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# IFAC Membership Admission Criteria and Process





IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

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## IFAC Membership Admission Procedure

This Section outlines the categories for admission to IFAC (Member, Associate, and Affiliate), the criteria to be met by Applicants, admission procedures and timeline, the role and obligations of the Sponsor, and the documents to be submitted by Applicants.

### Introduction

#### *IFAC Mission*

1. The mission of IFAC is to serve the public interest and strengthen the accountancy profession by: supporting the development of high-quality standards; promoting the adoption and implementation of these standards; building the capacity of professional accountancy organizations; and speaking out on public interest issues.
2. IFAC is comprised of over 175 Members and Associates in 130 countries and jurisdictions, representing approximately 2.84 million accountants in public practice, education, government service, industry, and commerce. IFAC Members and Associates are professional accountancy organizations (PAOs) recognized by law or general consensus within their countries as substantial national organizations.
3. IFAC Member organizations are required to comply with Statements of Membership Obligations (SMOs). The SMOs cover IFAC member organizations' obligations to support the (a) adoption and implementation of international standards and other pronouncements issued by the International Auditing and Assurance Standards Board (IAASB), International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), International Public Sector Accounting Standards Board (IPSASB), and International Accounting Standards Board (IASB), as well as (b) the establishment of quality assurance and investigation and disciplinary systems.

#### *Responsibility for Membership Admissions*

4. The IFAC Council has the authority and responsibility for setting admission criteria, which are established in the IFAC Constitution and Bylaws (February 2014). The IFAC Council approves admissions of Members and Associates based on recommendations from the IFAC Board of Directors (the Board). The Board approves admissions of Affiliates.
5. The Board has the authority and responsibility for determining additional criteria and procedures for PAOs to be admitted into membership of IFAC. The role of the Compliance Advisory Panel (CAP) is to oversee the implementation and operation of the IFAC Member Compliance Program, which is the responsibility of the IFAC Quality & Member (Q&M) staff reporting to the Chief Executive.

### IFAC Members

#### *Member Admission Criteria and Obligations<sup>1</sup>*

6. Member status shall be open to PAOs that meet the following criteria:

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<sup>1</sup> IFAC Constitution and Bylaws, February 2014.

## IFAC MEMBERSHIP ADMISSION CRITERIA AND PROCESS

- (a) The PAO is acknowledged, either by legal decree or by general consensus, as being a national PAO in good standing in the jurisdiction in which it operates. In case of acknowledgement of the foregoing by general consensus, evidence shall exist that such PAO has the support of the public and other key stakeholders;
  - (b) The PAO supports the mission of IFAC;
  - (c) The PAO fulfills the requirements specified in the SMOs approved by the Board, and demonstrates evidence of compliance as required by the Member Compliance Program;
  - (d) The PAO demonstrates capacity to actively participate in the Member Compliance Program;
  - (e) The PAO is financially and operationally viable, and has an appropriate governance structure;
  - (f) The PAO has an internal operating structure that provides for the support and regulation of its members;
  - (g) The PAO has the financial capacity to make the Member contributions determined in accordance with the basis of assessment approved by the Council, and makes such contributions; and
  - (h) The PAO abides by the relevant provisions of the Constitution and Bylaws.
7. The Board may establish additional criteria and procedures for PAOs to be admitted as Members, and to retain their status as Members in Good Standing.
  8. Members shall be admitted by the Council upon recommendation of the Board. The recommendation shall be approved by the Board by a two-thirds majority vote.

### *Member Entitlements<sup>2</sup>*

9. Members in Good Standing are entitled to:
  - (a) Attend Council meetings;
  - (b) Participate in the discussions and deliberations at Council meetings, unless Delinquent;
  - (c) Vote at Council meetings, unless Delinquent;
  - (d) Nominate individuals to the Board and any other board, panel, committee, or group established as set forth in Article 29, unless Delinquent;
  - (e) Receive access to IFAC publications, unless Delinquent in which case access is limited to publications that are otherwise available to the general public; and
  - (f) Such other entitlements as the Council or Board may establish.

### *Member Financial Contributions*

10. Members are required to make financial contributions determined based on economic and membership size indicators. Financial contributions are calculated and invoiced annually.

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<sup>2</sup> See footnote 1.

## **IFAC Associates**

### *Associate Admission Criteria and Obligations*<sup>3</sup>

11. Associate status shall be open to PAOs that do not meet the Member admission criteria, but that:
  - (a) Support the mission of IFAC;
  - (b) Demonstrate, to the Board's satisfaction, evidence of compliance with such additional criteria and procedures for PAOs to be admitted as Associates, and to retain their status as Associates in Good Standing, as may be established by the Board;
  - (c) Have the financial capacity to make the contributions determined by the Board, and make such contributions; and
  - (d) Abide by the relevant provisions of the Constitution and Bylaws.
12. Associates shall be admitted by the Council upon recommendation of the Board. The recommendation shall be approved by the Board by a two-thirds majority vote.
13. Upon a recommendation of the Board, the Council may approve a Member becoming an Associate when the Member:
  - (a) No longer meets the Member admission criteria and obligations set forth in Article 1;
  - (b) Has requested to become an Associate; and
  - (c) Meets the Associate admission criteria set forth in Article 2.1.
14. The recommendation shall be approved by the Board by a two-thirds majority vote.
15. The Member will become an Associate immediately after the Council's decision. The Member shall make a financial contribution at the Member level for the calendar year in which the Council's decision is made; and at the Associate level for the following calendar year.

### *Associate Entitlements*<sup>4</sup>

16. Associates in Good Standing are entitled to:
  - (a) Attend Council meetings;
  - (b) Participate in the discussions and deliberations at Council meetings, unless Delinquent, but without voting rights;
  - (c) Receive access to IFAC publications, unless delinquent in which case access is limited to publications which are otherwise available to the general public; and
  - (d) Such other entitlements as the Board may establish.
17. Associates are generally expected to advance to the Member category. The Board may recommend to the Council an Associate for the Member category when the Associate meets the Member admission criteria set forth in Article 1, and the Associate is committed to meeting the obligations required of Members. The recommendation shall be approved by the Board by a two-thirds majority

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<sup>3</sup> See footnote 1.

<sup>6</sup> See footnote 1.

vote. The Associate shall follow the Member admission procedures, and make a Member financial contribution in the year following its admittance as a Member.

*Associate Financial Contributions*

18. Associates are required to make financial contributions determined by the IFAC Board. Financial contributions are calculated and invoiced annually.

*Other Considerations*

19. Some PAOs are at an earlier stage of development or operate within a regulatory and standard-setting framework that present challenges with respect to demonstrating compliance with the SMOs.
20. Once admitted as an Associate, IFAC will monitor the Associate's progress in implementing agreed actions and generally, where progress has been made, the Associate will be encouraged to apply for membership within two to three years. Associates are also required to participate in the IFAC Member Compliance Program.

**IFAC Affiliates**

*Affiliate Admission Criteria and Obligations*<sup>5</sup>

21. Affiliate status shall be open to organizations that:
  - (a) Are not PAOs;
  - (b) Have an interest in the global accountancy profession;
  - (c) Support the mission of IFAC;
  - (d) Demonstrate, to the Board's satisfaction, evidence of compliance with such additional criteria and procedures for organizations to be admitted as Affiliates, and to retain their status as Affiliates in Good Standing, as may be established by the Board;
  - (e) Have the financial capacity to make the contributions determined by the Board, and make such contributions; and
  - (f) Abide by the relevant provisions of the Constitution and Bylaws.
22. Affiliates are admitted by a two-thirds majority vote of the Board.

*Affiliate Entitlements*<sup>6</sup>

23. Affiliates in Good Standing are entitled to:
  - (a) Attend Council meetings;
  - (b) Participate in the discussions and deliberations at Council meetings, unless Delinquent, but without voting rights;
  - (c) Receive access to IFAC publications, unless Delinquent in which case access is limited to publications which are otherwise available to the general public; and
  - (d) Such other entitlements as the Board may establish.

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<sup>5</sup> See footnote 1.

<sup>6</sup> See footnote 1.

*Affiliate Financial Contributions*

24. Affiliates are required to make financial contributions determined by the IFAC Board. Financial contributions are calculated and invoiced annually.

*Other Considerations*

25. Affiliates may have international, regional, or national membership and normally represent a group of professionals who interface frequently with the accountancy profession.

**Admission Procedure and Timetable**

Admission into IFAC membership requires an approval of the IFAC Council.

*Admission Deadline*

26. Complete admission application, sponsorship materials, and the application fee (see below) need to be received by IFAC by January 1 to allow sufficient time for the Q&M staff and the CAP to review such materials and form a recommendation to the Board by its September meeting.
27. Complete admission applications submitted after January 1 will be considered for the next year's approval process.
28. When incomplete applications are submitted and/or additional information requested by IFAC is not provided by the Applicant prior to the January 1 deadline, the application file may be closed at the discretion of the Q&M staff, with the approval of the CAP Chair.

*Application Fee*

29. Applicants must submit an application fee as part of the process.<sup>7</sup> The application fee is calculated as follows:
  - (a) The application fee for first time applicants for Associate or Member status would be equal to their first year's financial contribution up to a maximum fee of \$25,000 defined on a regular basis and approved by the IFAC Board. Member organization financial contributions are assessed based on economic and membership size indicators. Consequently, the calculation of an Applicant's application fee will vary from Applicant to Applicant and should be confirmed with the Q&M staff as part of the membership application process.
  - (b) The application fee is non-refundable and must be paid by the January 1 deadline. If the application does not lead to a positive recommendation to the IFAC Board in that year, the Applicant would only need to pay an application fee that is 50% of the fee as calculated under the first bullet when it applies the second time. The reduction reflects the fact that some due diligence was already conducted during the first application submission.
  - (c) Associates applying for Member status would be required to pay an application fee that is equal to 50% of the fee as calculated under the first bullet.

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<sup>7</sup> The IFAC Board approved the requirement for an application fee at its November 2008 meeting.

*Support of Existing IFAC Member*

30. The admission application process requires Applicants to obtain an Attestation of Support from an existing IFAC Member, which must submit information that will provide IFAC with sufficient knowledge to evaluate the Applicant's membership request. Responsibility for seeking sponsorship remains with the Applicant; however, both Applicant and potential Sponsor should communicate with the Q&M staff if they require additional information about the Sponsor's role and the process.

*Application Review Process*

31. Once the complete application is received at the IFAC offices, it is reviewed by the Q&M staff to ensure all necessary information is included. The staff will contact the Applicant during the process to seek clarification of information where necessary. Staff will also contact the Sponsor and possibly others to seek confirmation of information. Once all required information has been received and any questions have been sufficiently answered, an initial recommendation for membership may be made.
32. The Q&M staff will refer the application to the CAP for its review and consideration. The staff may then make a recommendation to the IFAC Board. The Board will then consider the application and, if approved, make a recommendation to the Council that the application be approved. The Council then votes whether to approve the Board's recommendation. If approval is not recommended at any stage of the process, the Applicant will be advised as soon as it is practicable.
33. The Board currently meets four times a year, usually in February, June, September, and November. An application may be considered by the Board at the February, June, and September meetings. The application is presented to the Council for final approval at its next annual meeting, normally in November.
34. The entire process, from Q&M staff review, CAP review, and Board consideration may take between six months to one year depending on the completeness of information provided by the Applicant and the need for further consultation with the Applicant or other parties. Thus, applications should be submitted with sufficient lead time and all the required information.

**Sponsorship of Applicants**

35. When making recommendations to the Board regarding the admission of a PAO to membership, the IFAC Q&M staff and CAP are guided by the following principles:
  - (a) The Applicant shall be sponsored by an IFAC Member in good standing<sup>8</sup>;
  - (b) If the country is already represented by one or more Members, the Applicant shall seek sponsorship by at least one of these Members;
  - (c) If the Member(s) represented in IFAC in the country of the Applicant will not sponsor the Applicant, IFAC will seek to understand the reasons for the lack of such nomination. Where the reasons provided for the lack of nomination from the IFAC Member(s) in that country are justified on public interest grounds, IFAC will not approve the application. In other cases, IFAC will consider a sponsorship from another IFAC Member from outside the country.

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<sup>8</sup> Members that are suspended for failure to make financial contributions or participate in the IFAC Member Compliance Program are not eligible to be Sponsors.

*Role of the Sponsor*

36. The support provided to the Applicant by the Sponsor throughout the admission process contributes significantly towards the work of the IFAC Q&M staff and CAP in evaluating the Applicant. For this reason, the Sponsor is required to provide:
  - (a) An Attestation of Support; and
  - (b) A Due Diligence Report about their knowledge of certain aspects of the applicant organization, the application materials, an SMO self-assessment, and audited financial statements for the most recent two years.
37. Throughout the application process, the IFAC Q&M staff obtain as much factual information about the Applicant as possible. Sources will generally include the Applicant, Sponsor, internal research, and external stakeholders. Nevertheless, the assessment relies heavily on the input provided by the Sponsor, the existing IFAC Member. The act of sponsorship is not, therefore, a mere formality. It is an affirmation by the Sponsor to IFAC and its fellow members that:
  - (a) The Sponsor has sufficient knowledge of the applicant body to provide reasonable grounds for supporting the admission; and
  - (b) The Sponsor has reviewed the application materials and that such information is correct and complete to the best of their knowledge.
38. The Sponsor has a responsibility to IFAC and its fellow member organizations to present an objective assessment. If this is not possible, it should decline to sponsor the Applicant, as it is under no obligation to do so. Additionally, if there are factors related to the admission (favorable or unfavorable) that are not evident in the application, these should be communicated to IFAC. The IFAC Q&M staff and CAP wish to be in possession of all information relevant to the application for membership before making its recommendation to the IFAC Board and Council.
39. An attestation of support by the Sponsor is required for each category of membership sought, including Affiliate. It is up to the Applicant to secure the support. This support is evidenced by the completion of the Attestation of Support form.

**Admission Documents**

40. The admission process seeks to obtain general information about the Applicant's operations and financial position, the regulatory and standard-setting framework that the Applicant operates within, its role and responsibilities with respect to the profession nationally as well as with respect to the adoption of international standards in the jurisdiction. The following documents must be submitted by the Applicant to be considered for membership.<sup>9</sup>

*Applicant*

- (a) **Overview of the Regulatory and Standard-Setting Framework in the Jurisdiction** completed as part of the self-assessment against the requirements of the SMOs. A link to the self-assessment questionnaire will be provided by Q&M staff to facilitate the self-assessment process.

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<sup>9</sup> All forms are available by contacting IFAC Q&M staff.

- (b) **SMO Action Plan.** The applicant's self-assessment with respect to the matters addressed by the SMOs should be a basis for developing an SMO Action Plan aimed at addressing areas of less than full compliance or at demonstrating compliance with the SMOs.
- (c) **Applicant General Information.** This document requests supplemental information about the Applicant to assist IFAC in understanding the governance structure, infrastructure, and activities of the Applicant.
- (d) **Declaration of Intent.** Applicants are also required to affirm their intentions regarding IFAC membership by completing the Declaration of Intent.
- (e) **Audited Financial Statements.** The Applicant should provide the Sponsor and IFAC with audited financial statements for the preceding two years, preferably prepared in accordance with IFRSs and audited in accordance with ISAs. The latest audited financial statement will be requested during the assessment period.
- (f) **Application Fee.** The applicant's payment of the application fee.
- (g) **Membership Statistics Form.** This document requests information about the applicant's membership size and the sectors they operate in, the categories of membership, and sources of the applicant's revenues. The information should be provided for the last three years.

*Sponsoring IFAC Member*

- (a) **Attestation of Support;** and
  - (b) **Due Diligence Report.** The original attestation and the due diligence report on the Applicant should be received as part of the admission application. In all circumstances, the Q&M staff will contact the Sponsor to obtain a full understanding of the procedures performed as part of the Due Diligence review.
41. To make the admission procedure as efficient as possible, Q&M staff request that the applicant adhere to the following guidelines in completing the application materials:
- (a) All documents and requested information must be submitted in order to process an application;
  - (b) Application documents must be completed in their entirety in English;
  - (c) The information must be sufficiently descriptive for an external party to obtain a full understanding of the role and responsibilities of the Applicant, its operating structure, and the regulatory and standard-setting framework in its country. Additional information such as that suggested in the General Information form may be submitted in the local language accompanied by a brief description as to the information content;
  - (d) The completed form in a Word (.doc) file should be emailed to IFAC; and
  - (e) An SMO Action Plan should be submitted using an up-to-date template provided by Q&M staff. The plan should indicate a clear self-assessment against the SMOs and follow the guidelines provided by Q&M staff.

**Quality and Membership Contact**

All information should be submitted (preferably in electronic format) to: [Compliance@ifac.org](mailto:Compliance@ifac.org).

**Appendix**

1. In assessing whether an organization is a professional accountancy organization, the Q&M staff and the CAP shall refer to certain guiding definitions. These definitions have been prepared to be used in the IFAC membership admission process and are not intended to be used or cited as authoritative definitions.

**Professional Accountancy Organization (PAO)**

2. An organization, with a core focus on the accountancy profession such that its members who hold a certification, license, or authorization to practice are subject to:
  - (a) Education requirements, including examination of professional competence, practical experience requirements, and continuing education;
  - (b) Ethics; and
  - (c) Enforcement (investigation and discipline (I&D) system).
3. Each member organization determines the specific criteria for its members, in accordance with applicable legislation or regulation. Members of PAOs may operate at different levels of competencies and professional profiles.
4. The **accountancy profession**, as defined by the International Accounting Education Standards Board's (IAESB™) *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015), includes, but is not limited to:
  - (a) Preparing, analyzing, and reporting relevant and faithfully represented financial and non-financial information;
  - (b) Partnering in decision making, and in formulating and implementing organizational strategies;
  - (c) Auditing financial and non-financial information, and providing other assurance and advisory services; and
  - (d) Preparing and analyzing relevant tax information.
5. The accountancy profession serves the financial and, in some circumstances, the non-financial information needs of a broad range of decision makers including, but not limited to (a) the public, (b) present and potential investors, (c) management and employees within organizations, (d) suppliers and creditors, (e) customers, and (f) government authorities. The accountancy profession's ability to satisfy users' information needs contributes to an efficient economy that creates value to society.

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