

HIGHLIGHTS OF KEY ACHIEVEMENTS FOR QUARTER 1 2019 (AS AT MARCH 31)

Strategic Objective

*Contributing to and promoting the development, adoption, and implementation of high-quality international standards*

**1. The Monitoring Group (MG) Review has been concluded in a timely and responsible way, including agreement on a shared public/private standard-setting model**

**2019 Target (a):** Board satisfaction with the resolution of the MG Review and support provided by IFAC Management (**Status of Mitigation for Risk(s): SG2, FP5**)

- Management continues to constructively engage with Monitoring Group (MG), Public Interest Oversight Board (PIOB) and Global Public Policy Committee (GPPC) to achieve a satisfactory conclusion to the review.<sup>1</sup>

**2019 Target (b):** Member organization and Forum of Firms (FoF)+ survey results same or better than prior year where available; format to be determined (**Status of Mitigation for Risk(s): SG2, FP5**)

- Results of survey to be provided in Q1 2020

**2. The SSBs have the necessary support and resources, and have implemented improvements to strengthen their capacity to serve the public interest**

**2019 Target (a):** a. Survey of SSB Chairs on IFAC support for and collaboration with SSBs with results the same or better than prior year where available; format to be determined (**Status of Mitigation for Risk(s): SG1**)

- Results of survey to be provided in Q1 2020

**2019 Target (b):** b. MG and PIOB approve of the International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA) selection process and operation for 2020 (**Status of Mitigation for Risk(s): SG1**)

- The MG has indicated that they are comfortable with the existing Nominating Committee structure and that a Selection Panel, similar to the interim Nominating Committee, does not need to be formed for the appointments for 2020 composition of the IAASB and IESBA. The interim Nominating Committee, which was formed to recommend the next IAASB Chair, is expected to announce an appointment before June 30, 2019.

**3. IFAC has effectively contributed to the adoption and implementation of international standards as indicated by positive trends in the International Standards Global Status Report**

**2019 Target (a):** Overall positive trends in International Standards 2019 Global Status Report (**Status of Mitigation for Risk(s): SG1, SG3**)

- Draft of the 2019 Global Status Report indicates a positive trend in standards' usage.

**2019 Target (b):** Deliver a minimum of two adoption and implementation initiatives (**Status of Mitigation for Risk(s): SG1, SG3**)

<sup>1</sup> As of May 2019, the MG consultation paper is not expected to be issued until late 2019/early 2020.

- Regional priorities plans developed, and outreach plan prepared for 2019, incorporating adoption and implementation initiatives as prioritization criteria.
- Supported the transition from the Ibero-American Cooperation Framework (IBERAM) with Spain, Mexico, and Argentina to enable timely and reliable translations of standards and guidance into Spanish and obtained agreement with the World Bank to finance the translation of the 2018 [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code) into French.
- Co-organized and collaborated with the World Bank (WB), Inter-American Bank, and the GPPC for CReCER 2019 Conference “Accountability for Maximizing Finance for Development”.

**2019 Target (c):** Council approval of a new fit-for-purpose approach to quality membership (**Status of Mitigation for Risk(s): SG3**)

- Updated the Compliance Program working procedures to ensure a fit-for-purpose approach to quality membership. Implemented and communicated new risk-based reporting cycles for member organizations based on levels of SMO fulfilment assessed by staff in Dashboard Reports. Levels and cycles agreed with the Compliance Advisory Panel (CAP).
- Draft Terms of Reference (ToR) has been developed and input sought from the CAP. Staff plan to present the ToR to the IFAC Board in June for consultation, along with the changes that would be required to the IFAC Constitution and Bylaws.

Highlights of other key achievements:

- Facilitated the following translations—Arabic: *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities, Fourth Edition; 2018 Handbook of the International Code of Ethics for Professional Accountants; 2018 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*; French: *ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures; At a Glance ISA 540*; Spanish: *Agreed-Upon Procedures Engagements: A Growth and Value Opportunity; 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements; The IAASB’s Exposure Drafts for Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews; Exposure Draft, International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; Exposure Draft, International Standard on Auditing 220 (Revised), Quality Management for an Audit of Financial Statements; Exposure Draft, International Standard on Quality Management 2, Engagement Quality Reviews.*
- Various other publications of the SSBs and IFAC were translated into *Armenian, Czech, Finnish, Greek, Japanese, Lithuanian, Polish and Romanian.*
- Updated International Public Sector Financial Accountability (IPSFA) Index presented in Washington D.C., at a joint IPSASB/WB/IMF event.
- IFAC SMP Committee (SMPC) submitted a [response](#) to the IAASB’s Exposure Draft on Agreed-Upon Procedures Engagements generally supporting the approach and proposed changes. The response specifically supported the clarification that ISRS 4400 (Revised) applies to the performance of agreed-upon procedures (AUP) engagements on both financial and non-financial subject matters and the

intention to retain the approach whereby practitioners report on the factual results from performing an AUP engagement differentiating this from subjective findings.

- IFAC SMPC submitted a formal letter ahead of the IAASB March meeting which welcomed the planned discussion paper on audits of less complex entities and noted that this initiative should be a high priority for the Board. It supported the ISA 315 (Revised) Task Force's work to address the concerns raised in response to the Exposure Draft on the scalability, length and complexity of the proposed standard.
- **Refer to IAASB and IESBA webinars held in Q1 as presented under 2019 Target (e1).**

**Strategic Objective**

***Preparing a future-ready profession***

***4. IFAC has contributed to the professional development of accountants, better preparing them for a new digital world through a different model for international professional development (the Model)***

**2019 Target (a):** Model agreed, operational, and any agreed 2019 outputs achieved (**Status of Mitigation for Risk(s): FP1**)

- The IFAC Board approved the proposed Model in March.
- In consultation with International Accounting Education Standards Board (IAESB) representatives, developed a Transition and Communications Plan.
- Implementation of the Model has commenced:
  - Issued the *Call for Nominations for Members of the International Panel on Accountancy Education* in March;
  - Issued the *Call for Information on Key Stakeholders* in March; the aim is to establish a rich database of key stakeholders to support implementation of the Multi-Stakeholder Engagement Framework; and
  - Developed the following documents for further consideration: Illustrative Roles and Responsibilities under the Model; Illustrative IES Consultation Process under the Model; and Illustrative Role of Academics in the Model.

**2019 Target (b):** Member organizations and the FoF+ survey results same or better than prior year where available; format to be determined (**Status of Mitigation for Risk(s): FP1**)

- Results of survey to be provided in Q1 2020

**5. IFAC has established an effective approach for working with member organizations to support:**

- a. All professional accountants, including PAIBs and SMPs**
- b. PAO capacity building, including effectively facilitating relationship between donors, regional bodies, member organizations and recipient PAOs and growing IFAC membership**

**2019 Target (a):** Member organizations and the FoF+ survey results same or better than prior year where available; format to be determined (**Status of Mitigation for Risk(s): FP4, FP5**)

- Results of survey to be provided in Q1 2020

PAIB service delivery highlight of key achievements

- At the PAIB Committee (PAIBC) meeting held in New York, committee members discussed a vision for finance function transformation with the vice chairman of Prudential Financial, Inc, Rob Falzon, who shared his own reflections from Prudential and provided input into IFAC's work in this area. The PAIBC also discussed *Building Data Science and Analytics Capabilities in Finance and Accounting* with the involvement of Johnson & Johnson, supporting PAIBs in professional ethics, global developments in audit committee and governance practices, and the IASB's current thinking on updating its Practice Statement on Management Commentary. IFAC President, Dr In-Ki Joo, attended the meeting.
- In January, launched the [\*Enabling the Accountant's Role in Effective Enterprise Risk Management\*](#). This publication has been widely communicated within and beyond the profession with positive reviews and coverage in the business media.
- The PAIBC submitted a letter to the IAESB containing broad principles reflecting the expectations of PAIBs in the workplace if they are going to add value to economies, markets and organizations. The principles serve as a useful steer for the IAESB in the current drafting of the competence areas and related learning outcomes in relation to information technology and professional scepticism, as well as the full range of competence and skills that cut across the education standards.

SMP service delivery highlight of key achievements

- The SMPC meeting was organized on February 25-26 in Tokyo, Japan and hosted by the Japanese Institute of Certified Public Accountants (JICPA). It included sessions covering PAO technology initiatives, practice transformation, performance and financial management of SMEs, succession planning and business transfers. It also included engagement with Fiona Campbell, IAASB Deputy Chair specifically on ISA 315 (Revised) and the discussion paper on audits of less complex entities.
- An SMP Forum was organized with JICPA on February 27 with over 120 practitioners attending and engaging in sessions covering auditor reporting, including key audit matters, and auditor firm rotation and independence.

PAO Capacity Building

- An [\*Illustrative Competency Framework for Accounting Technicians\*](#) was released in February.
- IFAC facilitated meetings between IFAC Member organizations and the World Bank (WB) during the IFAC Chief Executives' Forum. In total, 14 member organizations met with Ed Olowo-Okere, Director Governance Global Practice, WB to discuss how PAOs can promote and support the adoption and implementation of international standards, public financial management, and the profession's roll in transparency and accountability in the public sector.

DFID

**2019 Target (b1):** Spending target met, with positive feedback from Beneficiaries and Partner Organizations (**Status of Mitigation for Risk(s): FP2**)

- IFAC held Q1 quarterly monitoring calls for each project with representatives from beneficiaries and Partner Organizations.
- IFAC met the spending target for the DFID fiscal year from April 2018 – March 2019.

**2019 Target (b2):** DFID annual review rating not below a grade of A (**Status of Mitigation for Risk(s): FP3**)

- IFAC's fourth DFID Annual Review is pending and is expected in Q2 2019 (*the annual review results were received in April 2019*). The delay is due to staff reallocation at DFID to support the UK's preparations for exiting the EU.

Highlights of other key achievements:

- IFAC underwent the second Due Diligence Assessment by DFID. The outcome was very positive with DFID determining that "IFAC has the capacity and capability to deliver the PAOCAB Programme." Overall, the program continues to present a low risk for DFID.

Growing IFAC Membership

**2019 Target (c):** 9 new Members or Associates / Associates moving to Member status in the period 2018-2020 (**Status of Mitigation for Risk(s): FP5, SG3**)

- 2018: One Associate moved to Member status.
- 2019: Nine applications received and preliminary assessments presented to the CAP. Eight applicants are expected to move forward for full assessment: five to become IFAC Associates and three current IFAC Associates are applying to be IFAC Members.
- Expressions of interest analyzed, and potential applicants determined for the 2020 cycle.

Leverage the Global Knowledge Gateway and advance other knowledge sharing / research channels

**2019 Target (d):** Number of unique visitors to GKG and subscribers to the Latest grows by 5% over 2018 (**Status of Mitigation for Risk(s): FP4**)

- Unique visitors for Q1 2019 = 77,895 (Q4 2018: 45,843)
- The Latest subscribers for Q1 2019 = 32,453 (2018: 30,021)
- Average visit duration = 00:01:37 (Q4 2018: 00:01:31)

Highlights of other key achievements:

- Gateway celebrated International Women's Day by sharing leadership stories from top women leaders in the profession on its homepage – this was promoted heavily through social media.
- In addition to the 10 topic areas, Gateway focused on Audit Innovation, Diversity, Digitalization of Tax, Integrated Thinking & Reporting, Cybersecurity, SMEs, FinTech, Audit Expectation Gap, Code of Ethics, Public Financial Management, Branding and Future Implementation Support for International Standards.
- The second TAG Technology webinar focused on Cybersecurity and was held on March 18, 2019. It provided a range of insights on how cybersecurity is impacting business, the accountancy profession and how accountants and their firms can respond. Of the 355 individuals registered, 160 attended from 57 countries. Of the 94 people who responded to the feedback survey, 90 said they had found the webinar useful / very useful.

Effectively facilitate relationship with regional bodies and other key stakeholders

- IFAC works with AFROSAI-E, PAFA, and regulators in Kyrgyz Republic and Zimbabwe as partner organizations/beneficiaries of the DFID-fund capacity building program.

**2019 Target (e):** Agreement on a new global network proposal and approval of any consequential amendments at the 2019 Council meeting. **(Status of Mitigation for Risk(s): FP2, FP3, VG1, FP5)**

- Consulted ROs and AGs on the proposed Simplified Framework for Organizational Relationships

**Strategic Objective**

***Speaking out as the voice for the global profession***

**6. IFAC has advocated effectively on behalf of the profession, speaking out on relevant issues, and working with member organizations and the FoF, as appropriate, on relevant topics**

*(For a summary of Public Policy and Regulation activities for Q1 2019, refer to the Public Policy and Regulation Activities Report at the IFAC Board March 2019 Meeting—Agenda Item 10.2)*

**2019 Target (a):** Member organization and Forum of Firms (FoF)+ survey results same or better than prior year where available; format to be determined **(Status of Mitigation for Risk(s): VG1)**

- Results of survey to be provided in Q1 2020

Highlights of other key achievements:

- IFAC submitted a response to the Capital Markets Authority consultation in January 2019.
- IFAC participated in an Anti-Money Laundering panel in conjunction with CPA Canada.
- IFAC solicited comments from the IFAC Anti-Money Laundering network to provide the basis of an IFAC response to the Financial Action Task Force consultation on their revised Guidelines for Accountants.

*Increase in amount of positive media coverage on the profession, particularly in major media outlets*

**2019 Target (b):** Achievement of KPIs in the Communications Plan in conjunction with Edelman **(Status of Mitigation for Risk(s): VG1, VG2)**

- Provided speech and other logistical support for board member outreach to Portugal, Kenya, Pakistan, and the United Kingdom
- Hosted the 3<sup>rd</sup> annual IFAC Global Communicators' Forum
- Facilitated member organization publication interviews in Brazil, the UK, Japan and Hong Kong; with ACCA, launched a joint public financial management series and the G20 Public Trust in Tax report; and prepared a by-line for IFAC CEO [Three Imperatives for taxing the digital economy](#)
- Conducted a successful Enterprise Risk Management campaign including 20 pieces of coverage, 60% of which was international and included an IFAC CEO by-line in [CFO.com](#)

**Structures, resources and processes to support strategy implementation**

**7. Internally, IFAC has a stronger, fit-for-purpose governance and organizational structure and operating model, with fully engaged talented people.**

*Fit for purpose IFAC leadership structure*

**2019 Target (a):** Proposed Constitution and Bylaw changes approved by Council

- Proposed Constitution and Bylaw changes will be discussed by the Board in June.

*Agreed dues formula for years beginning with 2021*

**2019 Target (b):** Dues formula to be applied beginning with the calculation of the 2021 dues to be approved by Council in November 2019 (**Status of Mitigation for Risk(s): F2**)

- A proposal will be presented for Council's approval at its November 2019 meeting.

*IFAC and SSBs budget managed within 2 ½%*

**2019 Target (c1):** IFAC revenues and expenses managed within 2 ½% (**Status of Mitigation for Risk(s): F1, F2**)

- Forecast IFAC revenues and expenses within -0.26% and 2.07% of budget, respectively.

**2019 Target (c2):** SSBs expenses managed within 2 ½% (**Status of Mitigation for Risk(s): F1, F2**)

- Forecast SSBs expenditures within -1.66%.

Highlights of other key achievements:

- 62% dues collected as of March 31.

*Highly qualified, engaged, and motivated staff*

**2019 Target (d1):** Upward trend in employee engagement survey results (**Status of Mitigation for Risk(s): SG1, SV1**)

- Survey results expected in Q2 2019.

**2019 Target (d2):** 90% of staff with performance ratings of 3+ retained (**Status of Mitigation for Risk(s): SG1, SV1**)

- Successful retention of 96% of staff with performance rating of 3+ retained, which is comprised of:
  - 57% of Core Performers with ratings between 3.0 – 3.9; and
  - 39% of High Performers with ratings between 4.0 – 5.0.

Highlights of other key achievements:

- Established and launched IFAC's corporate social responsibilities program, designed to enable staff to make a meaningful impact in the communities which IFAC operates. This also underpins our employee value proposition (EVP) to continue to attract and retain talent.

- Launched the Values Refresh Survey to gather employee input on the values and principles required to successfully achieve IFAC’s strategic objectives and to assist with the development of the Code of Conduct, expected to be formalized and approved in Q3 2019.

*Upward trend in the use of technology to reduce travel and enhance efficiency, along with overall satisfaction with service level agreement (SLA) with service providers*

**2019 Target (e1):** An increase in instances in 2019 where technology is leveraged to achieve cost efficiencies or extend the work program at a lower cost (Management is targeting a minimum of 8 such instances) **(Status of Mitigation for Risk(s): SG1, F1)**

- First CAP and PAO Development Committee meetings of 2019 held via webinar with positive feedback from committee members.
- Reduction of telecommunication costs through use of free or low-cost web-based services such as Skype, Zoom, and Go-To Meetings for annual monitoring calls with member organizations and engagement with stakeholders of the Compliance Program and the PAO Capacity Building Program.
- The following activities were some of the events that used IFAC’s upgraded communications technology infrastructure:
  - IESBA—The Revised and Restructured IESBA Code: Attended by 569 individuals (945 registered)
  - IAASB—Insight for Introduction to the Quality Management Standards and Deep Dive into the Firm’s Risk Assessment Process: Attended by 251 individuals (421 registered)
  - IFAC Technology Advisory Group—Conducted a webinar on Embracing Cyber Security in the Global Accountancy Profession Today and in the Future: Attended by 160 individuals (355 registered). Recorded version will be made available on YouTube.

**2019 Target (e2):** Successfully meet the agreed timeline for implementing Microsoft 365 in order to support increased virtual collaboration and other efficiencies **(Status of Mitigation for Risk(s): F1)**

- Phase 1-Migration of the Email Exchange Server from on-premises to the Microsoft Office 365 cloud completed successfully. Phase 2 is in progress and includes an upgrade of computer software from Microsoft 2013 to Microsoft Office 365
  - 90% of staff have completed essential Office 365 training and 61% of computers have been upgraded

*Board satisfaction with IFAC management servicing of the Board*

**2019 Target (f):** More than satisfactory expectations (score at least in line with 2018 outcomes (Questions 1-6 from quarterly board survey) **(Status of Mitigation for Risk(s): SV2)**

- Results of the first Board survey for 2019 show:
  - 80% or higher of Board members expressed satisfaction (rating of 8 or higher) for two of the six questions asked.
  - 60% or higher of Board members expressed satisfaction with three questions: Agenda papers were well structured and effectively summarized matters for the Board’s consideration; Sufficient time was allocated for discussing agenda items; and Agenda

papers for the meeting were distributed sufficiently in advance of the meeting to allow for preparation.

- 56% of Board members expressed satisfaction with one question: Board Executive Session covered key matters for discussion and was effective.

*Number of risks not satisfactorily managed and mitigated as described in IFAC's risk map and dashboard*

**2019 Target (g):** No increase in the number of risks not adequately mitigated compared with 2018

- No increase in number of risks not adequately mitigated.

*Assess effectiveness of Management Advisory Team (MAT)*

**2019 Target (h):** Assessment (self-assessment or review by officers) of MAT (**Status of Mitigation for Risk(s): SV1**)

- Not applicable for Q1 – assessment to be conducted at the end of 2019.

*Review of internal structure and processes*

**2019 Target (i):** Board support for, and when required, approval of, new or revised processes (**Status of Mitigation for Risk(s): FP4, FP5**)

- Not applicable for Q1 – to be further discussed with the Board throughout 2019 and evaluated at year end.

*Explore alternative sources of revenue*

**2019 Target (j):** Assessment of viability of alternative sources of revenue (**Status of Mitigation for Risk(s): F2**)

- Not applicable for Q1 – ongoing assessment.