
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

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Morning Session

**Regulatory and institutional foundations for high-
quality corporate reporting**

Presented by

Joel Osness
Partner, Deloitte & Touche LLP

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Beyond 'National'

An Auditor's Perspective on Implementing High Quality Corporate Reporting

Joel Osnoss
1 November 2012



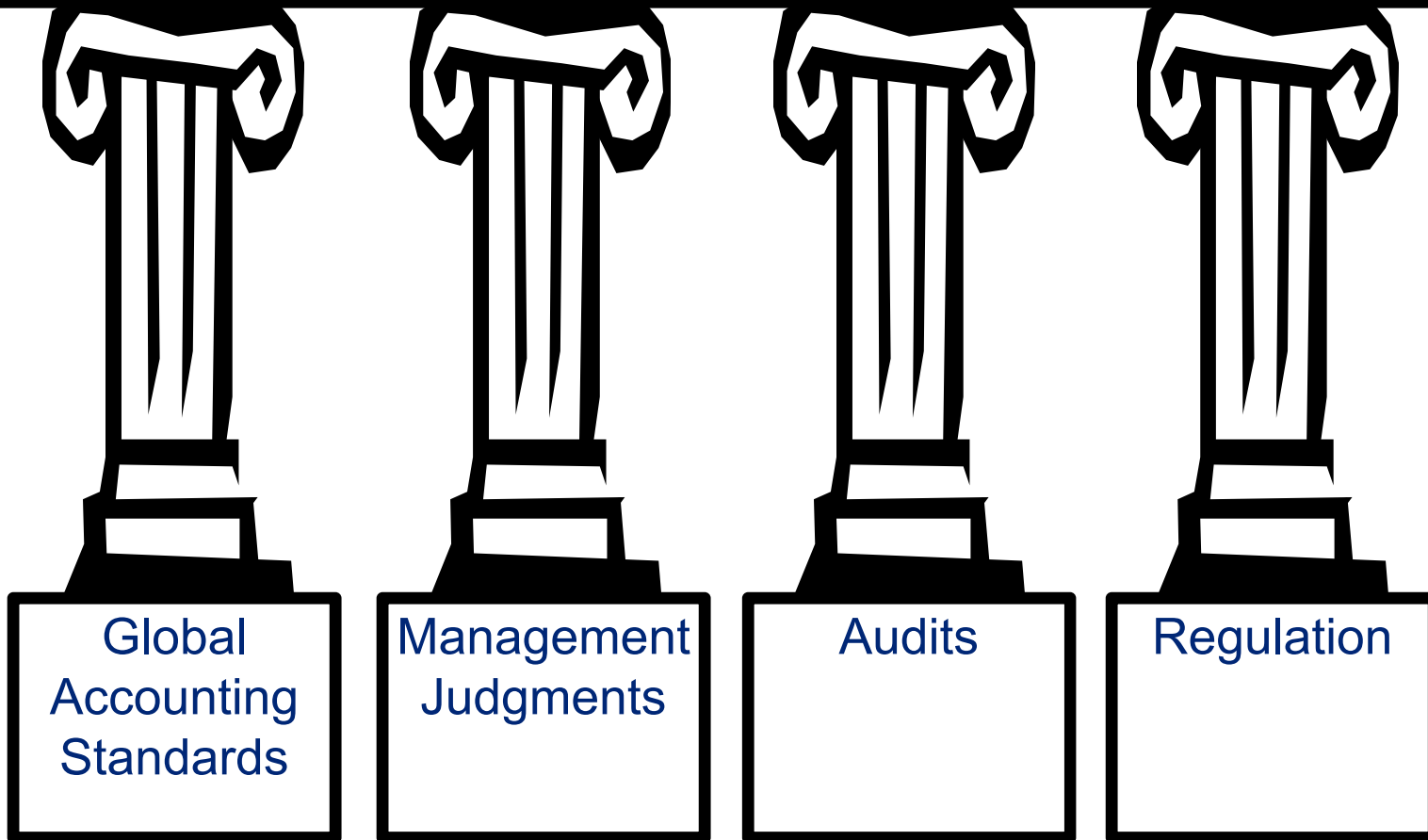
Background

The Objective: High-Quality Corporate Financial Reporting

- Working with clients applying IFRS
 - Widespread use of common financial reporting standards
 - Evolving standards
 - Complex business environment
- Performing consistent high-quality audits

The Deloitte Network

High-Quality Corporate Financial Reporting



Effective Global Accounting Standards

Governance and accountability

Independence

Due process

High-quality, principles-based

- **Global CEOs' Statement on Principles-Based Accounting Standards:**
 - Faithful presentation of economic reality
 - Responsive to users' needs for clarity and transparency
 - Consistency with a clear conceptual framework
 - Based on an appropriately-defined scope, addressing a broad area
 - Written in clear, concise and plain language
 - Allows for the use of reasonable judgement

Effective framework for management judgments

What makes a good judgment?

- Sufficient evidence obtained
- Due care exercised
- Made in good faith and unbiased
- Reasonable given the circumstances

Challenge is removing biases from judgments

More critical thinking and questioning

- Understand reason and economics of transaction
- Look at transactions from different points of view
- Consider alternatives with pros and cons
- Consider an alternative opposite to a preferred choice
- Involve a designated expert group

Effective Audits

Consistent practices

- Global policies
- Tools for practitioners
- Robust internal review

Independence

Working globally to develop and communicate robust IFRS positions

- Cooperation between technical and practitioners
- Fully informed of relevant local considerations
- Principles-based and adaptable
- Definitive where necessary
- Communication internally and externally
 - Equipping staff and clients with appropriate knowledge
 - Enabling engagement partners to make informed decisions
- International resources, adaptable to local circumstances

Encouraging consultation and cooperation

Effective Regulation

The system works best when regulators work together

- Input on standard-setting processes
- Communication and cooperation in review and enforcement of public filings
 - Opportunity to build a strong foundation
 - Widespread acceptance of IFRS is still in infancy
- Collaboration in auditor oversight



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