



International  
Federation  
of Accountants®

# Enhancing Quality & Supporting IFAC Membership

IAASB  
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Quality & Development

# Quality and Development: An Overview

## MEMBERSHIP



- Assessing potential members
- Engaging with PAOs that have expressed interest

## COMPLIANCE



- IFAC Compliance Program: SMO Action Plans & Dashboard Reports
- Enhanced Enforcement
- *International Standards: Global Status Report*

## DEVELOPMENT



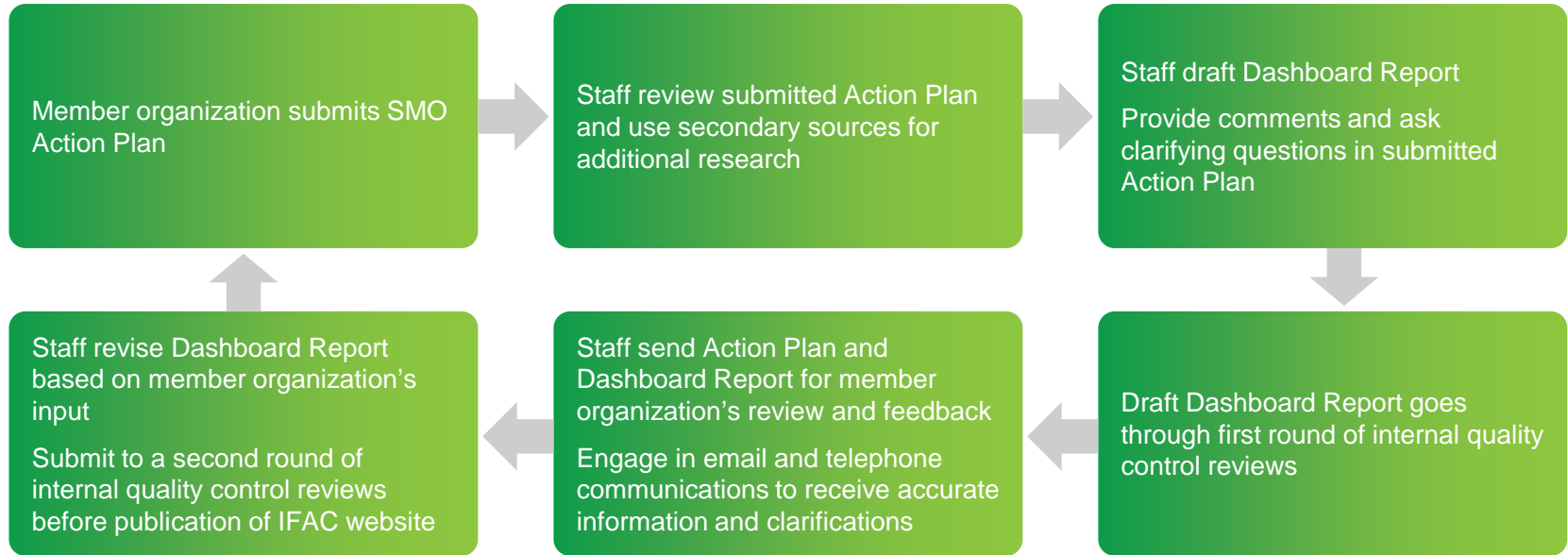
- Identify, monitor, and evaluate PAO Capacity Building projects
- Producing tools and guidance for PAO Development

## DONOR ENGAGEMENT



- DFID PAO Capacity Building Program management
- MOSAIC
- Peer Reviewers for World Bank's ROSC 2.0

# Methodology and Process of Assessing SMO Fulfillment



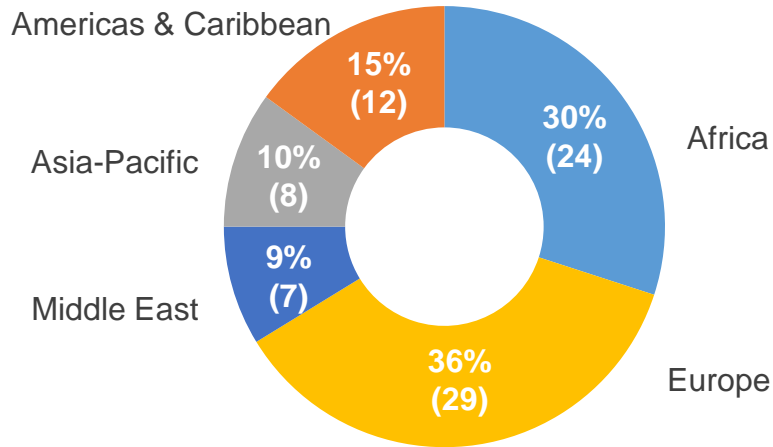
# Adoption and SMO Fulfillment Status Report

- Second annual report based on DBR initiative
  - 104 profiles
  - 80 jurisdictions
  - Toolboxes with key resources, fundamentals of new standards, and examples of best practices
  - Representative sample of IFAC membership
- Identify challenges and tools needed

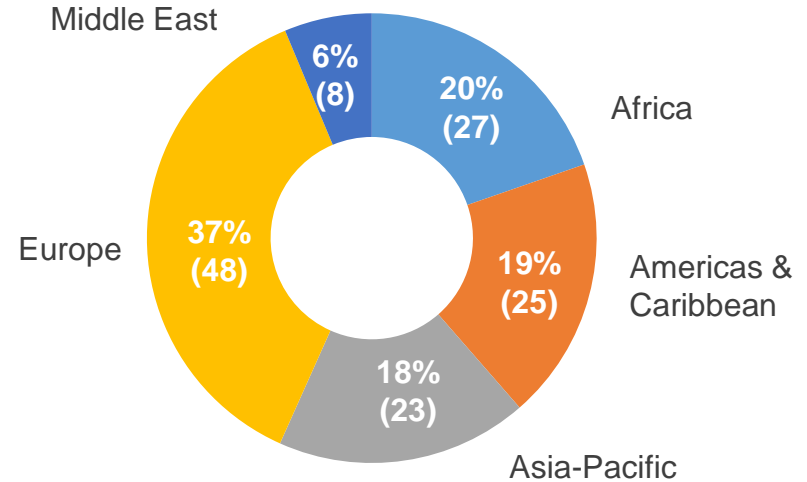


# Distribution of Jurisdictions and Member Organizations

**REPORT COVERAGE:**  
80 Jurisdictions / 104 Member Organizations

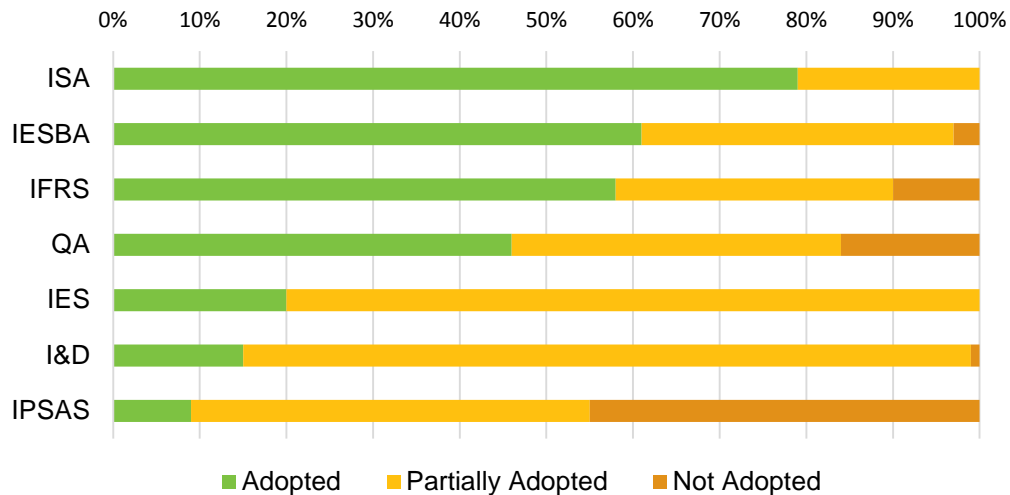


**TOTAL IFAC MEMBERSHIP:**  
131 Jurisdictions / 177 Member Organizations



# Jurisdiction Adoption of International Standards

STATUS OF ADOPTION IN JURISDICTIONS  
(Most to Least Full Adoption)



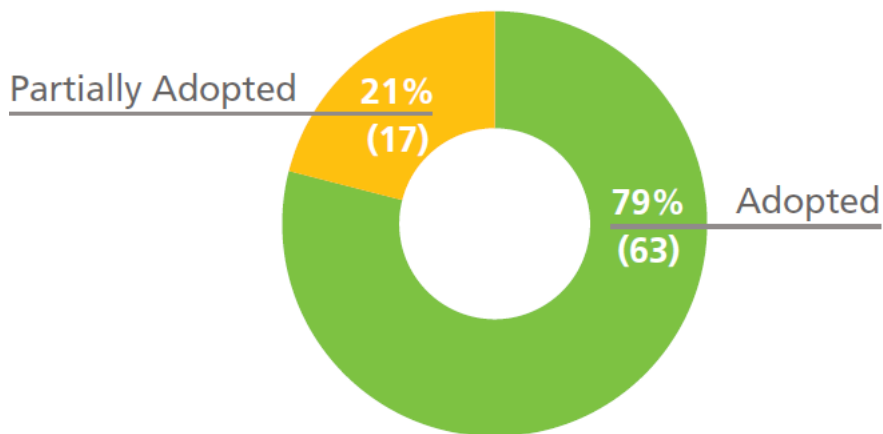
- Green + Yellow = Usage
- Significant progress but long-term endeavor
- 79% adopt ISA
- 61% adopt IESBA Code\*
- 20% adopt all IES\*

\* for all professional accountants

# Adoption of ISA

- April 2017: Change in methodology to “currently effective”:
  - 13 under new definition
  - 7 Adopted
- Adoption by reference: 64%, and by convergence: 11%
- Partial: older versions, clarification needed, some adopted

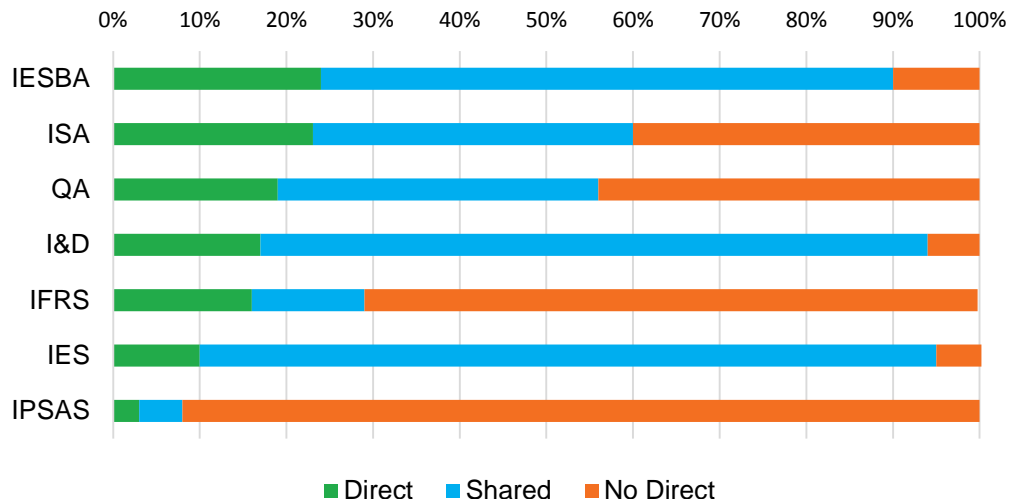
## ADOPTION OF ISA



# Responsibility of Member Organizations

## PAO RESPONSIBILITY

(Most to Least Direct Responsibility)



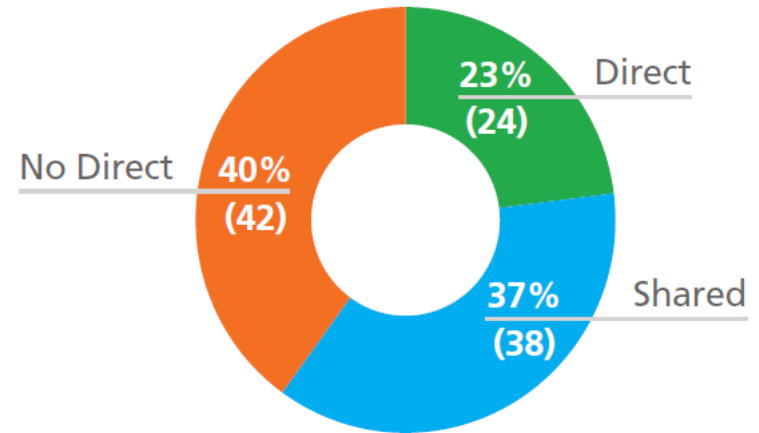
- PAOs drive adoption through promotion and support
- Varied roles, complex environments
- Multi-stakeholder process



# Responsibility for Adoption of ISA

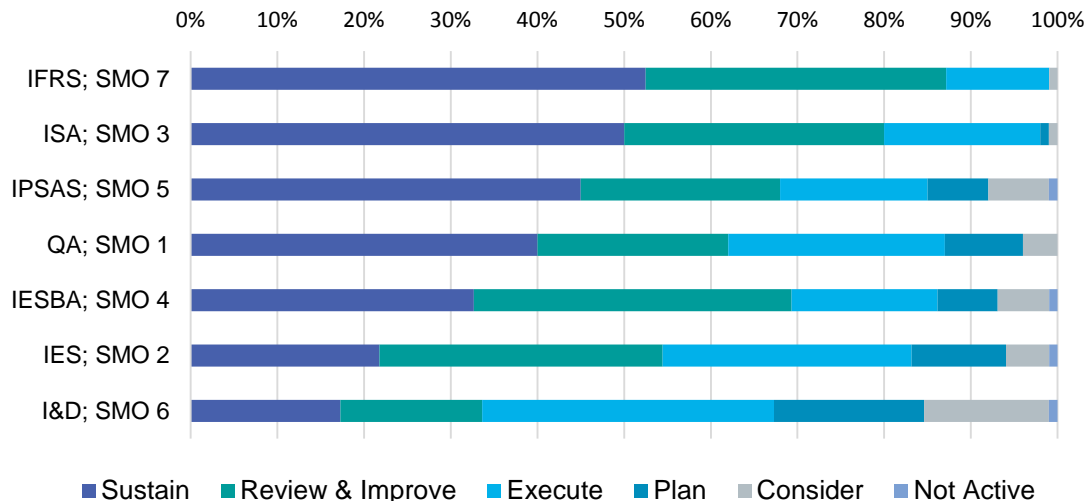
- 60% of PAOs involved directly in adoption
- In 36 cases, government or oversight authority has full responsibility
- PAOs are crucial to translation, dissemination, and training (e.g. recent lesson from Dominican Republic)

ISA: PAO RESPONSIBILITY



# SMO Fulfillment by Member Organizations

**SMO FULFILLMENT BY PAOs**  
(Most to Least SMO Fulfillment)

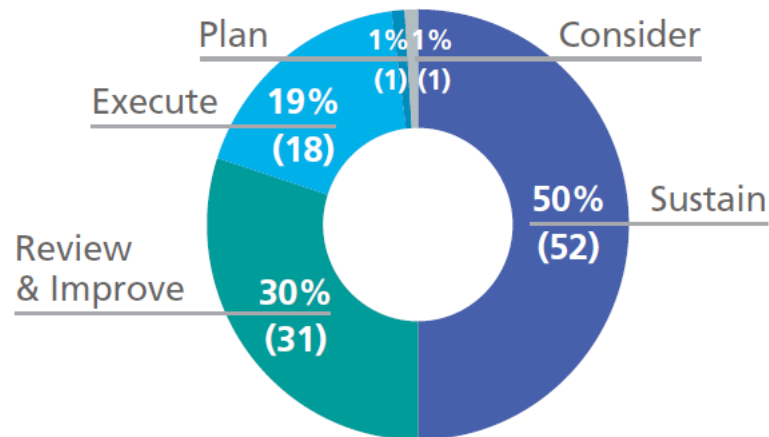


- Commitment to SMOs
  - Adopting, implementing
  - Promoting, supporting
- Progress influenced by
  - National contexts
  - Regulation
  - Resources and tools
  - Know-how
  - Governance
  - Commitment

# SMO 3 Fulfillment by IFAC Member Organizations

- Members using best endeavors
- Strong focus since inception of Compliance Program
- Good progress over last decade (e.g. Latin America, European Union)
- In addition, PAOs champion public consultation and feedback to IAASB

## SMO 3 FULFILLMENT



# Key Findings

- Main adoption and implementation challenges for PAOs
  - Educational standards (IES), especially 2015 revised IES
  - Quality assurance review systems; and
  - Investigative and disciplinary (I&D) systems
  - Suitable PAO governance structures, operational capacity, and financial sustainability need to be in place

# Key Findings

- With additional support, PAOs are well-positioned to advocate on importance of topics
  - Often there is low awareness and/or capacity amongst relevant stakeholders to effectively implement these best practices.
- Capacity building initiatives could help enhance the adoption and implementation of international standards and strong economic ecosystems by addressing underlying barriers
  - Suitable PAO governance structures, operational capacity, and financial sustainability need to be in place



*Strengthening Organizations,  
Advancing Economies*

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