



IFAC News

A NEWS BRIEFING FROM THE INTERNATIONAL FEDERATION OF ACCOUNTANTS

In This Issue

- 2 Robert Bunting
Assumes Presidency
Of IFAC; Council
Names Göran Tidström
Deputy President

IFAC Council Approves
New Strategic Plan

IFAC Accepts New
Members and Associates
- 3 President's Message
- 4 IFAC Issues Paper
On Standard Setting
And Regulation

Mark Allison
Appointed IAESB Chair
IAESB Releases ED on
IES Framework
- 5 Part 1 of the 2008 ISA
Handbook Remains
In Effect for 2009

IFAC Issues Web-Based
Sustainability Framework

IAASB and IESBA
CAGs to Host Seminar
- 6 IAASB Nears Finaliza-
tion of Clarity Project

IAASB Staff Releases
Practice Alert on Going
Concern and Credit Crisis

IPSASB Moves
Towards Convergence

Developing Nations
Committee Translates
Good Practice Guide
Into Three Languages
- 7 IFAC Board Approves
New Translation Policy

IFAC Survey Examines
Public Sector Performance
Measurement Structures
SMP Update
- 8 IFAC KnowledgeNet
Attracts 80,000 Visitors

2010 World Congress
Organizers Announce
Gold Sponsors;
Advance Program

Credit Crisis and SMP Issues Dominate Member Body Agendas

Leaders of accountancy organizations worldwide see the profession as vital for economic growth and development and expect demand to increase in a number of service areas, according to the 2008 Global Leadership Survey of the International Federation of Accountants (IFAC). The survey results show that generating a sufficient supply of accountants, responding to the credit crisis, and addressing the needs of small- and medium-practices are among the primary areas of focus for these leaders.

The survey, conducted in October and November 2008, sought the views of chief executives and presidents of IFAC members, associates, and regional accountancy organizations on trends in

the profession: supply, demand, and attractiveness of the profession; needs for specific services; and responses to the credit crisis. IFAC received a total of 130 responses.

Accountancy organizations have responded to the crisis with a number of initiatives. These include joint efforts with governments and regulators to identify solutions, as well as seminars and educational programs to support members. Respondents suggest that IFAC reinforce the message that qualified accountants are best equipped to help businesses make their way through these

While the financial crisis has led to new challenges for the profession, it has also led to a greater awareness of the value of professional accountants.

uncertain times. They also recommend that the profession continue to do what it does best: deliver accountancy services with a high degree of integrity and professionalism.

The credit crisis and staff shortages are not the profession's only challenges. Respondents said that addressing the needs of small- and medium-sized entities (SMEs) and small and medium practices (SMPs) is the most critical issue for the coming year. Other key challenges include transitioning to International Standards on Auditing (ISAs), educating professional accountants, and meeting expectations to identify and prevent fraud. Dealing with the changing regulatory landscape, respondents said, is also very important.

While the financial crisis has led to new challenges for the profession, it has also led to a greater awareness of the value of professional accountants. According to respondents, more clients are seeking the services and expertise of accountants to weather the downturn. Respondents expect

(continued on page 8)

IFAC Launches Financial Crisis Resource Center

To help professional accountants address issues related to the global financial crisis, IFAC has launched a resource center on its website that serves as an international clearinghouse of programs, articles, speeches, and other initiatives undertaken by IFAC, its independent standard-setting boards, members and associates, as well as other organizations that are relevant to professional accountants working in public practice, business, and government. A special section of the site will be devoted to resources for SMPs and SMEs.

The resource center can be accessed at www.ifac.org/financial-crisis.

If your organization has materials dedicated to the financial crisis that you would like to have appear on this web page, please send a link and description to communications@ifac.org. ■

Robert Bunting Assumes Presidency of IFAC; Council Names Göran Tidström Deputy President

Robert Bunting, past Chairman of the American Institute of Certified Public Accountants and an IFAC Board member since 2005, assumed the Presidency of the International Federation of Accountants (IFAC) at the conclusion of IFAC's Board and Council Meetings held in Rome during November 11-14, 2008. Previously serving two years as Deputy President, Mr. Bunting was also Chairman of IFAC's Planning and Finance Committee, where he led the organization in the development of its operational and strategic plan for 2009-2012.

Göran Tidström succeeded Mr. Bunting as IFAC's Deputy President. Having served as a member of the IFAC Board since 2003, Mr. Tidström is also a member of the IFAC Regulatory Liaison Group. He also serves as Chairman of the Supervisory Board of the European Financial Reporting Advisory Group

(EFRAG); the European Private Sector Body that gives input to the International Accounting Standards Board (IASB), evaluates new International Financial Reporting Standards for use in Europe, and recommends endorsement to the European Commission. Mr. Tidström

is a Past President of the Fédération des Experts Comptables Européens, the IFAC recognized regional organization.

Visit the IFAC online media center (www.ifac.org/MediaCenter) to view the biographies of IFAC's officers and speeches presented by them. ■

IFAC Council Approves New Strategic Plan

During IFAC's November 11-14, 2008 Council and Board meetings in Rome, leaders of more than 100 accountancy organizations met and discussed the global financial crisis, convergence to global auditing and ethics standards, and the profession's role in sustainable development. These are among the many issues the new IFAC Strategic Plan for 2009-2012, approved by the Council in November, seeks to address as IFAC strives to further achieve

Mission Statement

To serve the public interest, IFAC will continue to strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant. ■

IFAC Accepts New Members and Associates

In November, the IFAC Council approved seven existing IFAC associates as full members and three organizations as new associates, following the recommendation of the IFAC Board.

To achieve this important milestone, organizations have to go through an extensive application process that includes completion of Compliance Part 1 and Part 2 questionnaires, due diligence by a sponsoring IFAC member, interviews, and submission of other relevant materials. The assessment of the application is then reviewed by the IFAC staff, Compliance Advisory Panel, and the IFAC Board before being submitted to a vote by the IFAC Council. These organizations are now commencing work on the development of their Part 3, Action Plans.

Existing IFAC associates that have become full members are as follows:

- Institute of Authorized Chartered Auditors of Albania (IEKA)
- Chamber of Auditors of Azerbaijan Republic (CAAR)

- Lithuanian Chamber of Auditors (LCA)
- Institute of Chartered Accountants of Nepal (ICAN)
- Chamber of Financial Auditors of Romania (CFAR)
- Russian Collegium of Auditors (RCA)
- Ukrainian Federation of Professional Accountants and Auditors (UFPAA).

The following organizations joined IFAC as associates:

- Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)
- Ukrainian Association of Certified Accountants and Auditors (UACAA)
- Institute of Financial Accountants (IFA), UK.

IFAC membership now stands at 157 members and associates in 122 countries and jurisdictions. ■

its mission of strengthening the global accountancy profession and contributing to economic development worldwide.

The new plan has an increased focus on the implementation of international standards, on enhancing the relevance and sustainability of the profession, and on communicating more vigorously on a number of issues, including regulation, financial management, corporate governance, and financial reporting.

The plan was introduced by IFAC President Robert Bunting at the Council meeting. Mr. Bunting also showed a new IFAC video that communicates the mission of IFAC and its values of integrity, transparency, and expertise. The video may be viewed on the IFAC homepage and is available for use by member bodies and others.

The IFAC Strategic Plan for 2009-2012 can be accessed on the IFAC website at www.ifac.org/About/strategicplan.php. ■

President's Message

IFAC and the Global Financial Crisis

As the global financial crisis continues to unfold and we are made more aware of its depth and breadth, our profession is challenged to reexamine its roles and responsibilities and to contribute our efforts to appropriate changes that will ensure that we are part of the solution. The reality is that there is no quick fix. We are facing a global financial system in need not simply of repair, but of significant overhaul. The rebuilding effort will not be accomplished by one country, one regulator, or one profession, but by a diverse and interconnected global community. The questions for IFAC are: "What is our appropriate role within this global community?" and "How can we best contribute to this rebuilding process?"

First, I believe we must remain focused on our core mission and values: developing high-quality standards, promoting quality, and adhering to our values of integrity, transparency, and expertise. Secondly, we must, and are, conducting a rigorous self assessment of the work we do to determine where changes in priority or direction are needed in light of the crisis. Thirdly, we are reaching out to our members, to regulators, and to various international organizations that, like IFAC, are striving to put the global economy back on track, and to identify where we can best collaborate. Finally, we must continue to progress in achieving global adoption or convergence to a single set of high-quality standards for auditing, ethics, education, and financial reporting.

We have already begun that process, and the balance of this report details some of our actions.

New Guidance

The staff of IFAC's International Auditing and Assurance Standards Board (IAASB) released a new practice alert, *Audit Considerations in Respect of Going Concern in the Current Economic Environment* (see page 6), to assist auditors and management, as well as those charged with governance, in

responding to the unique challenges arising from the current financial crisis. In October, the IAASB staff issued its first alert, *Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment*, highlighting areas within the International Standards on Auditing (ISAs) that are particularly relevant to fair value audits.

In addition, pending Public Interest Oversight Board approval of the due process of the final clarified ISAs, the IAASB Clarity Project will be completed in 2009—providing further momentum to the global convergence process. It will not come too soon. The global financial crisis has underscored the importance of one international language of auditing and assurance.

We must continue to progress in achieving global adoption or convergence to a single set of high-quality standards for auditing, ethics, education, and financial reporting.

The International Public Sector Accounting Standards Board is focused on convergence, as well as on expediting its work in areas related to the financial crisis. It plans to discuss three exposure drafts (EDs) on recognition and measurement, presentation, and disclosure of financial instruments at its meeting in February. These EDs will be closely based on International Financial Reporting Standards.

Standards help to promote quality performance, but they need to be supported by values that drive decision making. For our profession, these values, embraced in the IFAC *Code of Ethics for Professional Accountants*, are paramount. It is for this reason that IFAC is actively promoting adoption of, or convergence to, this Code and is ensuring that the Code remains relevant in the current marketplace, especially with respect to independence issues. A new Code will be issued in a few months with

these important updates.

In addition to standard setting and promoting high values, IFAC is continuing its work on governance matters. We recently released two new documents for professional accountants in business, and other business leaders: *Evaluating and Improving Governance in Organizations* and the Sustainability Framework. We are also continuing our work on the global financial reporting supply chain to determine how we can best contribute to enhancing the usefulness of financial reports, strengthen corporate governance, and meet the needs of investors and other constituencies.

Considering the Needs of SMPs

We are also focused on understanding how the financial crisis is affecting small- and medium-sized entities (SMEs) and practices (SMPs). The prospect of increased regulation and oversight, coupled with the economic downturn and reduced access to capital, are putting many of these enterprises in jeopardy. We remain engaged with the SME and SMP communities to make sure their voices are heard and their needs considered in our standard setting, and in our outreach to regulators. IFAC's SMP Committee is leading this effort, but the Nominating Committee is also involved in ensuring that the SMP and SME community is appropriately represented on IFAC boards, committees, and working groups. We are also stepping up our development of resources, by augmenting the *Guide to Using International Standards on Auditing in the Audit of Small- and Medium-sized Entities* with guides of quality control and practice management.



Robert Bunting

(continued on page 4)

IFAC Issues Paper on Standard Setting and Regulation

The International Federation of Accountants (IFAC) has released a policy paper that explains the process for setting international standards on auditing and assurance, ethics, and accounting education. The paper, titled *International Standard Setting in the Public Interest*, describes how public and private sector organizations share responsibility to produce high-quality standards which serve the public interest.

Fundamental Principles

The paper identifies five underlying principles deemed essential to successful standard setting. These principles are legitimacy, independence, transparency, accountability, and performance (encompassing technical competence, responsiveness, and efficiency). The paper explains how public and private sector entities share roles in a standard-setting process that exemplifies these principles. This process, the paper notes, was also

Mark Allison Appointed IAESB Chair

The International Federation of Accountants (IFAC) has appointed Prof. Mark Allison, MA, CA, as Chair of the International Accounting Education Standards Board (IAESB). Mr. Allison's appointment, which has been approved by the Public Interest Oversight Board, is for a three-year term, beginning January 1, 2009.

As IAESB Chair, Mr. Allison will lead the Education Board's continuing efforts to develop high-quality International Education Standards (IESs) and guidance and to promote their convergence. He will combine his role as IAESB Chair with his current position as Executive Director, Education and International at the Institute of Chartered Accountants of Scotland. Mr. Allison is also a visiting professor at Robert Gordon University, Scotland, and has more than 20 years of experience participating in accountancy education projects globally with organizations, such as the European Union, the World Bank, and the United Nations Conference on Trade and Development. ■

designed to address the needs for balance, effective implementation, and transparency.

Context

These structures were implemented in the regulatory environment immediately following the passage of the U.S. Sarbanes-Oxley Act. They take into account the shift in oversight systems from those largely dominated by professional accounting institutions to those allowing for greater roles for public sector regulators. IFAC and the international regulatory community launched these standard-setting initiatives to respond to this evolving environment, as well as to improve transparency and responsiveness to the public interest.

Public Oversight and Input

Among the most important actions taken was the establishment, in 2005, of the Public Interest Oversight Board (PIOB)—which serves as a vital mechanism for protecting the public interest. The PIOB oversees the standard-setting activities of the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board (IAESB), and the International Ethics Standards Board for Accountants (IESBA). It also provides oversight over the operations of IFAC's Member Body Compliance Program.

Other significant standard-setting elements include highly transparent due process systems and strong roles for IFAC's

Consultative Advisory Groups (CAGs). These advisory groups provide technical advice from the perspective of external stakeholders, including regulators.

Member bodies and others are encouraged to use this paper in their own discussions with governments, standard setters, regulators, and other relevant groups.

The paper can be downloaded from the IFAC website at www.ifac.org/Store. ■

IFAC and the Global Financial Crisis

(continued from page 3)

Outreach to Firms, Regulators, and Others

Finally, as we seek to better understand and address the issues related to the crisis, we have increased the frequency of our dialogues with the firms, regulators, development agencies, and various international organizations. Considering the views of, and impact on, these and other stakeholders, and with the public interest as our first priority, we are moving forward with our initiatives to strengthen the profession and to rebuild a global financial system that is worthy of public confidence and trust. ■



IAESB Releases ED on IES Framework

The International Accounting Education Standards Board (IAESB) has approved the release of the exposure draft (ED), *Framework for International Education Standards*, for public comment. The Framework document sets out the concepts that underlie the IAESB's suite of eight International Education Standards (IESs). More specifically, the revised Framework has:

- Deleted outdated or redundant sections;
- Updated sections so as to reflect the Board's experience; and
- Improved clarity.

The revised Framework is targeted to meet the needs of IFAC member bodies, but is also relevant to a wide range of accounting education stakeholders. These include accounting faculty at universities, employers of professional accountants, professional accountants, prospective professional accountants, and anyone interested in the work of the IAESB.

All interested stakeholders in accounting education can retrieve the Framework document from www.ifac.org/Guidance/EXD-Outstanding.php, and are invited to comment by the closing date of April 30, 2009. ■

Part I of the 2008 ISA Handbook Remains in Effect for 2009

Updates to IFAC's compilation of its auditing, assurance, and ethics standards are being handled differently in 2009. Part I of the 2008 edition of the IFAC Handbook of International Standards on Auditing, Assurance, and Ethics Pronouncements will remain in effect during 2009.

This part of the handbook contains pronouncements on auditing, review, other assurance, quality control, and related services issued by the International Auditing and Assurance Standards Board (IAASB) as of January 1, 2008. These standards are effective through

December 15, 2009, after which the Clarity standards go into effect. Part I of the handbook also includes the IFAC *Code of Ethics for Professional Accountants*, issued by the International Ethics Standards Board for Accountants.

Part II of the 2008 edition of the handbook, which features nine redrafted International Standards on Auditing (ISAs) and background information on the IAASB's Clarity Project, will be withdrawn when the handbook containing all the redrafted ISAs is released by IFAC in April 2009.

The 2009 handbook will contain a complete set of IAASB pronouncements, includ-

ing all the ISAs that have been redrafted to improve their clarity, and that become effective on December 15, 2009. In addition, this handbook will contain the redrafted International Standard on Quality Control 1, a Glossary of Terms, and an amended Preface.

The 2008 edition of the handbook can be downloaded free-of-charge in PDF format from the IFAC online bookstore (www.ifac.org/Store). ■

IAASB and IESBA CAGs to Host Seminar

The Consultative Advisory Groups (CAGs) of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) will host an information session on international standard setting and convergence in cooperation with the Dubai International Financial Centre on March 12, 2009. Professional accountants working in business, industry, academia, and the public sector are invited to attend along with others interested in learning more about the work of these standard-setting boards.

The free seminar, which will be held from 9 a.m. to 5 p.m., will focus on the following topics:

- The importance of international convergence in standard setting;
- Reflections on ethics and standards in the current environment;
- Implications of new independence standards for professional accountants;
- Developments for auditors aimed at achieving clarity and consistency in auditing standards and their application, and
- The role of consultation and oversight in standard setting.

In addition, members of the CAG will participate in a panel session on the subject of fair value accounting in light of the financial crisis, as well as ethics and corporate governance.

For registration information, please contact Kathleen Healy, IAASB Technical Manager, at kathleenhealy@ifac.org. ■

IFAC Issues Web-Based Sustainability Framework

To help Professional Accountants in Business (PAIB) embrace the challenges of sustainability, IFAC's PAIB Committee has completed the IFAC Sustainability Framework, which was made available on the IFAC website in February.

The Framework is a web-based resource that can help PAIBs better understand and influence the way organizations integrate sustainability into the way they do business. It focuses on key challenges and considerations for professional accountants in business in a range of critical areas, including business strategy, performance management, and reporting, and enables interested viewers to access the areas of information that are most crucial to them. It also provides links to the most relevant and useful good practice guidelines and other resources.

The Framework builds on the following two IFAC 2006 information papers:

- *Professional Accountants in Business - At the Heart of Sustainability?*; and
- *Why Sustainability Counts for Professional Accountants in Business.*

These publications called for PAIBs to embrace the challenges presented by sustainability—covering a range of subjects from social issues, like labor-working conditions, to environmental challenges, like climate change. The Framework provides PAIBs with many of the resources they need to address these subjects.

IFAC's Sustainability Framework is accessible via the International Center for Professional Accountants in Business at www.ifac.org/PAIB. ■

Sustainability Framework / Business Strategy
Introduction | Leadership | Stakeholder Engagement | Goals | Business Case | Risk Management | Suppliers | Resources
[Back to Strategy Planning FAQs](#)

Introduction
A strategic perspective promotes the integration of sustainability issues at a strategic level, so that they are embedded in organizational development covering strategy, planning, enterprise risk management, and organizational learning processes. Part of the challenge for society and many organizations is dealing with the nebulousness of the issue of sustainability and sustainable development. Although most people recognize a need for action in this area, action itself is often lacking, or is poorly executed. This often manifests itself in well-presented promotional material, but with little indication of whether sustainable development is embedded in the organization's business model.

Thinking about sustainability issues strategically is an opportunity for organizations to establish or re-establish the 'why' of sustainability, and to recognize what sustainable development stands for, i.e. what we enjoy today will impact the livelihood and enjoyment of future generations. Organizations can find it easier to integrate sustainability where there is a clear understanding of its meaning, and how different terminology is frequently used to refer to the same or similar issues. (copy shortened for purposes of this sample)

Definitions: What are sustainability, sustainable development and CSR?
Caption 1
"Meeting the needs of current generations without compromising the ability of future generations to meet their own needs."
Peter Drucker, CEO, Gulfstream Corp., South Africa

A first step in developing a sustainable path is achieving clarity on terms that are used widely but sometimes with little understanding. In embedding sustainability in an organization, it can be essential to first clarify terminology so that terms such as sustainability and CSR are well understood, even when they are used interchangeably.

"Sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs."

The World Business Council for Sustainable Development's three-pillar model of economic growth, ecological balance, and social progress is also a useful reference point for understanding sustainability. (copy shortened for purposes of this sample)

Key learning points

1. A broad approach to defining sustainability helps professional accountants in business and their organizations to think widely about their contribution to society and responsibility. For example, in the Economist's special report on corporate social responsibility.

2. Sustainability, sustainable development and CSR point to the need for organizations to contribute to social and financial well-being by undertaking activities that benefit not only their shareholders, but also other stakeholders affected by organizations' operations. A key challenge for organizations is to determine how to harmonize the goals of a range of disparate stakeholders and manage their expectations. (copy shortened for purposes of this sample)

Caption 2
The World Business Council for Sustainable Development's 10 Messages by Which to Operate

1. Business is good for sustainable development and sustainable development is good for business. Business is part of the sustainable development solution, while sustainable development is an effective long-term business growth strategy.
2. Business cannot succeed in societies that fail. There is no future for successful business if the societies that surround it are not working.

[Back to top](#) | [Back to Strategy Planning FAQs](#)

IAASB Nears Finalization of Clarity Project

The International Auditing and Assurance Standards Board (IAASB) has moved closer to the completion of its Clarity Project with the release of seven clarified International Standards on Auditing (ISAs) and one clarified International Standard on Quality Control (ISQC), following the consideration and approval of due process by the Public Interest Oversight Board (PIOB). To date, the IAASB has released 29 final redrafted ISAs, and one final redrafted ISQC, in the new clarity style.

The new standards are:

- ISQC 1 (Redrafted), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

IPSASB Moves Towards Convergence

The International Public Sector Accounting Standards Board (IPSASB) plans to make significant progress by December 31, 2009, in converging International Public Sector Accounting Standards (IPSASs) with International Financial Reporting Standards (IFRSs). To that end, it is accelerating a number of projects in its 2009 work program.

For example, the public sector board plans to approve six exposure drafts (EDs) in February, all of them IFRS convergence projects. Three of these drafts will be for standards on financial instruments for the public sector, a key area on which the IPSASB is focusing attention in light of current global economic challenges. These draft standards will diverge very little from the International Accounting Standards Board's standards on financial instruments.

The other drafts will be focused on the subject areas of intangible assets and entity combinations.

IPSASB will debate a number of key standards in progress during its next meeting on Feb. 23-26, 2009. The board plans to hold another meeting in 2009 to approve several final standards. ■

- ISA 220 (Redrafted), *Quality Control for an Audit of Financial Statements*
- ISA 500 (Redrafted), *Audit Evidence*
- ISA 501 (Redrafted), *Audit Evidence-Specific Considerations for Selected Items*
- ISA 505 (Revised and Redrafted), *External Confirmations*
- ISA 520 (Redrafted), *Analytical Procedures*
- ISA 620 (Redrafted), *Using the Work of an Auditor's Expert*
- ISA 710 (Redrafted), *Comparative Information-Corresponding Figures and Comparative Financial Statements*

Subject to PIOB approval, four more redrafted ISAs will be released in February 2009, followed by another three in March 2009. The IAASB's Clarity Project will be concluded after the PIOB has completed its review of all 36 redrafted ISAs, and the redrafted ISQC.

The complete set of clarified ISAs will be effective for audits of financial statements for periods beginning on or after December 15, 2009. The ISAs can be downloaded free-of-charge from the IFAC online bookstore at www.ifac.org/Store. ■

IAASB Staff Releases Practice Alert On Going Concern and Credit Crisis

The staff of the International Auditing and Assurance Standards Board (IAASB) has released a new practice alert on assessing the impact of the credit crisis on going concern assumptions. Titled *Audit Considerations in Respect of Going Concern in the Current Economic Environment*, the alert is designed to help auditors, management, and governance officials respond to the unique challenges posed by the crisis when evaluating an entity's ability to continue as a going concern.

The unexpected severity, speed, and evolving consequences of the credit crisis have made going concern assessments increasingly important, as well as more complex. Auditors and management must consider these effects and decide how they should be described in financial statements. To address these issues, the practice alert highlights areas within

Developing Nations Committee Translates Good Practice Guide Into Three Languages

The Developing Nations Committee (DNC) has announced that its 2007 Good Practice Guide, *Establishing and Developing a Professional Accountancy Body*, has been translated into French, Spanish, and Russian, and will be translated into Arabic in the coming months.

The guide was developed by the DNC as one element of its strategy to aid the development of the accountancy profession. While primarily aimed at building the capacity of the profession in developing countries, this practical tool can also be used by more developed accountancy bodies, which are considering revisions to governance structures, education programs, and convergence to international standards.

This translated revised edition includes several additions, such as briefing documents about the role of national professional accountancy bodies and guidance on enhancing public sector focus in the profession.

The guides can be downloaded free-of-charge from the IFAC website at www.ifac.org/Store. ■

International Standard on Auditing (ISA) 570, *Going Concern*, as well as other ISAs, which are particularly relevant in the current economic environment.

The alert also provides additional guidance for auditors in evaluating management's use of the going concern assumption, and raises awareness of issues surrounding liquidity and credit risk that might create new uncertainties for entities, or exacerbate those already existing.

This new alert is the second issued by IAASB staff. The first, *Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment*, was released in October 2008 to help auditors address the challenges of auditing fair value accounting estimates.

Both alerts may be downloaded free-of-charge from the IFAC website at www.ifac.org. ■

IFAC Board Approves New Translation Policy

To further encourage the adoption and implementation of IFAC standards, the IFAC Board has approved a new policy statement for the translation of its standards. The policy statement, titled *Policy for Translating and Reproducing Standards Issued by the International Federation of Accountants*, has four objectives:

- To encourage one quality translation of the standards per language;
- To achieve a faithful translation of the standards;
- To achieve a timely translation of the standards, and
- To ensure that translations of the standards are regularly updated.

The policy statement only applies when a translating body translates and reproduces any of the final standards issued by IFAC standard-setting boards. It became effective

on January 1, 2009.

The availability of quality translations is vital to the adoption, as well as the effective and consistent implementation, of IFAC standards. IFAC also recognizes that a single translation of its standards would reduce confusion, regarding source and availability of applicable standards, and eliminate differences in terminology. A single translation is also more cost effective and efficient to maintain.

Therefore, IFAC strongly encourages translating bodies to collaborate with other interested bodies that may benefit from using the standards in the language of translation in order to achieve a single quality translation of standards in that language.

The translation policy statement may be downloaded by visiting www.ifac.org/Translations. ■

IFAC Survey Examines Public Sector Performance Measurement Structures

IFAC's Professional Accountants in Business (PAIB) Committee has conducted a survey on public sector performance measurement structures to investigate their similarities, differences, strengths, and weaknesses. The survey also studied how these structures help public sector entities meet their objectives.

The survey was conducted between March and May 2008, and received 250 responses from public sector organizations at all levels of government and from a variety of entities, including local councils, public utilities, and various ministries from around the world.

The results show that respondents are much more satisfied with performance measurement structures for public sector entities when these structures possess the following elements:

- A balanced combination of relevant financial and non-financial objectives, supported by specific key performance indicators (KPIs);
- Accrual accounting for the budgeting, the (legislative) appropriation, and the financial reporting processes;
- Capability for capturing, processing,

and reporting useful information on both financial and non-financial developments;

- Independent external review of the figures to report on financial and non-financial performance;
- A formal structure for measuring and assessing risk, and developing strategies to control it; and
- A regular review to ensure that the performance measurement structure remains effective and efficient.

These elements enable professional accountants and others working in public sector entities to better plan, execute, and control their organizations' service delivery and achieve a higher level of accountability.

The PAIB Committee will follow-up on this survey with initiatives designed to stimulate further improvement in public sector performance measurement systems. Such steps will include an interview series with public sector and performance measurement experts and case studies. These efforts will culminate with an International Good Practice Guidance (IGPG)

(continued on page 8)

SMP Update

New Strategy Approved

At its meeting on October 14-15 in Abuja, Nigeria, IFAC's Small and Medium Practices (SMP) Committee approved its Strategic and Operational Plan for 2009-2012. The plan outlines increased emphasis on support for SMPs in implementing international standards and maintaining best practices in practice management and client service.

ISA Guide Being Updated

Following through on the success of its December 2007 *Guide to Using ISAs in the Audit of Small- and Medium-sized Entities* (ISA Guide), IFAC has started work on developing an improved version of the guide for release in late 2009.

The original ISA guide was designed to assist SMPs and other practitioners in implementing International Standards on Auditing (ISAs) to the audit of small- and medium-sized entities (SMEs). The guide provides a detailed analysis of all ISAs issued as of December 31, 2006, and their requirements in the context of an SME audit, along with an in-depth case study based on a typical SME. It can be accessed and downloaded free-of-charge from the IFAC publications section at www.ifac.org/Store. A CD-ROM is also available upon request.

QC Guide Close to Release

The SMP Committee has made significant progress on its project to develop an implementation guide on quality control. The *Guide to Quality Control for Use by Small- and Medium-sized Practices* (QC Guide), which is being developed by CGA-Canada, is intended to help SMPs understand and efficiently apply International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. The plan is to issue the QC Guide in the first quarter of 2009, soon after the redrafted ISQC 1 is approved by the Public Interest Oversight Board (PIOB). The guide will be free-of-charge. Further information on the progress of this project can be found by visiting www.ifac.org/SMP. ■

IFAC KnowledgeNet Attracts 80,000 Visitors

Over the past year, close to 80,000 individuals used the IFAC KnowledgeNet, the global search engine customized for the accountancy profession (www.ifacnet.com). Individuals were most frequently looking for information on corporate governance, International Standards on Auditing, assurance/sustainability reporting, and International Financial Reporting Standards.

IFACnet is searchable in over 100 languages. While the majority of IFACnet visitors work in English, IFACnet received visitors representing 77 languages, including a significant number of visitors who speak Spanish, Chinese, French, and German.

The content for the IFACnet is provided by IFAC, its members and associates, and other organizations who have content relevant to the international accountancy profession on their websites. Currently, 35 organizations provide content. The newest

organizations to become IFACnet participants are the following:

- Institut der Wirtschaftsprüfer in Deutschland e.V.;
- Fédération des Experts-Comptables Européens;
- The Public Interest Oversight Board;
- The Institute of Internal Auditors; and
- The International Association for Accounting Education and Research.

IFAC is continuing to focus on enhancing IFACnet features and functionality, and also on seeking additional organizations to share their content. To become a participating organization is easy; IFACnet will simply “spider” relevant content that is specified by the participant, much the same way that Google and other search engines retrieve information.

For more information about how to participate on IFACnet or to incorporate the link on your site, email communications@ifac.org. ■

Credit Crisis

(continued from page 1)

their public practice members to be more involved in forensic accounting, corporate recovery, and insolvency services. Work in assurance (other than audit), risk, and compliance is also expected to grow.

Respondents indicated, however, that this growth trend may change, depending on the length and impact of the global financial crisis. Finding accountants to handle the work will be a challenge, according to respondents. Many, about 40%, believe that there is an insufficient supply of professional accountants in their countries. Only 26% believe there is a sufficient supply now, while just 32% said there would be a sufficient supply five years from now.

However, the survey shows that the profession’s attractiveness to students has grown over the past five years. Respondents said that more students are pursuing accounting careers for a number of reasons, including the variety of career opportunities, the salary potential, and the ability to work internationally. Nonetheless, the profession does have some negative attributes for students: work/life balance, legal liability, and regulation.

The full summary of the results of the 2008 Global Leadership Survey can be accessed at: web.ifac.org/download/2008_IFAC_Global_Leadership_Survey.pdf. ■

IFAC Survey Examines Public Sector Performance Measurement Structures

(continued from page 7)

on evaluating and improving performance measurement structures in public sector entities.

The full report can be downloaded free-of-charge from the PAIB section of the IFAC online bookstore at www.ifac.org/Store. ■

2010 World Congress Organizers Announce Gold Sponsors; Advance Program

The Malaysian Institute of Accountants has named three gold sponsors for the 18th World Congress of Accountants to be held on November 8-11, 2010, in Kuala Lumpur, Malaysia. The gold sponsors include the Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), and CPA Australia. Each of these organizations will contribute \$150,000 USD to support the event.

The 18th World Congress, through the theme “Accountants: Sustaining Value Creation,” seeks to explore key issues related to the accountant’s role in the global economy, including creating value, safeguarding assets, and upholding business integrity in both the private and public sectors. To this end, Congress organizers are working together with IFAC in developing the technical program, which will feature four plenary sessions and five concurrent sessions. Experts from both the public and private sectors will participate in the sessions.

The Congress will be held at the Kuala Lumpur Convention Centre and is expected to attract more than 6,000 delegates from IFAC’s 157 member bodies and associates. Further updates on the 2010 World Congress will appear in future issues of the newsletter. For more information about the Congress, visit www.wcoa2010kualalumpur.com/default.asp. Individuals may also sign up to receive a newsletter with Congress updates. ■



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