

# EuroMed Market

## Study on Accounting and Auditing

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**FCM**

Fédération  
des Experts Comptables  
Méditerranéens



# Towards the Free Trade Area

## Accounting and Auditing

Key elements for:

- Med Market integration & development,
- Increasing investment & capital flows.

Sound financial reporting is essential to financial stability and growth

# Accounting and Auditing

*G20 Final Joint Statement*

*London, 2 April 2009*

“call on the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards”

# Accounting and Auditing

World Economic Forum “Global Competitiveness Report 2008-2009” - [www.weforum.org](http://www.weforum.org)

## **BASIC REQUIREMENTS**

<b>1st pillar: Institutions.....</b>	<b>25%</b>
<b>A. Public institutions .....</b>	<b>75%</b>
<b>B. Private institutions .....</b>	<b>25%</b>
1. Corporate ethics .....	50%
2. Accountability.....	50%

## **1.16 Strength of auditing and reporting standards**

1.17 Efficacy of corporate boards

1.18 Protection of minority shareholders' interests

# Accounting and Auditing

**World Economic Forum “Global Competitiveness Report 2008-2009” - [www.weforum.org](http://www.weforum.org)**

*“...the present global financial crisis, has highlighted the relevance of accounting and reporting standards and transparency for preventing fraud and mismanagement, ensuring good governance, and maintaining investor and consumer confidence. Private-sector transparency is indispensable to business, and can be brought about through the use of standards as well as auditing and accounting practices that ensure access to information in a timely manner”*

# Accounting and Auditing

Not only standards, but

Financial Reporting Infrastructure, which includes:

- the system for adoption of financial reporting standards,
- the system of governmental regulation,
- the system for education and certification of professionals

# Conclusions Working Group

- EuroMed Study => Starting point

Need for:

- Common approach;
- Specific targeted actions.

# Conclusions Working Group

1. Promote convergence towards high quality global financial reporting standards;
2. Improve comparability and transparency of consolidated financial information;
3. Support appropriate programmes of:
  - a. Professional education and training,
  - b. Quality control and public oversight,to ensure correct implementation of standards;



# Conclusions Working Group

4. Enhance the force and capacity of institutional actors at different governance levels;
5. Use the EuroMed Market Programme Final Study as a basis to draft detailed Countries' Action Plans;
6. Create a Central EuroMed Entity to coordinate action in the field of Accounting and Auditing.

# Conclusions Working Group

## Central EuroMed Entity:

- Include public and private stakeholders;
- Facilitate exchange of information and experience as well as institutional dialogue among national and international institutions;
- Role of FCM, existing since 1999.

# FCM

- **Created in 1999;**
- **Represents the accountancy profession in the Mediterranean area;**
- **21 professional institutes of accountants from 16 Mediterranean countries, more than 320.000 professionals;**
- **Acknowledged Grouping of IFAC.**

# IFAC Compliance Programme

- **Three parts combining information collection and action plan development**
  - **Convergence and implementation of International Standards:**
    - ISAs, IESs, Code of Ethics, IFRSs
  - **Existence of external quality assurance system?**
  - **Existence of an investigation and disciplinary process?**

# IFAC Compliance Programme

*IFAC SMO self-assessment analysis survey*

- existence of a QA programme

	YES	NO
Developing Countries	40%	60%
Largest Capital Markets	90%	10%
All	60%	40%

# IFAC Compliance Programme

*IFAC SMO self-assessment analysis survey*

- different accounting standards listed non-listed

	SAME	DIFF.
Developing Countries	15%	85%
Largest Capital Markets	45%	55%
All	30%	70%

[www.fcmweb.org](http://www.fcmweb.org)

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