



## **Overview: Organizational Structure, Oversight, and Consultation**

Please note that this document is an overview only and does not cover all the details of IFAC’s oversight and consultation processes. For more details regarding these processes, please refer to the [IFAC Constitution](#), [IFAC Bylaws](#), the [IFAC Reform Proposals](#) and the Terms of Reference for each IFAC board and committee. This document is divided into the following sections:

- Our Mission, Values, and Role
- Our Governance Structure
- IFAC’s Oversight and Consultation

### **A. Our Mission, Values, and Role**

#### ***Who We Are***

IFAC is the worldwide organization for the accountancy profession. Founded in 1977, the organization is comprised of 159 members and associates—who are professional accountancy institutes—in 124 countries and jurisdictions, representing more than 2.5 million accountants employed in public practice, industry and commerce, government, and academe.

#### ***Our Mission and Values***

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.

To carry out this mission, we work closely with our member bodies—who are professional accountancy institutes—regional accountancy organizations, and the Forum of Firms, and obtain the input of regulators, standard setters, governments, and others who share our commitment to creating a sound global financial architecture.

#### ***Our Values***

IFAC’s values are of integrity, transparency, and expertise.

## ***Our Role***

IFAC's role is threefold: to develop high-quality international standards and support their adoption and implementation, to promote high-quality services by professional accountants in business, and to speak out on issues relevant to the profession.

## **B. Our Governance Structure**

IFAC's structure and governance are designed to promote transparency, to facilitate collaboration with member bodies and consultation with stakeholders, and to ensure the effective operations of the organization.

IFAC's [Constitution](#) and [Bylaws](#) detail the responsibilities of IFAC's Council and Board. In addition, they detail the responsibilities of IFAC groups. An IFAC group, as defined in the Constitution, refers to boards, committees, advisory panels, or other similar groups within IFAC, other than the IFAC Board.

Governance of IFAC rests with the IFAC Council, which comprises one representative from each member body, and the IFAC Board. The IFAC Board is responsible for setting policy and overseeing IFAC's operations, including the implementation of programs and the work of IFAC boards and committees.

IFAC's Board is comprised of members from around the globe who, as representatives of the worldwide accountancy profession, have made a declaration that they will act with integrity and in the public interest. The Board's objectives, scope of activities, and membership are set out in its [Terms of Reference](#).

The following committees assist the IFAC Board in discharging its responsibilities:

- **Audit Committee** – The Audit Committee's primary objective is to oversee the preparation and audit of IFAC's annual financial statements. The Audit Committee's responsibilities include recommending to the IFAC Board the appointment of an independent auditor (which in turn makes a recommendation to the IFAC Council) and recommending to the Board the adoption of the financial statements. The Audit Committee also advises the Board on IFAC's governance and financial control arrangements.
- **Planning and Finance Committee** – The Planning and Finance Committee assists in developing and implementing IFAC's strategic and operational plans and budget.

### ***IFAC Regulatory Liaison Group***

The IFAC Regulatory Liaison Group (IRLG) was set up by IFAC to establish a link between the accountancy profession and the international regulatory community, and to assist IFAC in developing policy positions on regulatory issues which fall within its mission. The IRLG also acts as a coordination group between IFAC, representing the global accountancy profession, and the Monitoring Group and other international organizations, including the International Forum of Independent Audit Regulators.

The IRLG consists of the President, Deputy President, and Chief Executive Officer of IFAC; the Chair of the Transnational Auditors Committee; 3 IFAC Board members; and representatives from each of the 6 accounting firms who comprise the Global Public Policy Committee.

### ***Nominating Committee***

The Nominating Committee makes recommendations regarding the composition of IFAC groups. The Nominating Committee's [terms of reference](#) further explain the committee's purpose and operating principles including the process for determining the best candidate for a position. The Nominating Committee recommends to the IFAC Board the appointment of chairs, deputy chairs, members, including public members to IFAC groups.

The Nominating Committee's responsibilities also include making recommendations to the IFAC Council regarding the composition of the IFAC Board and candidates for the office of Deputy President.

The Public Interest Oversight Board (PIOB) approves the appointments to IFAC's standard-setting boards under its oversight and to the Compliance Advisory Panel. (See the section below on the Public Interest Oversight Board.) The PIOB also has the right to observe and speak at Nominating Committee meetings where these appointments are under consideration.

### ***Standard-Setting Boards***

IFAC's independent standard-setting boards follow a due process that supports the development in a transparent, efficient, and effective manner of high-quality standards that are designed to serve the public interest in a transparent, efficient, and effective manner. Following is a listing of these independent standard-setting boards.

- International Auditing and Assurance Standards Board
- International Accounting Education Standards Board
- International Ethics Standards Board for Accountants
- International Public Sector Accounting Standards Board

### ***Committees and Advisory Panel***

Through its committees, IFAC develops guidance and promotes the sharing of resources to serve the needs of professional accountants. Following is a listing of IFAC committees:

- Developing Nations Committee
- Professional Accountants in Business Committee
- Small and Medium Practices Committee
- Transnational Auditors Committee

In addition, the Compliance Advisory Panel oversees the implementation and operation of the IFAC Member Body Compliance Program.

### **C. IFAC's Oversight and Consultation**

In 2003, IFAC underwent a series of reforms to its governance arrangements to provide for more transparent standard-setting processes; greater public and regulatory input into those processes; regulatory monitoring; and public interest oversight. The reforms also allowed for more regular, ongoing dialogue between regulators and the accountancy profession and provided for the creation of several new structures, some of which are within IFAC while others are independent of IFAC.

The reforms were designed with the objective of increasing confidence that the activities of IFAC are properly responsive to the public interest and will lead to the establishment of high-quality standards and practices in auditing and assurance. This objective supports IFAC's commitment to the achievement of global convergence to high-quality standards. Strong international standards of accounting, auditing, and professional ethics support effective and efficient, capital markets.

#### ***Activities Subject to Public Interest Oversight***

The focus of the reform proposals is those areas within IFAC that relate to auditing capital market entities – primarily IFAC standard-setting activities. These include the standard-setting activities of the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA), and the International Accounting Education Standards Board (IAESB).

Compliance with the obligations associated with membership of IFAC is a significant means by which the accounting profession, through its member bodies, contributes to the public interest, and for this reason the Compliance Advisory Panel is also included within the oversight of the Public Interest Oversight Board (PIOB). IFAC membership obligations, described in seven Statements of Membership Obligations, are the basis of the Member Body Compliance Program.

### ***Due Process***

The independent standard-setting boards, including the IPSASB, follow a due process that supports the development of high-quality standards in the public interest in a transparent, efficient, and effective manner. Each board includes public members. These standard-setting boards have consultative advisory groups, which provide regulatory and other stakeholder perspectives. These boards (other than the IPSASB) have final authority with respect to the issuance of standards, subject to the PIOB's approval that due process has been followed.

### ***Consultative Advisory Groups***

The IAASB, IAESB, and IESBA CAGs include, among others, representatives of regulators, business and international organizations, accounting academics, and users and preparers of financial statements. The members of the CAGs, through active consultation, provide valuable technical and public interest input to the boards on their agendas, project timetables, project priorities, and specific technical projects.

### ***Public Interest Oversight Board***

The PIOB oversees the standard-setting activities of the following independent boards: the IAASB, the IAESB, and the IESBA; and their respective CAGs. The PIOB also oversees the CAP.

The PIOB's oversight responsibilities include the following:

- Reviews and approves Terms of Reference for the IAASB, the IAESB, the IESBA, and the CAP;
- Evaluates the due process procedures for these entities;
- Oversees the work of IFAC's Nominating Committee and approves the IFAC Board's recommendations for membership of the IAASB, the IAESB, the IESBA, and the CAP;
- Oversees the public interest work of the CAP;
- Suggests and approves projects for the boards' work programs.

PIOB members are nominated and appointed by member organizations of the Monitoring Group.

### ***Monitoring Group***

The Monitoring Group (MG) is comprised of international regulators and related organizations, including representatives of the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the European Commission, the International Association of

Insurance Supervisors, the Financial Stability Board, and the World Bank. The International Forum of Independent Audit Regulators is an observer to the MG.

The MG was established at the time of the IFAC reforms of 2003 to monitor their implementation and effectiveness, as well as other aspects of IFAC's operations that involve the public interest. Its roles include updating the PIOB regarding significant events in the regulatory environment, or other areas to assist the PIOB in carrying out its responsibilities. Through its nominating committee, the MG appoints members of the PIOB. It also monitors the implementation of the PIOB's mandate. The MG also works in collaboration with the IFAC Regulatory Liaison Group to address issues related to the regulation of the profession.

The MG adopted a formal [charter](#) in May 2009.

### ***Additional Information***

For additional information about IFAC and its structure and governance, visit <http://www.ifac.org/about/>.

For more detailed information on the activities of the PIOB, visit its website at <http://www.ipiob.org/>.