

A&A ROSC: Updated Methodology and Common Challenges

May 28-29, 2024, Flemings Hotel Wien-Stadthalle, Vienna, Austria

Responding to New Requirements and Challenges in Corporate Financial and Sustainability Reporting




This event is co-funded by

 Federal Ministry
Republic of Austria
Finance



European Union

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



Introduction

- » Introduction of the session team; Garik, Pascal, David and Natalia
- » Agenda of the session:
 - Introduction of ROSC A&A - Pascal
 - Rexample of ROSC A&A for Georgia - David
 - Group brainstorming by country 15 mn – Natalia
 - 2 countries will present the result of their discussion
 - Q&A
 - Conclusions

A&A ROSC: Updated Methodology and Common Challenges

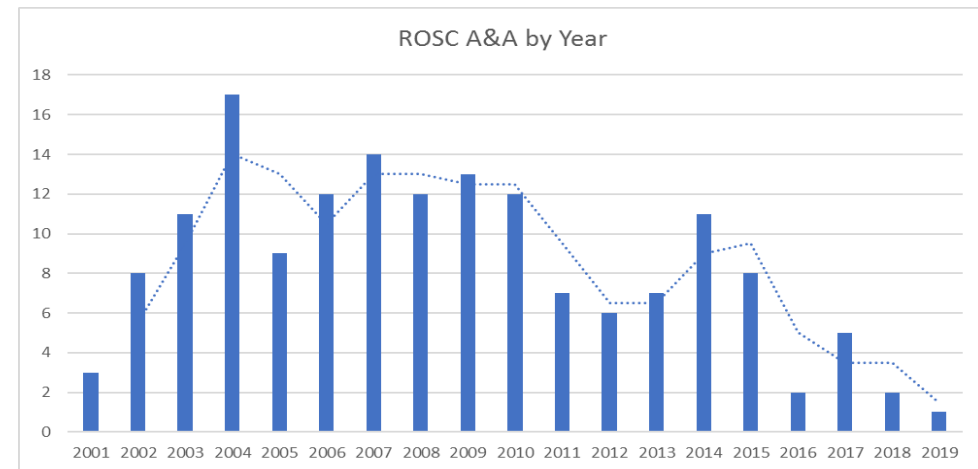
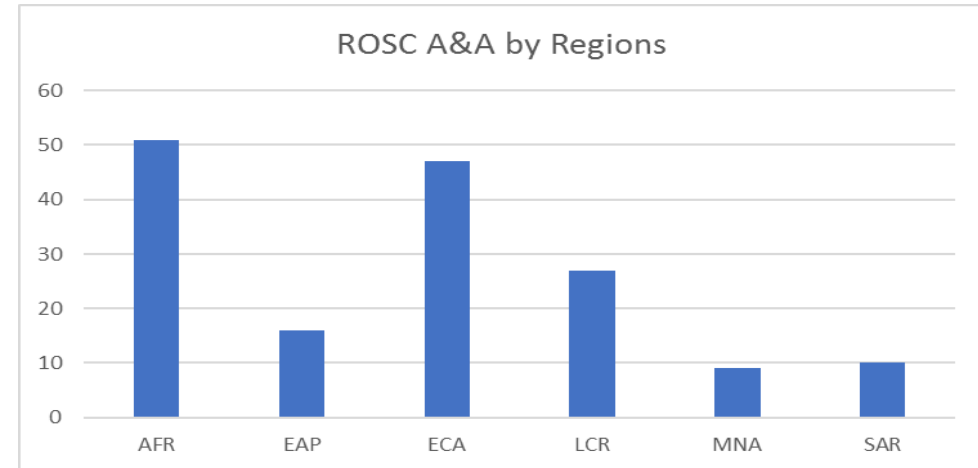


Key Messages

- » Report on the Observance of Standards and Codes Accounting and Auditing:
 - » Fully integrated in REPARIS for SMEs and EASSURE
 - » Benchmark assessment used across 121 countries
 - » Built around 3 modules and seven indicators
 - » Necessitate a request and full cooperation from country authorities

ROSC A&A

- » After the Asian crisis of the late 1990s the **G7** and **Financial Stability Forum** requested the **IMF** and the **World Bank** to monitor **12 standards and codes** including **IFRS** and **ISA** and risks that increase the likelihood or potential severity of financial sector crises.
- » 168 ROSC A&A in 121 countries across the 6 WB regions
- » 160 ROSC A&A published
- » 90 Technical assistance follow up projects
- » **The ROSC A&A is an benchmark assessment** for financial reporting and auditing performed by the World Bank using **IFRS and ISA** who review :
 - » The soundness of the system versus its vulnerabilities
 - » The developmental needs in terms of infrastructure, institutions and markets
 - » The compliance with the accounting and auditing through IFRS and ISA.



ROSC A&A – 3 Modules with 11 sub-modules

- » 2 core benchmarks: IFRS & ISA
- » A regional benchmark EU Acquis
- » 9 technical topics on FR and Auditing
- » 3 desk reviews complemented by interviews.



SUB MODULES

A.1 Financial Reporting standards Analysis
A.2 Auditing Standards Analysis

B.1 Commercial Enterprises, SMEs
B.2 Listed Companies
B.3 Financial Sector- Banks
B.4 Financial Sector- Insurance
B.5 Accountancy Profession
B.6 Accountancy Education
B.7 Audit Regulation, Quality Assurance , Public Oversight
B.8 Accounting Standard- Setting
B.9 Auditing Standard Setting

C.1 Financial Statements Review
C.2 Review of Regulatory Findings
C.3 Perception Survey

...and 7 indicators with criteria and sub-criteria to better evaluate systems and progress

Snapshot of:

(1) A&A Standards & Related Requirements

(2) Skills

(3) Monitoring & Enforcement

1. Accounting & Auditing Standards (1)

Accounting standards (IFRS for PIEs, IFRS for SMEs) and standard-setting

Auditing (ISA) and ethical standards, and standard-setting

Requirements (1)

Skills (2)

Monitoring & Enforcement (3)

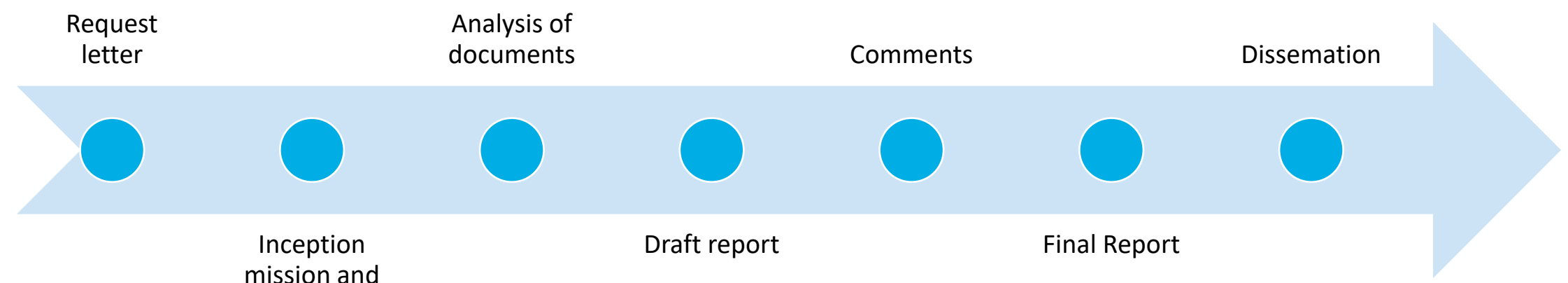
2. FR of Listed Companies
3. FR Banks
4. FR Insurance
5. Relief to MSMEs

6. Accountancy Profession and Education

7. Audit Public Oversight



ROSC A&A – Due Diligence Timeline (6-9 months)



WB due diligence process

Review Meeting

Publication

Group Brainstorming



Questions for the Brainstorming

- » Groups are per countries
- » Discuss 3 questions and prepare bullet points for 15 mn
 - » -a- what are you interested in a ROSC?
 - » Diagnostic and Evaluation ? Recommendations ? Coalition for Reform ?
 - » -b- When the ROSC could take place and how the World Bank can help in informing the MOF?
 - » -c- would the country be willing to start by a self assessment and/or monitor the indicators?



Conclusion of the Session - Brainstorming

- » Updated ROSC are assessing an evolutive environment, ROSC AA updates are important (Georgia)
- » We needed to have some feedback and advice on reform (Montenegro) – We have great inputs from the ROSC team to contribute to our financial reporting and auditing reform
- » We had a project after the last ROSC that helped to implement ent the recommendations of the ROSC — standards, A&A curricula, oversight (Serbia)
- » We interested in getting updates of its ROSC AA (Moldova and Azerbaijan)



THANK YOU