



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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**Agenda Item
4**

DATE: February 14, 2007
MEMO TO: IPSASB Members and Technical Advisors
FROM: Stephenie Fox
SUBJECT: Promotion and Communications

ACTION REQUIRED

The IPSASB is asked to:

- Review the material related to liaison.

AGENDA MATERIAL:

Papers

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| 4.1 | Report on IFAC Technical Boards and Committees |
| 4.2 | IFAC Yearly Events Calendar |
| 4.3 | IASB Update |
| 4.4 | Update on Projects of National Standards Setters |
| 4.5 | Country briefing reports |

This material encompasses a variety of the monitoring activities that staff undertake to keep the IPSASB informed. The format of this material is likely to evolve in the future once the IPSASB approves a communications plan. Future reporting would be done in the context of how it compares to the strategies for communications and the activities outlined in that report.

Items 4.1 and 4.2 provide information about other IFAC Boards and Committees. Some of the are particularly relevant to the IPSASB, for example, the Developing Nations Committee. In addition staff keep in regular contact with IFAC staff in the member body relations area to gain knowledge of particular regions where meetings are being held or presentations being provided.

Item 4.3 is a report on the activities of the IASB. One of the staff suggestions in the communications plan is a more proactive liaison with the IASB. If the IPSASB approves the communications plan, staff will be looking at this area, including the reporting, and determining how best to maximize liaison efforts and reporting this information to the IPSASB.

Item 4.4 provides information on the activities of various national standard setters and item 4.5 provides information on the countries of IPSASB members. Feedback has been that members find this information interesting and want to continue receiving it. Staff will consider whether highlighting aspects of this at future meetings might prove valuable.

**IFAC LIAISON REPORT
An Update on IFAC and its Boards and Committees**

IFAC	Highlights
<p>Chair: Fermin Del Valle Staff member: Ian Ball, Chief Executive</p> <p><i>IFAC is dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. Its current membership consists of approximately 155 professional accountancy bodies in 120 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce.</i></p>	<ul style="list-style-type: none">• Meetings in Istanbul November 2006 and New York February 2007• Held a successful World Congress in Istanbul in November• IFAC has approved a new strategic plan and operational plan for 2007-2010.• IFAC is making considerable progress working with international parties such as the European Union, the Chinese Government, the World Federation of Exchanges, the African Development Bank and the newly established Africa Focus Group (AFG) to facilitate convergence and growth and sustainability of the profession.
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)	Highlights
<p>Chair: John Kellas Staff member: Jim Sylph, Executive Director Professional Standards</p> <p><i>The IAASB's goal is to serve the public interest by setting high-quality auditing, assurance, quality control and related services standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.</i></p>	<ul style="list-style-type: none">• At the meetings in October and December 2006, the IAASB approved one final standard, seven exposure drafts of redrafted ISAs under the clarity project, and two exposure drafts of revised, or revised and redrafted, standards. It also approved the close-off of two standards under the old drafting conventions.• The IAASB plans to approve the following four documents for issue at its meeting in February:<ul style="list-style-type: none">▪ <i>Exposure Drafts of Redrafted ISAs under the Clarity Project</i>▪ <i>ISA 250 (Redrafted), Consideration of Laws and Regulations in an Audit of Financial Statements</i>▪ <i>ISA 500 (Redrafted), Audit Evidence</i>▪ <i>ISA 501 (Redrafted), Audit Evidence – Additional Consideration for Specific Items</i>▪ <i>Re-Exposure Draft of Revised Standard ISA 550 (Revised), Related Parties</i>• Four new ISAs, have been published on the IAASB website:<ul style="list-style-type: none">• <i>ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements;</i>• <i>ISA 300, Planning an Audit of Financial Statements;</i>• <i>ISA 315, Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment;</i> and• <i>ISA 330, The Auditor's Responses to Assessed Risks.</i>

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA)	Highlights
<p>Chair: Richard George Staff member: Jim Sylph, Executive Director Professional Standards</p> <p><i>The IESBA's objective is to serve the public interest by setting high quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, thereby enhancing the quality and consistency of services provided by professional accountants throughout the world and strengthening public confidence in the global accounting profession.</i></p>	<p>At its December 2006 meeting the IESBA approved for exposure proposed changes to the independence requirements contained in the Code. The IESBA plans to approve the final standard in 2008.</p> <p>Highlights of proposals include:</p> <ul style="list-style-type: none"> ○ Extending requirements for audits of listed entities to audits of all entities of significant public interest; ○ Expanding the partner rotation requirements on audits of entities of significant public interest to all key audit partners; ○ Eliminating the flexibility for firms with few partners to apply alternative safeguards instead of partner rotation to address the familiarity threat; ○ Establishing a mandatory “cooling-off” period before a key audit partner joins a former audit client that is an entity of significant public interest; ○ Updating requirements related to the provision of non-assurance services, including the provision of tax services to audit clients; ○ Providing additional guidance on independence requirements for certain assurance reports that are expressly restricted for use by only the users specified in the report; ○ Splitting existing Section 290 into two sections – one for audit and review engagements and one for other assurance engagements.
INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD (IAESB)	Highlights
<p>Chair: Henry Saville Staff member: Jim Sylph, Executive Director Professional Standards</p> <p><i>The IAESB develops standards and guidance on pre-qualification education, training and continuing professional education and development for all members of the accountancy profession. The IAESB will also promote convergence and implementation of education standards.</i></p>	<ul style="list-style-type: none"> • approved the release of an ED of its proposed strategic plan and future work program; • approved the release of an ED to provide guidance to member bodies to support the implementation of IES 5, <i>Practical Experience Requirements</i>; • approved the release of a Request for Proposals (RFP) for the development by external consultants of an International Education Paper (IEP) on “<i>Approaches to CPD Measurement</i>,” and • discussed the meaning of “convergence” in the context of the implementation of IESs and the work of the IAESB in general.

	<p>The IAESB priorities for the period 2007-2009 are to conduct a fundamental review of the <i>Framework for International Education Statements</i>, and to develop a benchmarking methodology to help IFAC members and others achieve the measurable implementation of IESs.</p> <p>The <i>Ethics Education Toolkit</i> was released to IFAC member bodies and TAC members in January 2007. The Toolkit contains a range of case studies and supporting notes, PowerPoint presentations, video clips and other teaching materials of practical use to member bodies and accounting educators in developing and delivering ethics education programs.</p>
<p>DEVELOPING NATIONS COMMITTEE (DNC) Highlights</p>	
<p>Chair: Ignatius Schoole Staff member: Russell Guthrie, Director Quality Assurance and Member Body Relations</p> <p><i>The DNC's mission is to support the development of the worldwide accountancy profession by working in partnership with the global profession and relevant organizations to widen participation in the standard setting activities of the IASB and IFAC and membership of IFAC; to advocate the role of the profession in economic development; to facilitate assistance, including human resource and institutional capacity building to the developing profession; and to promote and represent the needs of the developing profession. The DNC aims to have an IFAC member body in every country.</i></p>	<ul style="list-style-type: none"> • Good Practice Guidance – Establishing and Developing a Professional Accountancy Body (The Toolkit) Spanish and French translations were completed during 2006. In support of the IFAC Strategic Themes 2 and 4, the Toolkit will be translated into Russian and Arabic during 2007. Additions to the Toolkit in 2007 will include a set of appendices intended to increase its value to the public sector. • A database of relevant Government and Ministry of Finance contact details has now been established. The database will also include an ongoing record of worldwide accounting and audit development projects funded by all the major donor agencies, together with details of the relevant contractors. • The World Bank, the Inter-American Development Bank and Multilateral Investment Fund (IDB/MIF), and the International Federation of Accountants (IFAC) plan to organize the first regional conference on accounting and auditing to be held in the Latin America and Caribbean Region (LCR). The event will be held in Mexico City on June 13-14, 2007.
<p>SMALL AND MEDIUM PRACTICES COMMITTEE (SMPC) Highlights</p>	
<p>Chair: Sylvie Voghel Staff member: Paul Thompson, Senior Technical Manager SMP</p> <p><i>Charged with identifying and representing the needs of SMPs that principally provide accounting and assurance services to SMEs. The</i></p>	<ul style="list-style-type: none"> • SMP has two pronged strategy of inputting to international standard setting, to help ensure the relevance of these standards to SMPs and small and medium entities (SMEs), and providing practical support to help raise the capacity of SMPs to apply these standards and to remain competitive. • The committee is committed to continuing to devote a large

SMP Committee’s approach to helping SMEs and SMPs converge and comply with international auditing and accounting standards is two-pronged: i) by helping to shape the form and content of those standards and ii) by providing assistance to SMEs and SMPs that have to use them.

- proportion of its resources to providing input to IAASB standard setting to ensure that SMP and SME issues are reflected in its standards. The committee believes that “an audit is an audit” and that, therefore, there should be a single set of generally applicable auditing standards drafted using a “think small first” approach.
- The International Accounting Standards Board (IASB) intends to issue an exposure draft (ED) of the proposed International Financial Reporting Standard for Small- and Medium-sized Entities (IFRS for SMEs) in February 2007. The committee is supportive of this project and acknowledges the considerable progress made. The committee will lead the drafting of the IFAC response to the ED and is investigating other ways of helping the IASB attain an optimal outcome.
 - The proposed new Section 290 Independence of the *Code of Ethics for Professional Accountants*, which was issued as an ED in December 2006, will have a material impact on SMPs particularly with respect to mandatory partner rotation and increased restrictions on the provision of non-assurance services
 - The project to develop a non-authoritative explanatory guide to the use of International Standards on Auditing (ISAs) on SME audits is now at a critical stage. A complete draft of the ISA Guide, which is intended to help practitioners around the world understand, comply with, and apply ISAs in SME audits, is being reviewed by a global advisory panel and IAASB staff. The committee plans to approve the final publication at its next meeting or failing that the third and final one of 2007.

PROFESSIONAL ACCOUNTANTS IN BUSINESS COMMITTEE (PAIBC)

Chair: Edward Chow
Staff member: Stathis Gould, Technical Manager PAIB

The PAIB’s mission is to enable IFAC to add unique value to professional accountants in business. The PAIB’s key strategic objective is to facilitate communication and sharing of knowledge between member bodies. Guidance issued is in the form of “Good Practices Guides” as well as International Management Accounting Standards.

Highlights

- New direction focusing on the launch of International Management Accounting Standards (IMAS) and International Good Practices Guidance (IGPG)
- Exposure draft on Defining and Developing a Code of Conduct has been issued and is an example of an IGPG;
- Two IMASs being developed for exposure later this year - *using discounted cash flow analysis and costing systems.*
- IMASs on *using and calculating the cost of capital and post (project) completion review* are being considered.
- IGPG in the areas of enterprise governance, risk management & internal control and sustainability.

	<ul style="list-style-type: none"> The Committee will continue to produce information papers in particular topics. For example, a publication to establish good practice in key areas of risk and internal control such as how risk management and internal control systems integrate into their organization’s overall management system. This will ultimately lead into an IGPG on risk management and internal control.
<p>COMPLIANCE ADVISORY PANEL (CAP)</p>	
<p>Chair: Bob Mednick Staff member: Russell Guthrie, Director Quality Assurance and Member Body Relations</p> <p><i>Advises the IFAC Board and Council on the admission of new members, the advancement of affiliate or associate members, and the suspension of members. Also undertakes compliance survey whereby member bodies self-assess their compliance with the IFAC Statements of Member Obligations (SMOs). The primary emphasis of the Compliance Program is to seek continuous improvement by encouraging member bodies to incorporate and implement international standards, thereby improving compliance with SMOs.</i></p>	<p>Highlights</p> <p>For 2007 – 2010, the CAP and Compliance staff will focus on three key activities:</p> <ul style="list-style-type: none"> Compliance Program - implementation of the Part 3, Action Plan phase, ongoing maintenance of Part 1 and 2 information, and an analysis of the information collected from members and associates; IFAC membership criteria -undertake a review of existing criteria focusing on the concept of “professional accountants” and the “accountancy profession” to clarify the types of organizations that can be IFAC members; and the roles and responsibilities of regional accountancy organizations- Regional accountancy organizations are increasingly seen by members, development organizations, the CAP and the Developing Nations Committee (DNC) as a source of information exchange and mentoring arrangements, as well as important developers of tools and resources for members and associates within their region.
<p>FORUM OF FIRMS/TRANSNATIONAL AUDITORS COMMITTEE (FOF/TAC)</p>	
<p>Chair FoF: Will Lifford Chair TAC: Nick Fraser Staff member: Russell Guthrie, Director Quality Assurance and Member Body Relations</p> <p><i>The Forum of Firms is committed to supporting the work of IFAC and demonstrates this support by nominating members to various IFAC standard-setting boards and committees and by providing a financial contribution.</i></p> <p><i>The TACs objectives for 2006 are focused on regulation, audit quality, firm transparency, ethics, education, ongoing responsibilities and providing input to IFAC’s budget setting process.</i></p>	<p>Highlights</p> <ul style="list-style-type: none"> IFRS Update: The TAC completed an update to its IFRS Good Practice Guidance document which was initially released in 2004. Tone at the Top: The TAC is currently working on a <i>Tone at the Top</i> good practice guidance paper for release in June 2007. FoF Membership Update: At its January 10, 2007 meeting, the TAC voted to accept the withdrawal of resignation from the FoF by Polaris International. Subsequent to the TAC meeting, the TAC Staff received an application for Affiliate membership from Saffery Champness International (SCI).

IFAC Yearly Events Calendar
2007-2009

Last updated January 24th, 2007

<u>DATE</u>	<u>VENUE</u>	<u>EVENT</u>	<u>REPRESENTATION</u>
2007			
JANUARY			
10	London	TAC Meeting	PD, RG
10-11	Chennai, India	SMPC Meeting	PT
17	Brussels	European Auditing Standard Setters	
18	New York, USA	IRLG	IB
22-23	Vietnam	CAP Meeting	SB, SR, RG
FEBRUARY			
5	Madrid, Spain	IRLG/MG	IB
5-6	Manila, Philippines	DNC Meeting	NW, RG
6	London, UK	IESBA Planning Committee Meeting	RG, JM, JS
7	London, UK	IESBA Accountants in Government Task	JM
11	New York, USA	IAASB Group Audits Task Force	IAASB staff as needed
12	New York, USA	IAASB New Member Orientation	AP
12	New York, USA	IAASB ISA 402 Task Force	IAASB staff as needed
12	New York, USA	IAASB Material Weaknesses Task Force	IAASB staff as needed
12	New York, USA	IAASB ISA 602 / Experts Task Force	IAASB staff as needed
12-13	New York, USA	IAASB Internal Control TF Meeting	KS
13	New York, USA	IAASB Quality Control Task Force	IAASB staff as needed
14	New York, USA	IAASB ISA 500, Audit Evidence Task Force	IAASB staff as needed
13-16	New York, USA	IAASB Meeting	IAASB staff as needed
19-20	New York, USA	Chief Executives	SW, IB
20-21	London, UK	IESBA Independence TF2	JM
21	New York, USA	Board Induction	IB, SW, JS, RG, HK
22-23	New York, USA	Board Meeting	IB, SW, JS, RG, HK
26	New York	IAESB CAG	ST, HS, JS
26	New York	IAESB New Member Orientation	ST, HS, JS
27-Mar 1	New York	IAESB Meeting	SM, JS, HS
MARCH			
5-6	Madrid, Spain	PIOB Meeting	IFAC staff as needed
5-6	Paris, France	OECD Public Sector Accrual Symposium	JS
5	New York, USA	IESBA New Member Orientation	JM, RG
6-7	New York	IESBA Meeting	JM, RG
7	Brussels, Belgium	FEE Audit Standard Setters	JK, JS
8-9	Assuncion, Paraguay	Inter-American Accounting Association Meeting	AP
12-13	London, UK	IOSCO Sub Committee	JK, JS
14-15	London, UK	IOSCO Standing Committee #1	JK, JS
20	New York, USA	Nominating Committee	IB, EK
20-23	Accra, Ghana	IPSASB Meeting	SF, IPSASB as needed
26-28	Amsterdam, Holland	PAIB Meeting	SG
28	New York	TAC Meeting	PD, RG
29-30	New York, USA	IAASB NSS	IAASB staff as needed
APRIL			
2-3	New York, USA	IAASB CAG	JS, AP
13*	Sydney, Australia(TBC)	IAASB Strategy Forum	IAASB staff as needed
16-20	Sydney, Australia	IAASB Meeting	IAASB staff as needed
19-20	Bucharest, Romania	CAP Meeting	SB, SR, RG
26	New York, USA	Pace University Conference	JS, AP
MAY			
3-4	Tunis, Tunisia	SMPC Meeting	PT
7-8	Madrid, Spain	Nominating Committee	IB, EK
15-16	London, UK	IESBA Independence TF	JM

JUNE			
5*	Reykjavik, Iceland (TBC)	Nominating Committee	IB, EK
5-6	Europe	IESBA Independence TF	JM
7-8	Reykjavik, Iceland (TBC)	Board Meeting	IB, SW, JS, RG, HK
11-12	Rio de Janeiro, Brazil	IOSCO Sub Committee	JK, JS
13-14	Mexico City, Mexico	LAC Conference	RG, JK, HS
14-15	Coimbra, Portugal	Comparative International Governmental Reserch (CIGAR)	JS
18-19	Moscow	DNC Meeting	RG, NW
25-26	Amsterdam, Holland	PIOB Meeting	IFAC staff as needed
25-27	Prague, Czech Republic	IAESB Meeting	ST, JS, HS
25-26	Berlin, Germany	IESBA Meeting	JM, RG
27	Brussels, Belgium	IESBA CAG Meeting	JS, JM, RF, RG
27-28	Amsterdam, Holland	Nominating Committee	IB, EK
28	New York	TAC Meeting	PD, RG
28	Brussels, Belgium	IAASB Strategy Forum	IAASB staff as needed
29	Brussels, Belgium	IAASB CAG	IAASB staff as needed
JULY			
3-6	Montreal, Canada	IPSASB Meeting	SF, IPSASB staff as needed
9-13	Warsaw, Poland	IAASB Meeting	IAASB staff as needed
16-17	Vancouver, Canada	CAP Meeting	RG, SB, SR
SEPTEMBER			
10-11*	Nairobi, Kenya	Nominating Committee	IB, EK
13-14	Nairobi, Kenya	Board Meeting	IB, SW, JS, RG, HK
19	London, UK	IESBA CAG	JM, RG, RF, JS
20-21	London, UK	IAASB CAG	JS, AP
20-21	Dublin, Ireland	IAESB CAG	ST, JS, HS, RG
24-25	Madrid, Spain	PIOB Meeting	IFAC staff as needed
24-28*	Madrid, Spain (TBC)	IAASB Meeting	IAASB staff as needed
27-28	Chile	CAP Meeting	SB, RG, SR
30-Oct 4	Montreal, Canada	PAIB Meeting	SG
OCTOBER			
Sept 30-4	Montreal, Canada	PAIB Meeting	SG
4	London	TAC Meeting	PD, RG
5	London	FoF Meeting	PD, RG
8-9	Colombo, Sri Lanka	DNC Meeting	RG, NW
23-25*	South America TBD	IESBA Meeting	JM
TBC*	Malta,	SMPC Meeting & Forum	PT
22-24	Beijing, China	IAESB Meeting	IAESB staff as needed
25	Beijing, China	IAESB Seminar	IAESB staff as needed
NOVEMBER			
06-09	New York, USA	IPSASB Meeting	SF, IPSASB staff as needed
13*	Mexico City, Mexico	Outgoing Board Meeting	JS, SW, IB, FdV, RG, GW
14*	Mexico City, Mexico	Council Meeting	JS, SW, IB, FdV, RG, GW
15*	Mexico City, Mexico	Incoming Board Meeting	JS, SW, IB, FdV, RG, GW
27-30	Beijing, China	IPSASB Meeting	SF, IPSASB staff as needed
DECEMBER			
7*	New Delhi, India (TBC)	IAASB Strategy Forum	IAASB staff as needed
10-11	New York, USA	PIOB Meeting	IFAC staff as needed
10-14	New Delhi, India	IAASB Meeting	IAASB staff as needed
			2008
FEBRUARY			
14-15*	TBC	Board Meeting	IB, SW, JS, RG, HK
MARCH			
6-7*	TBC	PIOB Meeting	IFAC as needed
10-14	New York, USA	IAASB Meeting	IAASB staff as needed
TBC*	Wellington, NZ	IPSASB Meeting	SF, IPSASB staff as needed

JUNE			
5-6*	TBC	Board Meeting	IB, SW, JS, RG, HK
16-20*	TBC	IAASB Meeting	IAASB staff as needed
26-27*	TBC	PIOB Meeting	IFAC as needed
JULY			
TBC*	New York, USA	IPSASB Meeting	SF, IPSASB Staff as needed
SEPTEMBER			
11-12*	TBC	Board Meeting	IB, SW, JS, RG, HK
15-19*	TBC	IAASB Meeting	IAASB staff as needed
25-26*	TBC	PIOB Meeting	IFAC as needed
NOVEMBER			
5-7*	TBC	IAASB Meeting	IAASB staff as needed
19, 21*	TBC	Board Meeting	IB, SW, JS, RG, HK
20*	TBC	Council Meeting	IB, SW, JS, RG, HK
TBC*	TBD	IPSASB Meeting	SF, IPSASB Staff as needed
DECEMBER			
4-5 or 11-12*	TBC	PIOB Meeting	IFAC as needed
8-12	London, UK	IAASB Meeting	IAASB staff as needed
2009			
MARCH			
TBC*	New York, USA	IPSASB Meeting	SF, IPSASB staff as needed
(p)= Presentation			
(*) Tentative			