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

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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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CONSELHO FEDERAL DE CONTABILIDADE

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

MEETING - OCTOBER 2014

Idésio S. Coelho Jr.

Agenda

- 1) Lessons learned in meeting the Statements of Member Body Obligations of the International Federation of Accountants
- 2) The role of Professional Accountancy Organizations in facilitating effective implementation of international corporate reporting standards and codes
- 3) Mechanisms for positioning the accountancy profession to protect the public interest

Entities mentioned in the presentation

- CFC – Federal Accounting Council: Empowered by law to issue accounting and auditing standards in Brazil
- Ibracon – Brazilian Institute of Independent Auditors: Not-for-profit entity that are formed by accounting professionals and work to defend the interests of the independent auditing profession

Entities mentioned in the presentation - continued

- CVM – Brazilian Securities Commission
- CPC – Brazilian Accounting Standard Setter
- Central Bank of Brazil
- SUSEP – Brazilian Insurance Regulator

1

The Code of Ethics for Independent Auditors was implemented in Brazil in 2010 by CFC in convergence with the IFAC rules

- Auditor's report disclosing compliance with IESBA rules since 2010 audits
- Restriction of non-audit services followed by Brazilian audit firms since 2010 supporting proper independence of audit firms

1

Training to spread the new Code of Ethics was provided by CFC supported by IBRACON during the past years

- Full code of ethics for accountants as issued by the IFAC was implemented in Brazil in 2014 affecting all the accounting profession

2

CFC has supported the implementation of enhanced corporate governance:

- Continuous support to enhance corporate governance in companies through implementation of Code of Ethics for the accounting profession
- Both entities have been working with other regulators, companies and stakeholders to improve the financial reporting process through better disclosure of the notes to the financial statements

2

CFC has supported the implementation of enhanced corporate governance -- continued:

- Active participation in the integrated reporting initiative
 - Recognition that public interest demands are aligned with such initiative
 - Integrated reporting will bring together financial and non-financial information increasing value for stakeholders

2

CFC has supported the implementation of IFRS and IFRS for SME:

- Massive education program to facilitate implementation of IFRS for SME
 - Slow-paced application of IFRS for SME observed in Brazil
 - CFC signed an agreement with SEBRAE (not-for-profit entity that provides technical support to SME) to provide training for accountants. 60,000 bookkeeping firms were already trained

2

CFC has supported the implementation of IFRS and IFRS for SME -- continued:

- Ibracon has sponsored Web-based training sessions for accounting academics supported by resources received from the BID: 512 professors already trained
 - More than 1,000 accounting academics will be trained by the end of 2014, which represents at least one of each accounting school in Brazil

2 CFC has supported the implementation of IFRS and IFRS for SME -- continued:

- New rule for continuing education for all registered accountants professionals, which will include technical personnel for the preparation of the financial statements, placed in public hearing by the CFC in late 2014 aiming to improve the quality of the financial statements
- Currently, only independent auditors are subject to continuing education requirements

3

CFC has interacted with other regulators including the Central Bank of Brazil, CVM, SUSEP, and Ibracon in order to enhance response to public interest demands:

- Regulators worked together to execute application of anti-money laundering law implemented in 2013
- Regulators are also working together to establish proper anti-corruption law enacted in 2014
- Implementation programs for IFRS, IFRS for SME and IPSAs will continue evolving

3

CFC is working to enhance audit quality by performing the following actions:

- Raising awareness of the key elements of audit quality
- Encouraging key stakeholders to explore ways to improve audit quality
- Facilitating greater dialogue between key stakeholders on the topic
- Developing several national events for preparers of financial statements

3

Main actions in place to accomplish proper results on protecting the public interests:

- Maintain education programs
- Implement public discussion among stakeholders to understand the needs of each party
- Enhance inspection programs in accounting firms and companies
- Implement a proper performance evaluation and education requirements for all the accounting profession

3

Main actions in place to accomplish proper results on protecting public interests -- continued:

- Enhance enforcement of the Code of Ethics for the profession, a key measure to accomplish the intended results
 - 2013 ROSC report noted improvements in enforcement through inspections by the Brazilian regulators, with opportunities to increase such actions

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Questions and Comments