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**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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International Forum of Independent Audit Regulators (IFIAR)

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# International Forum of Independent Audit Regulators (IFIAR)

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# What is IFIAR?

- The International Forum of Independent Audit Regulators (IFIAR) was established in 2006 as an international organisation
- IFIAR unites independent audit oversight regulators from 50 jurisdictions
- If auditing is a global matter, that is what auditor oversight needs to be



# Membership Requirements

Regulators are eligible for membership who are:

- Independent of the audit profession, which means e.g.
  - Majority of the governing body are non-practitioners
  - Funding is free from undue influence by the profession
- Engaged in audit regulatory functions
  - Ultimately responsible for system of inspections
  - Exercising responsibility directly or through independent oversight



# IFIAR's Mission



- To share knowledge of the audit market environment
- To share practical experience of independent audit regulatory activity and promote collaboration
- To provide a focus for contacts with other international organisations which have an interest in audit quality



# IFIAR's Structure - Officers

- Led by a **Chair** and **Vice-Chair**, who are assisted and advised by an **Advisory Council**
- **IFIAR Chair:** Mr. Lewis Ferguson (Board Member of the US Public Company Accounting Oversight Board – PCAOB)
- **IFIAR Vice-Chair:** Ms. Janine van Diggelen (Head of Audit & Reporting Quality Division, Netherlands Authority for the Financial Markets - AFM)
- Officers are supported by a **Secretariat** which consists of staff employed by the Officers' organizations
- **Advisory Council:** Abu Dhabi (*ADAA*), Australia (*ASIC*), Canada (*CPAB*), France (*H3C*), Singapore (*ACRA*), Sri Lanka (*SLAASMB*) and the United Kingdom (*FRC*)



# IFIAR's Structure – Working Groups

- Enforcement Working Group
- Global Public Policy Committee (GPPC) Working Group
- Inspection Workshops Working Group
- International Cooperation Working Group
- Investor and Other Stakeholders Working Group
- Standards Coordination Working Group



# IFIAR Survey Results 2012/2013

## Listed PIEs: Findings by Inspection Theme

Inspection Themes	Number of Findings Related to Listed PIEs	
	2013	2012
Fair Value Measurement	217	169
Internal Control Testing	156	117
Adequacy of Financial Statements and Disclosures	120	109
Revenue Recognition	104	86
Group Audits	89	75
Engagement Quality Control Review	78	116
Inventory	76	57
Fraud Procedures	65	Not Applicable
Risk Assessment	59	Not Applicable
Adequacy of Review and Supervision	58	115
Audit of Allowance for Loan Losses and Loan Impairments	55	43
Substantive Analytical Procedures	55	75
Use of Experts and Specialists	42	41
Audit Committee Communications	34	Not Applicable
Related Party Transactions	28	44
Going Concern	24	25
	1,260	1,072



# IFIAR Survey Results 2012/2013

## SIFIs and G-SIBs: Findings by Inspection Theme

### # of Findings Related to SIFIs and G-SIBs

Inspection Themes	2013	2012
Audit of Allowance for Loan Losses and Loan Impairments	42	15
Internal Control Testing	39	33
Valuation of Investments and Securities	26	32
Insufficient Challenge and Testing of Management's Judgments and Assessments	21	12
Substantive Analytical Review Procedures	12	Not Applicable
Risk Assessment	10	Not Applicable
Adequacy of Financial Statements and Disclosures	9	4
Group Audits	8	2
Use of Experts and Specialists	8	Not Applicable
Fraud Procedures	7	Not Applicable
Testing of Customer Deposits and Loans	3	10
Audit Committee Communications	2	Not Applicable
Audit Methodology Including Programs and Tools	1	9
	188	117

# International Interaction

- Member of the Monitoring Group
- Participation in certain Financial Stability Board (FSB) meetings
- Many international organisations have Observerships at Plenary meetings, including BCBS
- IFIAR Outreach project



# Officers' Goals for 2013-2015

- The definitive global authority on audit quality issues
- Leading forum for cooperation
- Broaden and deepen contacts with non-IFIAR audit regulators
- Increase contacts and interactions with other international organisations
- Design and implement an ever more effective public communications strategy
- Get audit firms to take meaningful actions and to develop a common taxonomy



# IFIAR's Next Steps

## Focus of 2013-2015 Work Plan:

- Audit Committee and Investor outreach
- MOU for information sharing, global coordinated inspection of a group audit
- Audit quality indicators
- Thematic review of IFIAR's Core Principles
- Communications policy to express views
- 2013 Survey Report of inspection findings

