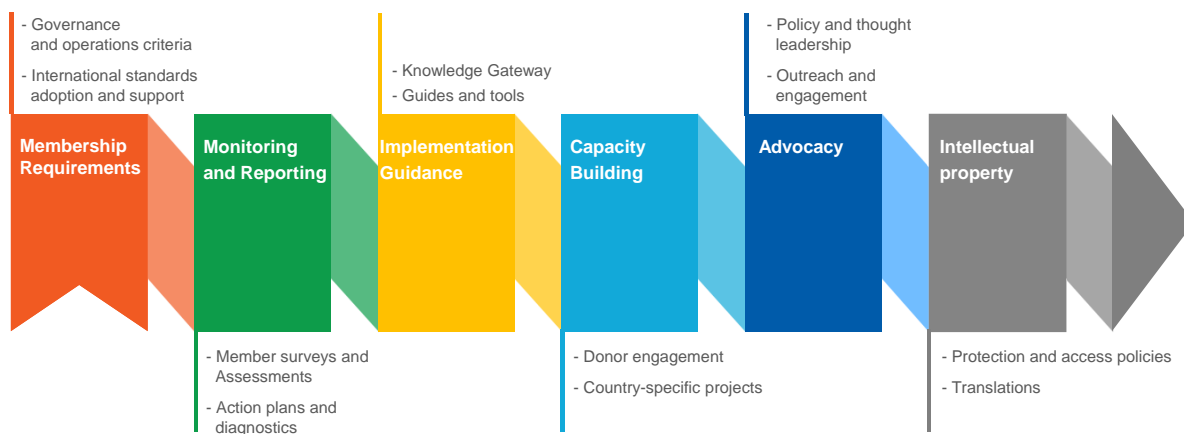
Combat inconsistent and fragmented regulation of the financial sector



PAOs' Role



IFAC's Role in the International Standards' Adoption Ecosystem



IFAC and Our Membership

IFAC MEMBER COMPLIANCE PROGRAM

provides a framework for strong, capable PAOs



A Timeline of IFAC'S
Adoption & Implementation
Focus



IFAC Member Organizations Are Essential to Competent Usage of International Standards



POSITIVE TREND IN STANDARD USAGE

When IFAC members are involved in the standard-setting process, there is a positive trend in the international standards' and systems' usage.



SHARED RESPONSIBILITY AND COLLABORATION

Standard-setting includes multiple stakeholders that must work in sync to adopt and keep standards up-to-date.



ADVOCATORS AND ADVISORS

IFAC members are strong advocates for international standards' adoption and provide advice on relevant issues.

IFAC Member Organizations' Role in Adoption

On average

76%

of IFAC member organizations have some level of authority in the adoption of international standards and setting best practices.

This can be **direct** (legally able to adopt international standards for their members) or **shared** (working with other organizations and the government).

Adoption & Implementation Support

IFAC member organizations provide essential stakeholder support for the adoption of standards and accompanying systems.

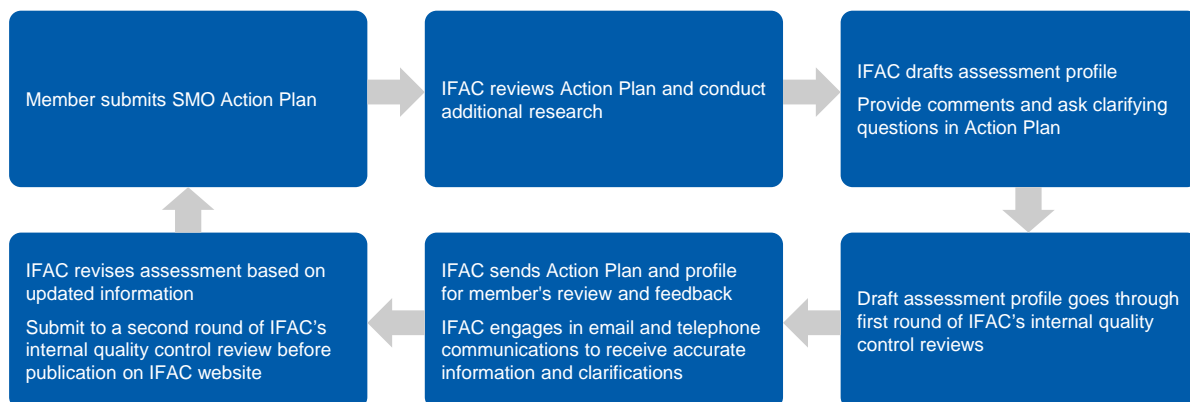
Accountants and their stakeholders then rely on the support IFAC member organizations provide to properly apply standards and improve professional competency.



International Standards: 2019 Global Status Report



Methodology



Global Adoption Status Snapshot

>90%

of IFAC member jurisdictions use:

- International Standards on Auditing
- International Financial Reporting Standards
- *International Code of Ethics for Professional Accountants* from the Ethics Board

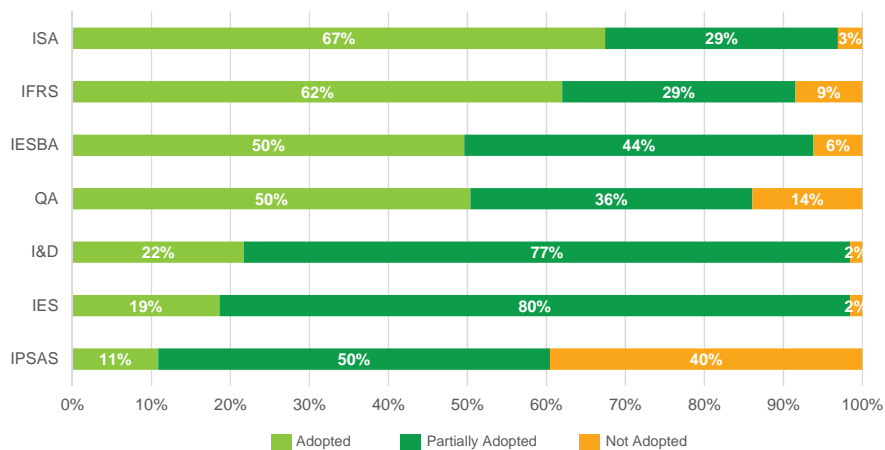
>80%

of IFAC member jurisdictions have monitoring/enforcement mechanisms for quality assurance and investigation and discipline.

Global Adoption Status Snapshot: Data

IFAC measures adoption rates in seven areas: five international standards and two best practices

GREENS = USAGE



Code of Ethics Adoption

46%

IFAC member jurisdictions have adopted the Code

49%

partially adopted

5%

not adopted

Partial Adoption

42%

earlier version of the Code

5%

scope of applicability

5%

not entire Handbook adopted

IFAC member jurisdiction details available on IFAC website



Trust & Confidence in International Standards

How jurisdictions adopt standards demonstrates **trust** and **confidence** in the high-quality standards and process.

Most adopt by **directly** referring to the standards or working to eliminate differences (**convergence**).

80%

of IFAC member jurisdictions **directly** adopt International Standards on Auditing

79%

of IFAC member jurisdictions **directly** adopt International Financial reporting standards

57%

of IFAC member jurisdictions **directly** adopt the *International Code of Ethics for Professional Accountants*

42%

of IFAC member jurisdictions **directly** adopt International Public Sector Accounting Standards



How the Code of Ethics is Adopted

- 57% jurisdictions **directly** refer to International Code of Ethics
 - 21% jurisdictions: standard setters adopt the Code **as issued**
 - 39%: standard setters **adopt and republish** a specific year/version of Code
 - 39%: standard setters **converge** the Code with national ethical requirements
- Most jurisdictions use the Code as a minimum benchmark
- **TREND:** Standard-setters are striving to adopt the latest version of the International Code
 - +30 have adopted 2018 Code

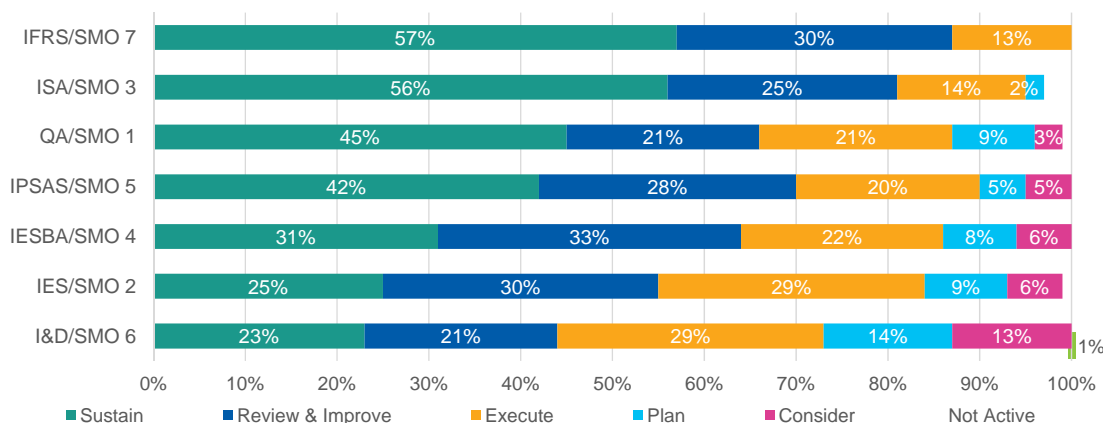


Authority to Adopt Ethical Requirements

- Authority for accountancy profession ethical requirements varies from jurisdiction to jurisdiction.
- It is often a shared responsibility amongst several entities.
- Strong Code-usage rates reflect how often IFAC member organizations have some level of involvement/authority
- IFAC member organizations advocate for adoption & contribute to progress through technical support



Adoption + Implementation = Success



Support from IFAC Member Organizations for Adoption & Implementation of the Code

- 86% of IFAC member organizations substantially carry out or have formed strong processes for ethics adoption and implementation support
- 14% of IFAC member organizations have plans to address & enhance

Championing Ethics

PAOs champion the International Code through:

Education and training

Resource centers

Technical experts

Confidential hotlines / sounding boards

Practical case studies

Research

Awareness raising amongst regulators

Translations: Main Adoption Challenge

- Access to standards in local languages remains a main challenge
- Translation requires technical & financial resources – and stakeholders willing to invest in translation
- IFAC member organizations supporting translations that are timely, accurate, and complete.
 - Use their own technical expertise or support additional organization's processes
 - 45% of member organizations are involved in translating the Code or have partnered with other organization to do.
- 92 (53%) member organizations would benefit from translations of the Code

Regional Outlook

REGION	Total # IFAC Member Jurisdictions	Adopted	Partially Adopted	Not Adopted
Asia - Pacific	23	35%	57%	8%
Africa	24	88%	12%	0%
Americas and Caribbean	25	28%	64%	8%
Europe and Central Asia	48	44%	52%	4%
Middle East and North Africa	10	30%	70%	0%

IFAC – IESBA Collaboration

- IFAC is in frequent contact with IFAC member organizations on regional and jurisdictional priorities
- Enables coordinated outreach and awareness raising
 - e.g., roundtable in Moscow, workshop at CReCER, webinar with ASEAN Federation of Accountants
- IFAC is supporting NOCLAR implementation review by leveraging compliance contacts & relationships

Key Takeaways

Increasing commitment to speaking a common language.

Further implementation planning and support is needed.

Adoption = sustained effort to review, revise, and promulgate, including translation.

Translations is one of the main challenges to successful adoption and implementation.

Standards must be applied to be adopted.

Multi-stakeholder effort required to extend the adoption success story.

What's Next in Adoption Reporting?

Reports by specific standard

	Ethics and Investigation & Discipline	ISA and Quality Assurance	IES	IPSAS
2020	2020	2021	2021	2022

Regional report on the Middle East & North Africa



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