

High quality
financial information
Challenges and benefits
of reflecting reality



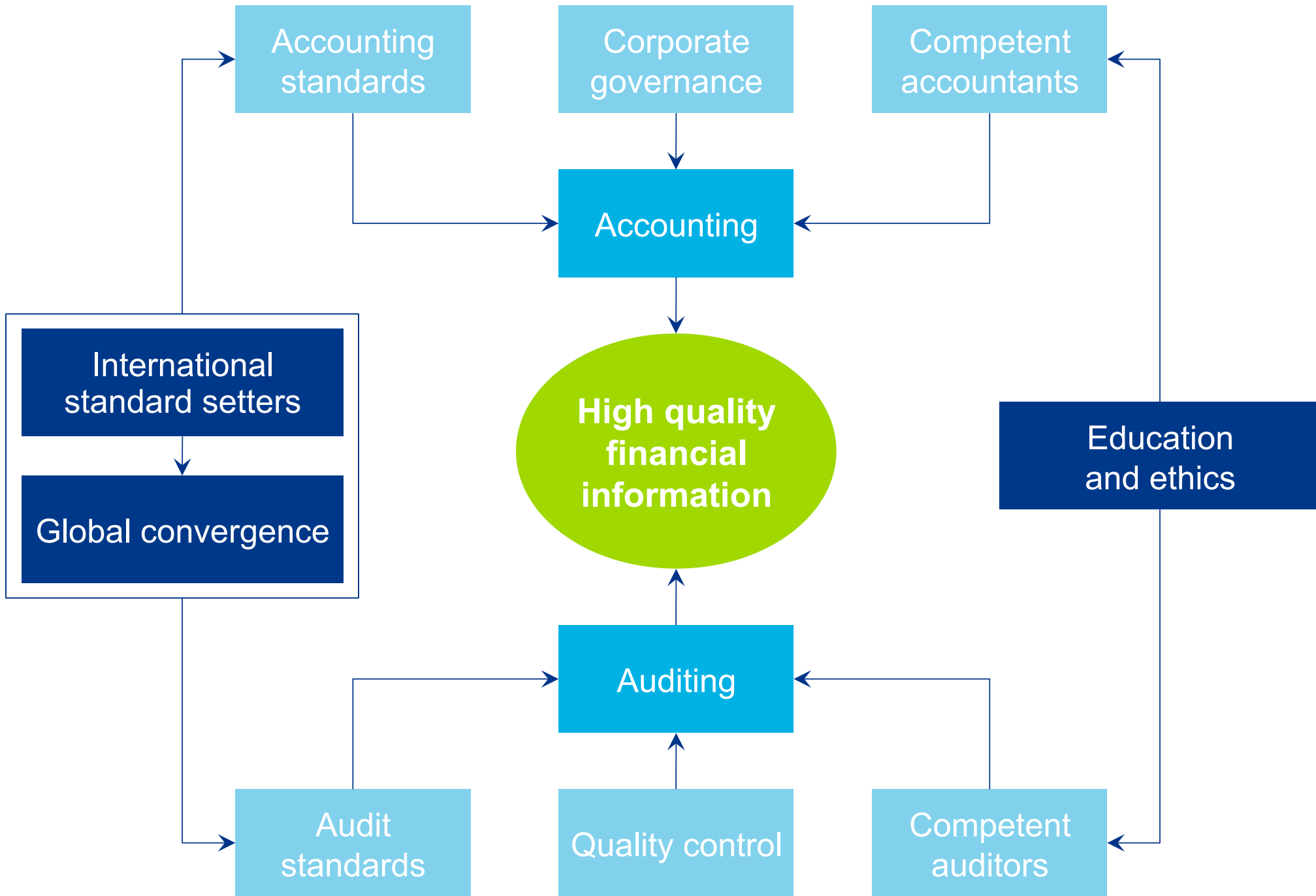
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September 2009



Accounting regulation

- To ensure that accounting and auditing services are of the **right quality**
- Qualities of good regulation to meet the public interest
 - Proportionate
 - Transparent
 - Non-discriminatory
 - Targeted
 - Implemented consistently and fairly
 - Subject to regular review



IFAC's recommendations to the G 20

1. Adopt and implement common global standards

- Accounting
- Auditing
- Independence



- Adoption without alteration
- Accurated translations
- Implementation guidance and education
- National roadmaps for adoption and implementation

IFAC's recommendations to the G 20

2. IASB should function independently



- Composition of the Monitoring Board
- IASB's funding
- Political accountability without political interference

International standard setters

- Legitimacy
 - Public oversight
 - Accountability
 - Independence
 - High performance
 - Technical competence
 - Responsiveness
 - Efficiency
- Transparency

IFAC's recommendations to the G 20

3. To enhance corporate governance



- Set out competence requirements for those preparing financial statements
- Adopt and implement OECD's Principles
- Establish ethical principles applicable to Board of Directors
- Stipulate role of an effective director
- Support and increased role for audit and compensation committees
- Mandate CEO and CFO act as formal signatories to financial statements

IFAC's recommendations to the G 20

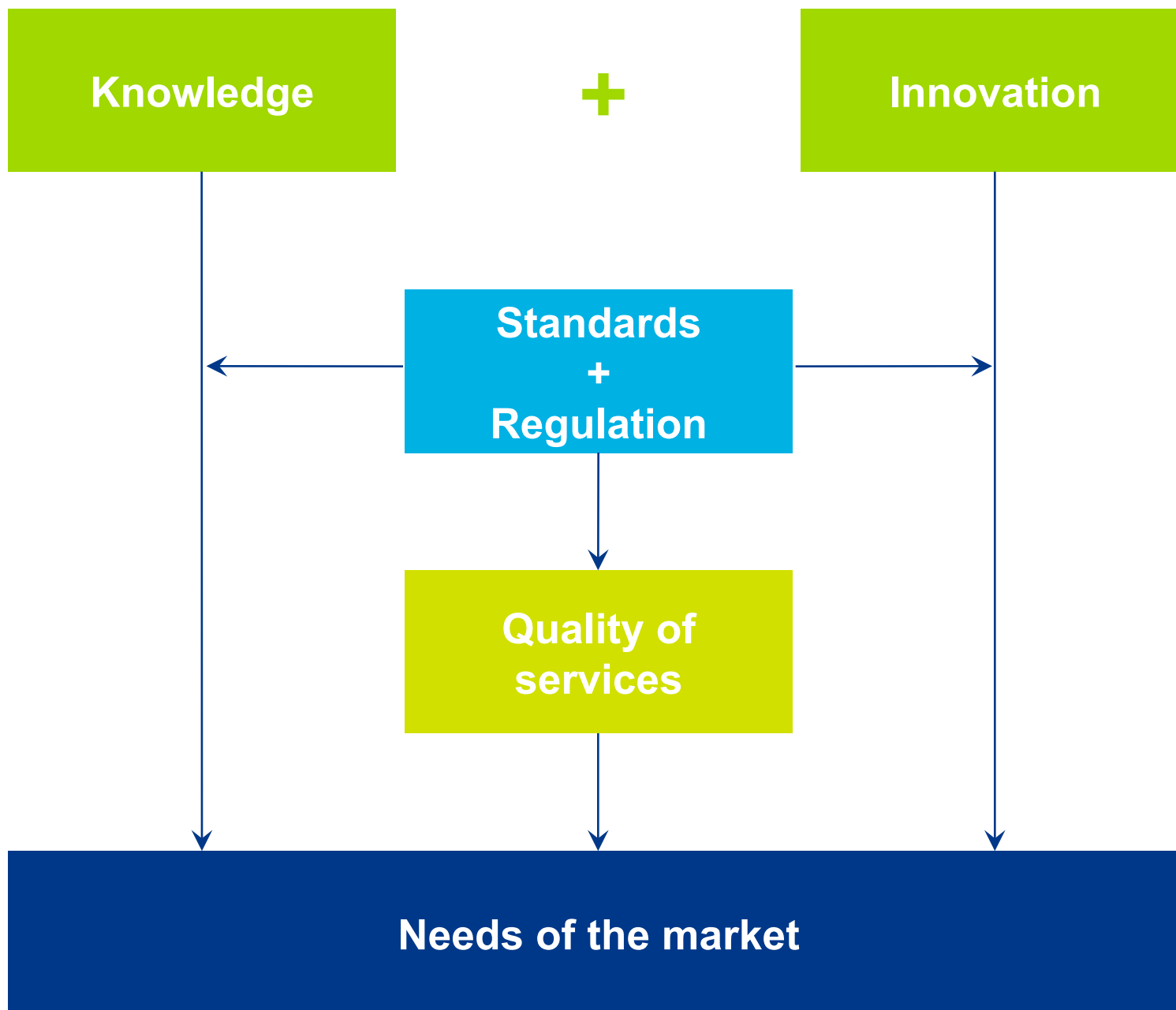
4. Facilitate debate with prudential regulators
5. Support development of new tools and metrics (enhancement of business reporting)
6. Address the needs of small and medium entities
7. Commit to the long term strengthening of the accountancy profession in developing and emerging countries
8. Support adoption and implementation of IPSAS

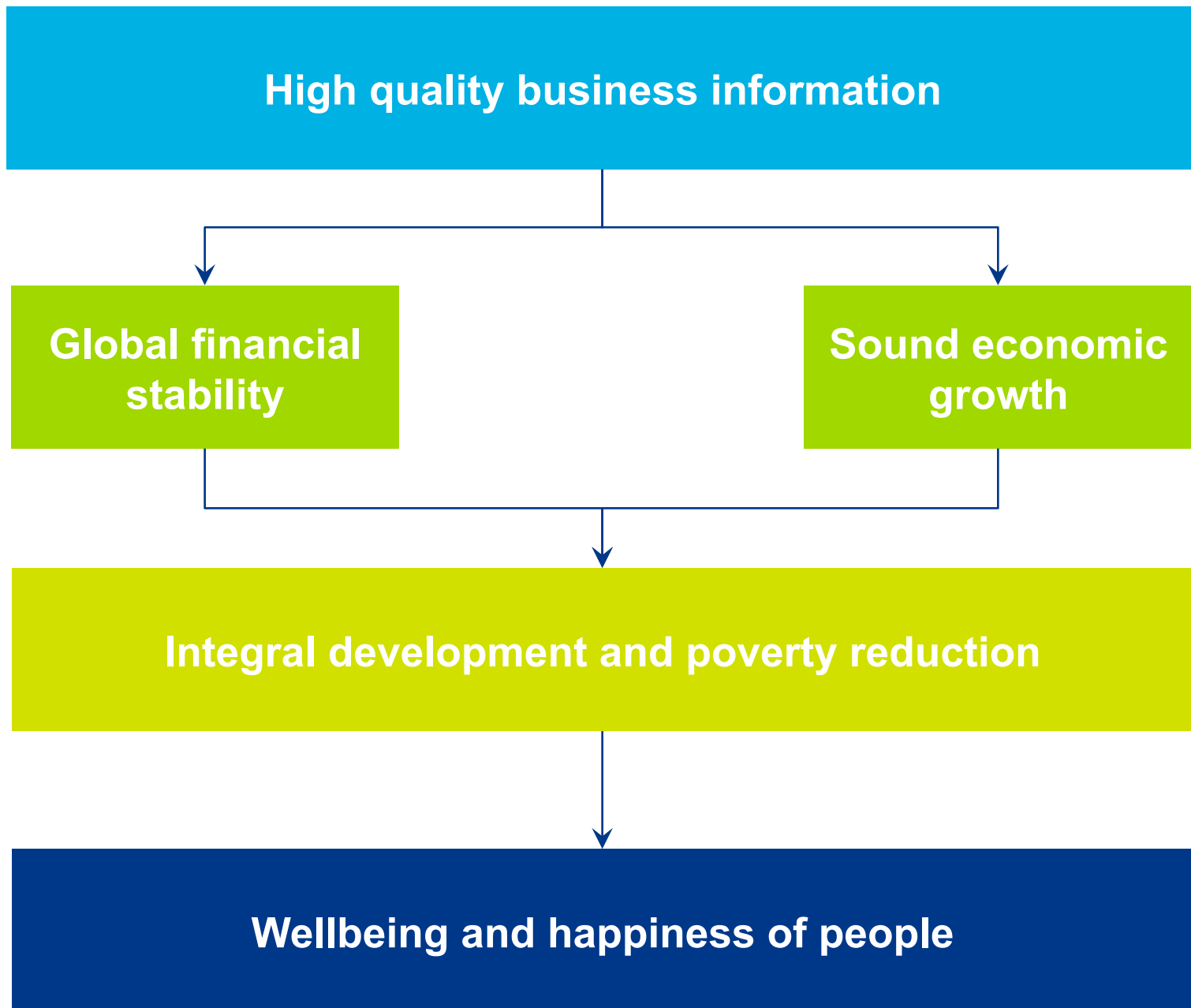
FCAG's principles

1. Limitations of financial reporting
2. Convergence of accounting standards
3. Standard setter independence and accountability
4. Effective financial reporting

Weaknesses exposed

- Difficulty of applying fair value in illiquid markets
- Delayed recognition of losses associated with loans and other financial instruments
- Issues surrounding the broad range of off-balance sheet financing structure
- Extraordinary complexity of accounting standards for financial instruments





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