In many ways, 1977 marked a year of firsts: The Concorde jet inaugurated regular transatlantic supersonic flights. The first Apple II microcomputers went on sale to the public. The movie *Star Wars* debuted. And the International Federation of Accountants, with 63 founding members (including the Hong Kong Institute of CPAs) representing 51 countries, convened for the first time in Germany.

Three decades later, Concorde, Apple II microcomputers and *Star Wars* are memories while IFAC continues to develop, bolstered by the strength of its members and supported by international organizations that recognize its value in economic growth and stability worldwide.

IFAC is now a significant, global organization of 155 member bodies and associates in 118 countries, representing over 2.5 million accountants employed in public practice, industry and commerce, government and academia. Its dialogue with regulators, standard setters and governments is important, for these group share IFAC’s commitment to strengthening accounting and auditing.

**Role of members in IFAC’s evolution**

IFAC came to life on 7 October 1977 at the 11th World Congress of Accountants in Munich and since then, it has worked closely with regional accountancy organizations to promote international standards convergence and the profession’s development, especially in countries where the financial, accounting and market infrastructure are still developing.

Member bodies have actively shaped IFAC’s strategy through the IFAC council. Three regional organizations – the Union Européenne des Experts Comptables Economiques et Financiers (now the Fédération des Experts Comptables Européens), the Confederation of Asian and Pacific Accountants, and the Interamerican Accounting Association – work with IFAC and others such as the Eastern Central and Southern African Federation of Accountants also contribute. Member bodies help IFAC achieve its goals by nominating individuals for the body’s committees and boards, and promoting high quality performance among accountants.

Members of the Hong Kong Institute of CPAs have held and continue to hold important positions on IFAC’s committees and boards.

**Developing international standards**

As global business spread, demand grew for a single set of international standards. The multiplicity of today’s national accounting and auditing standards have increased reporting costs for companies and made it difficult for investors to compare financial statements from companies in different countries.

From early on, IFAC established three committees to develop international standards in ethics, education and auditing and assurance. These committees became the International Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants, and the International Accounting Education Standards Board.

In 1986, IFAC formed a new committee to improve public sector financial reporting and it later became the International Public Sector Accounting Standards Board. The World Bank, governments and international organizations recognized the importance of the board’s work and continue to fund its activities.

Countries and organizations worldwide recognize the international standards set by IFAC’s standard-setting boards. More than 100 countries have adopted the IAASB’s International Standards on Auditing or use them as a basis for national auditing standards.

More than 50 countries are planning to or have adopted the
IPSASB’s International Public Sector Accounting Standards. The standards are supported by the United Nations, the Organization for Economic Co-operation and Development and NATO. Many countries are adopting The International Education Standards and the Code of Ethics for Professional Accountants set by IFAC’s boards.

Reforms and oversight
The 1997 Asian financial crisis disrupted the economies of several Asian countries – a lack of transparency and the quality of financial reporting were seen as problems. In response to calls for the profession to focus on its civic responsibility, IFAC established an anti-corruption taskforce and expanded its code of ethics to reach developing nations.

Public faith in the accounting profession took a dent following the collapse of Arthur Andersen and prompted the United States to introduce legislation regulating the profession, which in turn spawned regulatory changes in other countries. IFAC reacted by developing reforms with international regulators, including the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the Financial Stability Forum, the International Association of Insurance Supervisors, and the World Bank.

The most significant reform was the setting up of the Public Interest Oversight Board in February 2005 to oversee IFAC’s auditing and assurance, ethics, standard-setting and member body compliance programme, which requires IFAC members and associates to show their commitment to international standards and quality assurance and investigation programmes. Its creation was the result of collaboration among international regulators.

Other reforms in the past five years included:
• Enhanced transparency of IFAC governance and the standard-setting process, including opening standard-setting board meetings to public observers and providing more information about the boards’ work through its website.
• Putting public members on all IFAC standard-setting boards and extending the comment period on all proposed standards and guidance to at least 90 days.
• Establishing or expanding the roles of consultative advisory groups.
• Improved nominations to open access to membership of the public interest committees and increase membership of non-practitioners to 50 percent.
• Creating the IFAC regulatory liaison group.

These reforms received unanimous support from member bodies and large accounting firms that participate in IFAC through the forum of firms, which gives audit firms a means for international networks. Forum members agree to meet requirements, including raising the quality of international audit practice, using international standards and applying the Code of Ethics for Professional Accountants. The forum’s executive committee is the transnational auditors committee, which develops good practice guidance on the application of International Financial Reporting Standards.

Serving a diverse profession
Small and medium enterprises today represent 99 percent of all enterprises in the European Union, 99 percent of businesses in the Asia Pacific Economic Cooperation region, and 99.7 percent of all employers in the United States.

IFAC has worked to ensure the voice of small and medium practices
is heard by its independent standard setting boards and also by other standard setters, such as the International Accounting Standards Board.

IFAC formed a SMP committee in 2005 and introduced new initiatives to support the SMPs and the SMEs they serve, including organizing international forums, leveraging technology to share knowledge, ideas and resources, and developing implementation guidance for audits. As the profession has grown globally so, too, has its impact within businesses and organizations. Professional accountants in business today represent more than half of IFAC membership. This constituency has seen its role shift from traditional bookkeeping and financial reporting to new areas such as information technology, management, strategy development and risk analysis.

To reflect this, IFAC renamed its management accounting committee, created in 1978, the professional accountants in business committee in 2004. The PAIB committee has started to develop good practice guidance on topics including corporate codes of conduct, internal control and enterprise governance.

Expanding markets and membership
In its first 15 years, IFAC’s membership doubled to include 106 professional accountancy bodies in 78 countries, representing more than one million accountants worldwide. In 1989, the world witnessed the fall of the Berlin Wall, which signalled the end of the Cold War between Eastern Europe and the West. Soon after, many nations in Eastern Europe began building capital markets, which required the skills of professional accountants and auditors, leading to the establishment or development of professional accountancy bodies, many of which joined IFAC in the following years.

IFAC recognizes the needs of the profession in developing and emerging nations. On the one hand, it has grappled with issues specific to developing countries and solutions have often come about through collaboration with IFAC member bodies in more mature markets. On the other hand, it created the developing nations committee in November 2005 to support less developed economies, strengthening its relationships with governments and arranging international forums about issues affecting developing nations.

These initiatives have made a difference. By 2007, IFAC members and associates represent nearly 120 countries and jurisdictions, and it has moved closer to the ultimate goal of establishing a member body in every country.

Outreach and toolkits
As part of its work to support developing nations and collaborate with its members and associates, IFAC has made spokesmanship and outreach a priority. It holds annual meetings with chief executives of member bodies to keep up with the national initiatives. IFAC’s president, chief executive and other leaders also regularly visit member bodies. In the past two years, IFAC’s president and chief executive visited nearly 40 member bodies in 34 countries.

IFAC, together with member bodies, has developed tools to make resources and information widely available to accounting professionals worldwide. In October 2006, IFAC and 13 member bodies introduced the KnowledgeNet for Professional Accountants (IFACnet.com), a multilingual search engine. Member bodies helped develop the IFAC website in August 2007. The site features information and news in Arabic, Chinese, French, Russian, Spanish, and English.

In marking its 30th anniversary, IFAC celebrates with the hundreds of professionals who serve as volunteers on IFAC boards and committees. It is their dedication that has encouraged accountants worldwide to carry out their responsibilities with integrity, transparency and expertise.