



International
Federation
of Accountants

Finding the Balance Regulation and the Role of Accountancy Profession

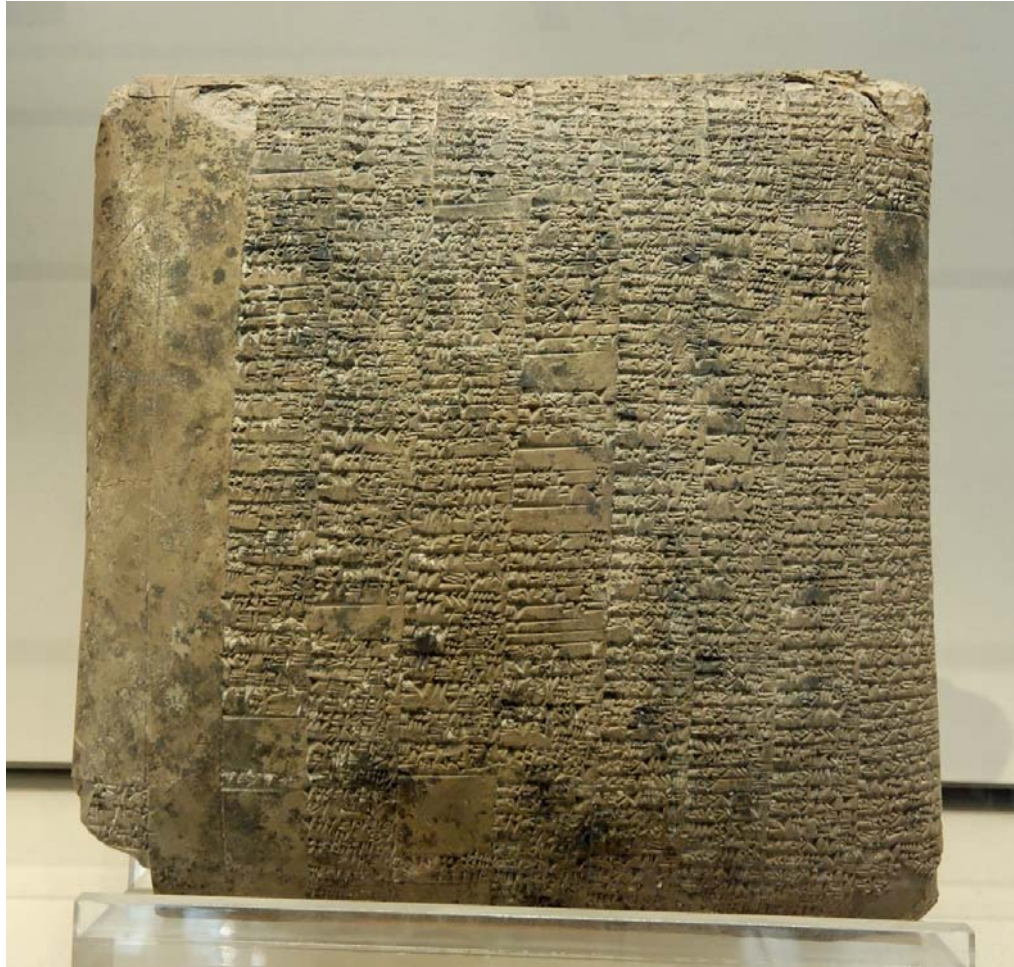
Szymon Radziszewicz
Senior Technical Manager
Member Body Development

6th Cross-Border Meeting
Chişinău, Moldova
June 22, 2012

Outline

- The context
 - History
 - Complexity
- Regulation of the profession – the global perspective
 - Balancing shared regulation
 - Framework for strong accountancy profession
- Role of the national profession
 - Commitment to quality
 - Provide support and leadership
- How IFAC assists

5000 Years Ago



500 Years Ago



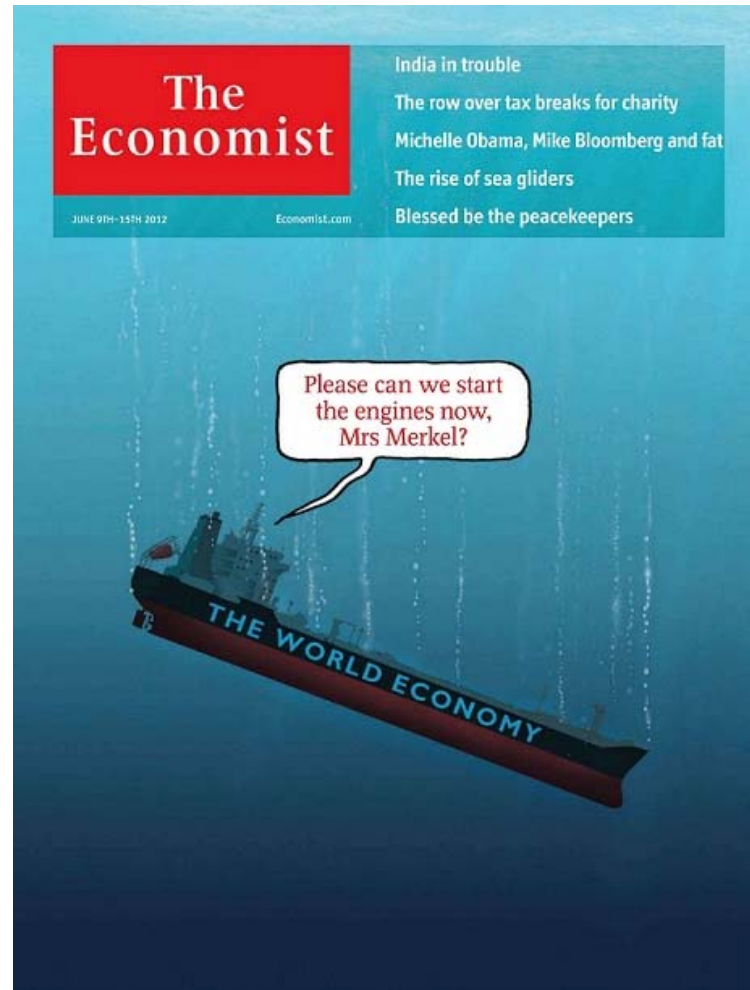
16 Years Ago



4 Years Ago



Last week



International Landscape Today

- Pressure on the broader financial architecture
 - Economy in recovery
- Globalization
 - Information, Capital, Accountants moving across borders
- Diverse and segmented
 - Large multinationals and smaller local SMEs
 - International network firms and local SMPs

IFAC Perspective on Regulation

- Global regulatory convergence
 - IFAC's position; importance of high-quality globally accepted standards and consistent adoption, implementation and oversight
- Balancing shared regulation
 - Policy Position Paper (PPP) 1 and the role of professional accountancy organizations
- Statements of Membership Obligations (SMOs)
 - A framework for credible and high quality professional accountancy organizations

Regulation of the Accountancy Profession

A graphic consisting of a dark blue rectangle with three white horizontal lines on the left side. A light blue horizontal bar is overlaid on the middle of the rectangle, containing the text 'IFAC POLICY POSITION 1' in white capital letters.

IFAC POLICY POSITION 1

- *“Regulation of individual professional accountants is primarily conducted at a national level, with professional accountancy organizations playing an important role in working with governments to ensure that such regulation is effective, efficient, and in the public interest.”*
- Characteristics of (*and threats to*) effective regulation
- A shared approach to regulation – roles for government and professional accountancy organizations

Framework for Strong PAOs

SMO1 Quality Assurance

SMO2 International Education Standards

SMO3 International Standards on Auditing

SMO4 International Code of Ethics

SMO5 International Public Sector Accounting Standards

SMO6 Investigation and Discipline

SMO7 International Financial Reporting Standards

Balancing Act – the SMO Applicability Framework

Degree of responsibility for an SMO area

Direct

Shared

**No
Responsibility**

**Implement all the
requirements of the
SMO**

*In exceptional situations
departures are possible
if can be justified from
the public interest
perspective and need to
be documented*

For the elements for
which Member Body
has direct
responsibility follow
the approach for
"Direct"

AND

For the elements for
which Member Body
has no direct
responsibility follow
the approach for
"No Responsibility "

Use best endeavors to:

**a. Encourage those
responsible for the
requirements to follow
this SMO in
implementing them;**

AND

**b. Assist in the
implementation where
appropriate**

Building Blocks



Strong Accountancy Profession = Inclusive and Sustainable Growth



The Goal – Provide Quality Information

- Contribute to economic stability and growth
- Enhance efficiency and accountability of businesses
- Promote and support governmental transparency and accountability
- Be a key player in rebuilding confidence in financial markets

Be the Voice

- Educate stakeholders and advocate the role of the profession
- Raising awareness about the need for accountants and auditors
 - Public Sector and Private Sector
- Input into development of legislation and regulation

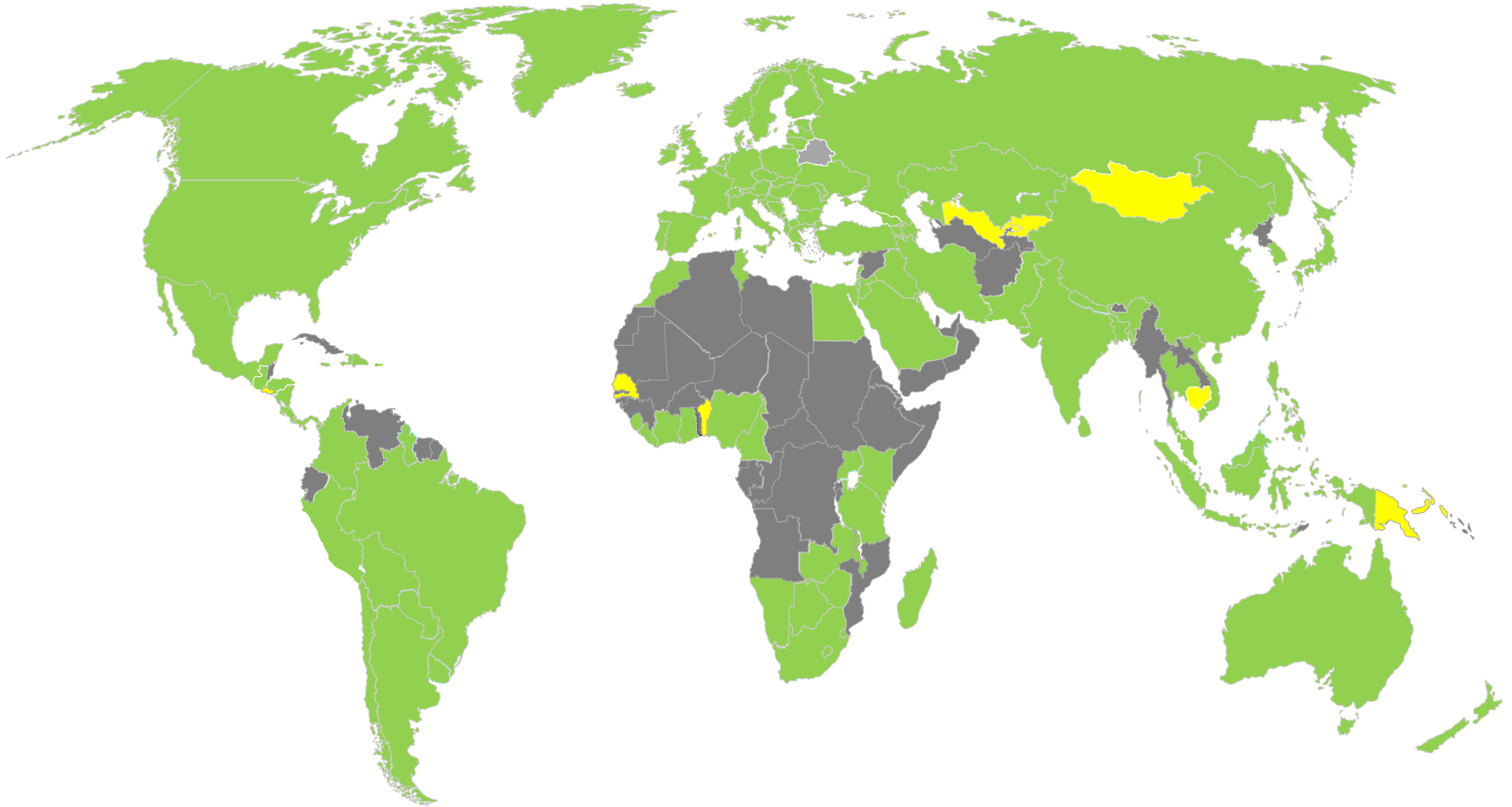
Provide Support

- Training and examination
- If not the standard-setter:
 - Input into the development of standards
- Support implementation of standards
- Promote and monitor adherence to ethics and independence requirements

Leadership through Action

- Commitment to the public interest
- Adherence to the values of integrity, transparency and expertise
- Commitment to follow high standards
- Ongoing education
- Oversight of its public interest activities

Global Profession



IFAC's Vision

For the global accountancy profession to be recognized as a valued leader in the development of strong and sustainable organizations, financial markets and economies

Tools and Resources

- www.ifac.org/ComplianceProgram
- www.ifac.org/about-ifac/professional-accountancy-organization-development-committee
- www.ifac.org/SMP
- web.ifac.org/clarity-center/index
- www.ifac.org/Ethics/Resources.php
- www.ifac.org/Translations
- www.ifac.org/issues-insights/public-policy-regulation



www.ifac.org/ComplianceProgram

www.ifac.org