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

Presented by

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Federation  
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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

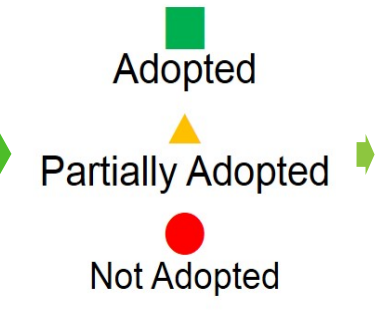
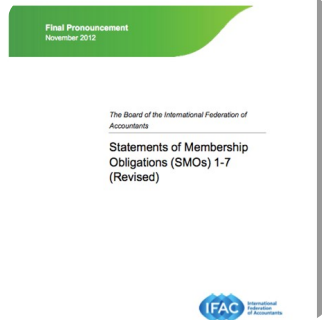
Detailed understanding of the **state** and the **needs** of the profession in approximately 200 countries

**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

2004

2005-2007

2007-2014

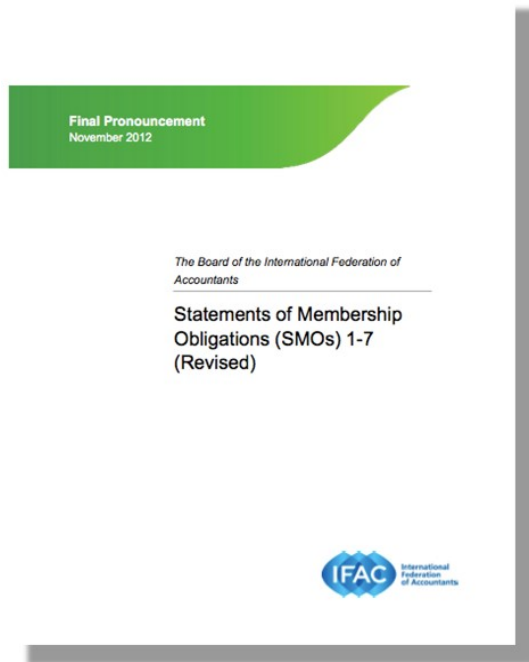
2015 & Beyond

## 2001-2003



- Enron
- Arthur Andersen
- Sarbanes-Oxley
- IFAC Reforms

## 2004



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

## 2005-2007



Home > About IFAC > Membership & Compliance Program > Compliance Program > Compliance Responses and Action Plans

### Compliance Responses and Action Plans

IFAC members and associates have provided self-assessment information about the regulatory and standard-setting framework in their countries (Part 1) and their organizations' activities in addressing IFAC's membership requirements (Part 2) as described in the Statements of Membership Obligations. Based on an analysis of this information, they are developing SMO Action Plans for continuous development and improvement.

Some organizations have qualified to submit SMO Action Plans on a biennial basis by meeting eligibility criteria. These organizations are indicated with an asterisk (\*).





In the interest of transparency and providing information to the profession, regulators, and other stakeholders, all responses and SMO Action Plans are accessible below.

#	Country	Member Body / Associate	Part 1	Part 2	SMO Action Plans
1.	ALBANIA	Albanian Institute of Certified Accountants	11/12	11/12	
2.	ALBANIA	Institute of Authorized Chartered Auditors of Albania	01/06	02/07	01/14
3.	ARGENTINA	Federación Argentina de Consejos Profesionales de Ciencias Económicas	10/05	02/07	06/13
4.	ARMENIA	Association of Accountants and Auditors of Armenia	01/06	12/06	07/13
5.	AUSTRALIA	CPA Australia*	12/04	07/06	03/14
6.	AUSTRALIA	Institute of Public Accountants*	03/05	12/06	03/14

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



## 2007-2014

Standards	Status	PAO Responsibility	Notes
IESBA Code of Ethics*	 <b>Adopted</b>	Shared	Article 82 of Law No. 11/2008 establishing iCPAR 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, iCPAR issued a code for professional ethics consistent with the IESBA Code of Ethics of 2010 approved by members. The Code is awaiting Ministerial approval.
IPSASs	 <b>Partially Adopted</b>	Direct	The Law No. 11/2008 requires iCPAR 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 IPSASs. iCPAR 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.
I&D <sup>1</sup>	 <b>Adopted</b>	Direct	Article 40 of Law No.11/2008 provides for establishment of a disciplinary commission and iCPAR is responsible for investigating and disciplining (I&D) professional accountants against whom complaints have been raised. iCPAR I&D was developed in line with the requirement of SMO 6.
IFRSs	 <b>Adopted</b>	Direct	Article 3 of Law No.11/2008 establishing iCPAR 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. iCPAR adopts IFRSs as issued by the International Accounting Standards Board (IASB).

- SMO Action Plans for continuous improvement
- Monitoring of progress
- Revised SMOs
- G-20 adoption status reports

## 2015 & Beyond



- M&E methodology
- Reports on adoption status & SMO fulfillment
- Guidance enabling leadership for excellence
- Compliance Program 2.0

# Reporting on the status of adoption & SMO fulfillment

## Status of Adoption



Adopted



Partially Adopted



Not Adopted

## Status of SMO Fulfillment





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