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

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Afternoon Session

Key foundations for high-quality reporting: Good practices of monitoring and enforcement, and compliance

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ENSURING COMPLIANCE WITH CORPORATE REPORTING OBLIGATIONS

ISAR 31 – Geneva, 15 October 2014

Henri Fortin
Head, Centre for Financial Reporting Reform
Over 100 country-level projects in the last 10 years

Regional initiatives
+ cooperation with regional PAOs and development banks

Global engagement
• ROSC Accounting and Auditing program
• Strategic partnerships with accountancy bodies, standard-setters and regulators
CENTRE FOR FINANCIAL REPORTING REFORM
worldbank.org/cfrr

» In Vienna since 2007
» Part of the World Bank’s Governance Global Practice
» One-stop shop for financial reporting reform
» 20 staff, consultants and experts
» Approx. EUR 4 mn. annual budget, 80% financed by donors
» Three regional programs in Europe and Central Asia
» 30 countries, 60 regional workshops, 6,000 participants

REPARIS
Ministerial Conference
Vienna, 3 June 2014
HIGH-QUALITY REPORTING: 3 KEY DIMENSIONS

- Reporting Obligations
- Capacity to Comply
- Ensuring Compliance
ENSURING COMPLIANCE WITH REPORTING OBLIGATIONS

Quality Reporting

Compliance

Standards and Codes

Independent audit

Monitoring & Enforcement

Public Oversight
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Key Challenges

» Making the reporting available to the public

» **Powers** of the regulators/supervisors
  - To investigate
  - To remedy or sanction

» **Organization** of the regulators
  - Sufficient resources
  - Cooperation between regulators

» **Market** discipline

» Suitability/“Enforceability” of the standards
SUITABILITY OF THE STANDARDS
Financial Reporting

Complexity of reporting

IFRS

Simplified IFRS
“The IFRS for SMEs”

Simple accounting system
more or less linked to tax reporting

“PIEs”

• Companies listed on regulated markets
• Financial institutions
• Other (?)

• Medium-sized to large privately-held companies
• Issuers on alternative markets

Small and very small enterprises

Number of entities
ENSURING COMPLIANCE WITH REPORTING OBLIGATIONS

Monitoring audits

» Who will guard the guardians?

» Public oversight
  - Monitoring and inspections
  - Investigations
  - Sanctions

- Independent
- Competent
- Transparent
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Monitoring audits

» Actions to support audit oversight/ monitoring in partner countries

- Communities of Practice
- Study Trips
- Secondment
- “Joint-ventures”
- Technical assistance
Thank you for your attention.

Questions

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