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Morning Session

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

Presented by

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International Federation of Accountants (IFAC)

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A Dynamic Approach to Monitoring and Compliance

Deborah Williams, IFAC PAO Development Consultant

Key Foundations for High-quality Reporting: Good Practices of Monitoring and Enforcement, and Compliance

October 16, 2014

Geneva, Switzerland
Why focus on the quality of the global accountancy profession?

When PAOs function effectively they further the quality of financial management and reporting, which in turn...

- attracts foreign direct investment
- promotes growth and development of the small- and medium-sized sector
- enhances transparency and accountability in the use of resources in the public sector
- improves the design and delivery of vital public services
- enhances the effectiveness and efficiency of official development assistance
Supporting the global accountancy profession

The value of IFAC

Knowledge

- Detailed understanding of the **state** and the **needs** of the profession in approximately 200 countries

- **Reliable assessment** of PAOs and the profession against SMOs as the globally recognized quality benchmarks

- A holistic **methodology** for PAO capacity building designed to deliver sustainable results
Evolution of the IFAC Member Compliance Program

At a glance
2001-2003

- Enron
- Arthur Andersen
- Sarbanes-Oxley
- IFAC Reforms
Evolution of the IFAC Member Compliance Program

2004

- IFAC Member Compliance Program (CP)
- Statements of Membership Obligations (SMO) and IFAC admission criteria as global benchmark
Evolution of the IFAC Member Compliance Program

2005-2007

- Self-assessments
- Transparency – publication on IFAC website
- Public Interest Oversight Board decides to observe Compliance Program as a public interest activity
Evolution of the IFAC Member Compliance Program

2007-2014

<table>
<thead>
<tr>
<th>Standards</th>
<th>Status</th>
<th>PAO Responsibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IESBA Code of Ethics*</td>
<td>Adopted</td>
<td>Shared</td>
<td>Article 62 of Law No. 11/2008 establishing CPAR provides that the Code of professional conduct and ethics approved by the General Assembly of the Institute shall be established through a Ministerial Order. The provisions of the Code of professional conduct and ethics shall be consistent with the Code published by the International Ethics Standards Board for Accountants (IESBA). In March 2012, CPAR issued a code for professional ethics consistent with the IESBA Code of Ethics of 2010 approved by members. The Code is awaiting Ministerial approval.</td>
</tr>
<tr>
<td>IPSASs</td>
<td>Partially Adopted</td>
<td>Direct</td>
<td>The Law No. 11/2008 requires CPAR to establish public sector accounting standards and Article 3 of Law No. 11/2008 provides that standards in the public sector shall be consistent with IFRSs. CPAR is in the process of adopting IPSASs in batches. At the moment public sector entities that (non-Government Business Enterprises) are using modified accrual basis where accrual basis is used except for specific items that are reported on cash basis.</td>
</tr>
<tr>
<td>I&amp;D†</td>
<td>Adopted</td>
<td>Direct</td>
<td>Article 40 of Law No. 11/2008 provides for establishment of a disciplinary commission and CPAR is responsible for investigating and disciplining (I&amp;D) professional accountants against whom complaints have been raised. CPAR &amp; I&amp;D was developed in line with the requirement of SMO 6.</td>
</tr>
<tr>
<td>IFRSs</td>
<td>Adopted</td>
<td>Direct</td>
<td>Article 3 of Law No. 11/2008 establishing CPAR provides that within the private sector, the accounting standards shall be consistent with the International Financial Reporting Standards (IFRSs). Full IFRSs will be applicable to public interest entities and entities that hold funds on behalf of the public in a fiduciary capacity as their primary business. Non-publicly accountable entities will have the option to use the IFRS for SMEs. CPAR adopts IFRSs as issued by the International Accounting Standards Board (IASB).</td>
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**SMO Action Plans for continuous improvement**

**Monitoring of progress**

**Revised SMOs**

**G-20 adoption status reports**
Evolution of the IFAC Member Compliance Program

2015 & Beyond

- M&E methodology
- Reports on adoption status & SMO fulfillment
- Guidance enabling leadership for excellence
- Compliance Program 2.0
Evolution of the IFAC Member Compliance Program

Reporting on the status of adoption & SMO fulfillment

Status of Adoption

- Adopted
- Partially Adopted
- Not Adopted

Status of SMO Fulfillment

- Not Active
- Plan
- Execute
- Review & Improve
- Sustain
- PAO Continuous Quality Management Cycle

Consider
Will you join the global accountancy community in Rome in November 2014?

www.wcoa2014rome.com

www.ifac.org