

---

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

**33rd SESSION**

4 - 6 October 2016

Room XVIII, Palais des Nations, Geneva

Tuesday, 4 October 2016

Afternoon Session

**Agenda item 3. Practical implementation of compliance  
monitoring and the enforcement of accounting and audit  
requirements for high-quality reporting**

Presented by

Tetiana Iefymenko

President

Academy of Financial Management, Ministry of Finance, Ukraine

*This material has been reproduced in the language and form as it was provided.  
The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*

---



The United Nations Conference  
on Trade and Development  
(UNCTAD)



# MONITORING OF COMPLIANCE AND ENFORCEMENT FOR HIGH-QUALITY CORPORATE REPORTING (MCE): GUIDANCE ON GOOD PRACTICES

**Dr. Tetiana Iefymenko**

*President*

*of the State Educational and Scientific Institution  
«Academy of Financial Management» under  
the Ministry of Finance of Ukraine,  
Ph.D. in Economics, Professor,  
Corresponding Member of the  
National Academy of Sciences of Ukraine*

**Dr. Liudmyla Lovinska**

*Deputy Director*

*of the Financial Research Institute  
of the State Educational and Scientific Institution  
«Academy of Financial Management» under  
the Ministry of Finance of Ukraine,  
Ph.D. in Economics, Professor*

# Current challenges and risks for transition economies

Slide 2

**Monitoring of compliance and enforcement for high-quality corporate reporting** is a tool to overcome challenges and reduce risks faced by transition economies.

## Challenges in corporate reporting\*

- 1 Growing audience for corporate reporting
- 2 Content of corporate reporting (integrated, non-financial, governance reporting etc.)
- 3 Policy making and innovation in corporate reporting

\* Roundtable on the Future of Corporate Reporting, 2016, London. FEE, CCAB, CFA. Summary, p. 1-4

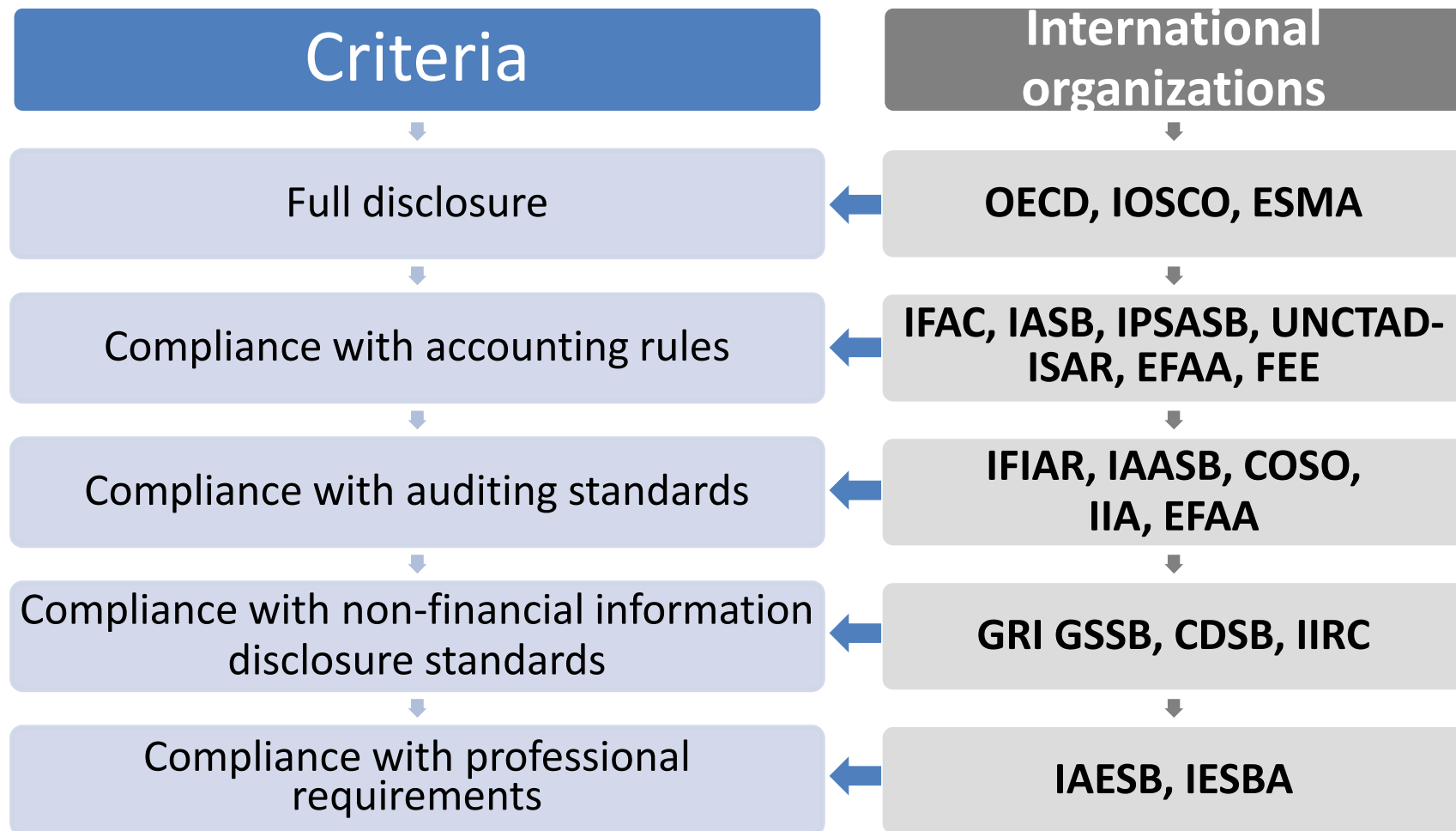
## External risks for countries\*

- 1 Financial risks
- 2 Risks of rapid integration into the international financial markets
- 3 Interest rate risk

\* Trade and Development Report, 2016. UNCTAD, p. 17

# Criteria for MCE

Slide 3



# The issues of the MCE system in Ukraine

Slide 4



# MCE issues in transition economies

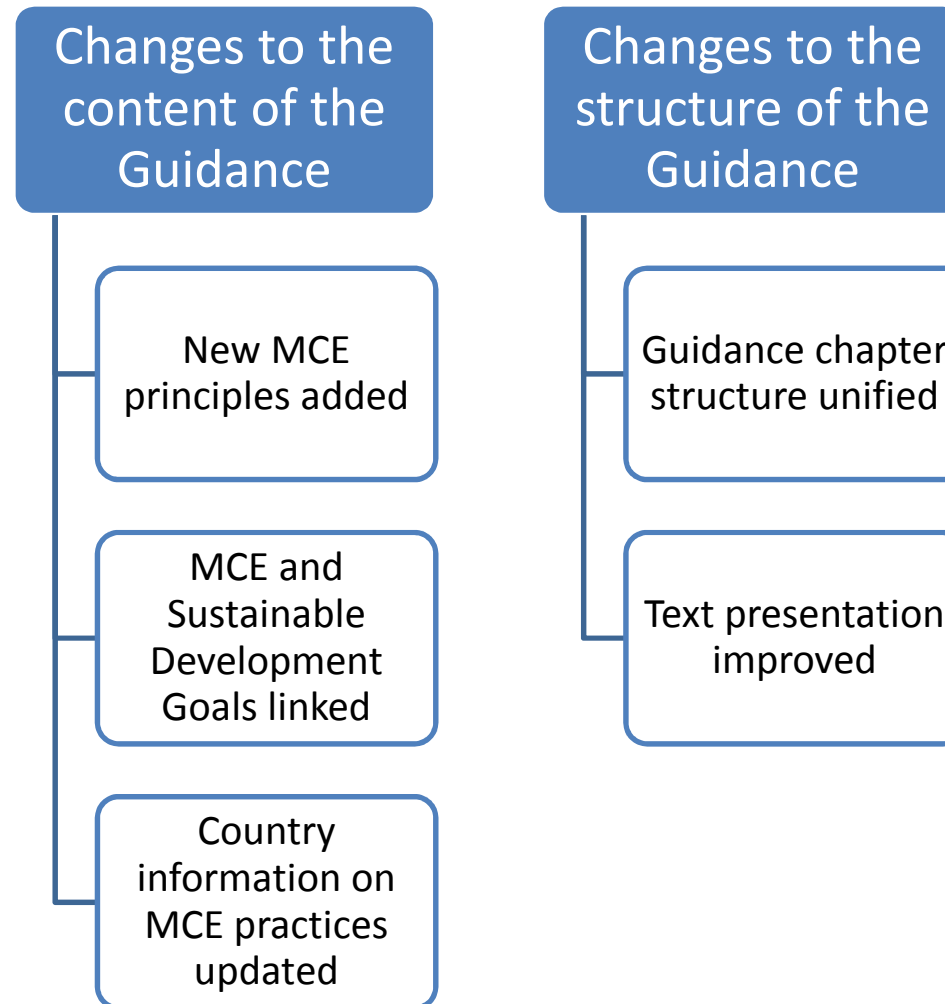
Slide 5

## Factors influencing the choice of an MCE organizational and funding model

- Transformation of the economy
- High level of shadow economy
- Inadequate financial discipline of business entities
- A lack of transparency in the movement of financial flows
- Insufficient interest of business entities to conduct MCE
- Risks of shadow economy and reducing profitability of business entities if additional fees are charged to fund an MCE authority
- Need to ensure the independence of an MCE authority from business entities to be reviewed

# Changes to the Guidance

Slide 6



# Proposals to the Guidance

Slide 7

Reporting on payments to governments  
(Chapter III, p. 3.2)

General schemes of the MCE by country  
(Annexes)

Considering the scale of the economy  
(Chapter II, p. 2.2)

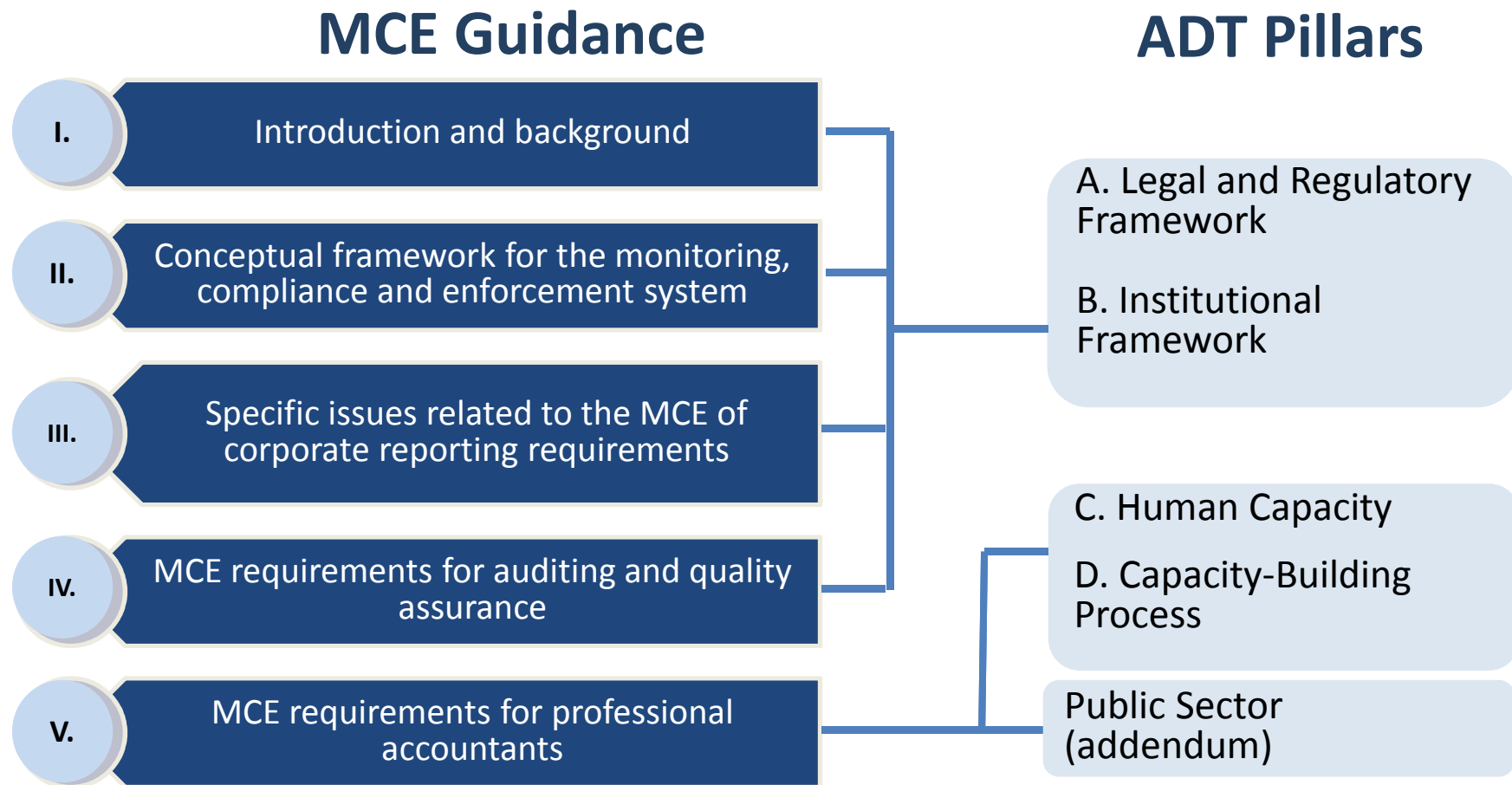
Improvements in the layout and  
wording of the Guidance

- Provide additional information on the regulation and reporting of payments to governments
- Provide information about best practices not only by MCE element but also by country
- Emphasize the importance of taking into account the scale of the economy in reforming the accounting and audit system



# Relationship between MCE and ADT

Slide 8



# Organizational Proposals

Slide 9

Accounting Development Tool

Regular meetings of representatives of countries that are building an MCE system

- Assess the state of accounting and auditing, as well as the effectiveness of the MCE system in the countries that are reforming the corporate reporting by using ADT on an annual basis
- Organize regular meetings to discuss the results of the annual assessment by the ADT that will form the basis for the improvement of theoretical and methodological provisions of the MCE and relevant amendments to the Guidance

**Thank you!**