

The formation and objectives of the ifac



IFAC the (international federation of accountants) is a non – governmental and a global organization for accountancy professional, formed in 1977 in Munich -Germany at the 11th world congress of accountants'. Currently there are 164 member bodies in 125 countries and jurisdictions, representing over 2. 5 million accountants.

Source: Q FINANCE – The complex world of international auditing regulation.

Objectives of IFAC

The main functions of IFAC are to guard the interest of the public by developing international standards, promoting international convergence and contributing to the development of the accountancy profession worldwide.

Source

16th Jan 2008." Allen Blewitt, ACCA's chief executive, goes head to head with Ian Ball, IFAC's chief executive, in a wide-ranging discussion of IFAC's work and the added value it offers both to its members and to accountancy professionals worldwide" . What does IFAC actually do for me ? (http://www.accaglobal.com/members/publications/accounting_business/archive/2008/january/3059282).

Formation of IFAC

From a very long period of time, it was believed that accountancy showcased itself as an international profession, but it was only during the early 1960's that initiatives regarding the international standardization in accounting and

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auditing practices bechanced. In the year 1962, the 8th global congress conducted in New York conceptualized the idea of setting the international standards that would govern the accounting and auditing practices worldwide. However during the year 1967 in order to examine the needs of accounting profession, the 9th global congress constituted the international working party and to report back to the next international congress held in Sydney (1972).

In the 1972 congress an International Co-ordination committee for accounting profession (ICCAP) was formed, following the report of the international working party. Apparently the ICCAP had also been given the remit to recommend changes for widening its work, but opinions continued to be divided, at times there were discussions about the expansion of ICCAP to become an “INTERNATIONAL FEDERATION OF ACCOUNTANTS”. Thus after due consideration the final report of ICCAP declared the proposed constitution of IFAC.

Source

“THE FORMATION OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS” by Prof Christopher Humphrey, Manchester Business School, England and Anne Loft, Lund University, Sweden. (http://www.ifac.org/download/ifac_history_article_2-2007.pdf)

“Setting Standards, Making History: The International Federation of Accountants (IFAC), 1977-2007” by Prof Christopher Humphrey, Manchester Business School, England and Anne Loft, Lund University, Sweden.

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Transparency and alliance with member bodies is the main aim with which the organizational structure of IFAC has been designed. The IFAC council consists of 15 National representatives (a president, deputy president and 2 vice presidents). The main objectives of the IFAC council and the board is to look after the overall governance and the management of the organization. The council and the committee members are country representatives (if there are two or more member bodies in the country they will be collectively represented by the appointed national representative).

Source

<http://www.ifac.org/About/2009-annual-report/ifac/structure/index2.html>

PROJECTS IMPLEMENTED BY IFAC INFLUENCING THE FINANCIAL REPORTING /AUDITING PRACTICES WORLDWIDE

Introduction to the general standard setting initiative taken by IFAC

Development, promotion and enforcement of globally recognized standards are the only fundamental way to protect public interest. The above mentioned criteria are also the only means to ensure the prospect of information upon which investors and other stakeholders rely on.

The International Accounting Education Standards Board (IAESB), International Ethics standards board for accountants (IESBA), International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB) are collectively referred to as the public interest activity committee and they follow a rigorous process

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in a transparent, efficient and effective manner that supports the development of high quality standards in the public interest. These independent standard setting boards have consultative advisory groups which include public member and the public's perspective.

Another initiative taken by IFAC with regard to the standard setting process is the Compliance program established by the IFAC board that evaluates the quality of the IFAC members and associates as to whether they use the best possible criteria to initiate a standard. The Compliance Advisory Panel (CAP) oversees the implementation and operation of the IFAC's compliance program.

IFAC initiates standard setting boards not only highlighting to the professional accountants (Professional Accountants in a Business committee) and public interests but also several initiatives have been taken to address the issue of the small and medium business and the developing nations. Such as the formation of Small and Medium practice committee that ensures standards produced are applicable to Small and medium practices (SMP's) and Small and medium entities (SME's). The Developing Nations Committee which oversees the interest of the developing nations and the Transnational Audit Committee that deals with the needs of the members of Forum of Firms(FoF).

BACKGROUND ON THE INTERNATIONAL FEDERATION OF ACCOUNTANTS (Pg 4- 6)...web. ifac. org/media/.../d/...international.../background-information-on-t. pdf