

Central database to interpret IFRS

International securities regulators have agreed in the past fortnight to examine options for the establishment of a central database of interpretations on accounting matters.

At the annual meeting of the International Organisation of Securities Commissions (IOSCO) held in Amman, Jordan, the IOSCO technical committee agreed to start work on a project that would tackle the communication issues needing to be overcome if corporate regulators are to come up with consistent interpretations of international financial reporting standards (IFRS).

“The Technical Committee has initiated a project on “Regulatory Interpretations of International Financial Reporting Standards” to address communications among IOSCO members to promote the consistent application and enforcement of IFRSs,” the communiqué issued following the meeting states.

“The major outputs of this project are expected to be a central database of regulatory decisions and a process for facilitating communications and cooperation among regulators and other enforcers relating to IFRSs.”

European regulators have already begun working together on how best to deal with interpretation issues when international accounting standards become the reporting currency from January next year and the communiqué flags IOSCO’s intention to work with the European authorities on the issue.

The meeting in Amman also produced a further commitment by IOSCO to review the way company financial statements are monitored by securities regulators and how those regulators and other authorities deal with enforcement of the provisions of financial reporting standards.

“This project will focus on the powers and activities of a review process, and criteria and actions needed, regardless of the accounting standards in use,” IOSCO says. “The major output of this project is expected to be an IOSCO statement of principles, best practices, and/or descriptions of effective models in use for such review functions.”

The project reviewing the review of compliance with and enforcement of provisions in accounting standards should be completed some time next year.

IOSCO’s technical committee has got the task of reviewing international standards on auditing issued by the International Auditing and Assurance Standards Board (IAASB) in the same way as it did the accounting standards during the late 1990s. IOSCO has stated it strongly supports the moves of the IAASB to establish an international oversight board for the profession.

A survey of auditor oversight trends will be undertaken by the technical committee in order to look at the different regimes of oversight and how they work. “The survey will

be comprehensive, covering not only compliance with the existing IOSCO principles, but also other aspects of oversight including legal frameworks,” the communiqué states. “The questionnaire will also capture information on existing practices that may not be in conformity with the IOSCO principles — a “baseline” as to whatever is current practice — as well as a progress report on implementation of the principles.”

This article was supplied by Tom Ravlic. Tom Ravlic is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.