



**International Federation of Accountants**

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## Agenda Item

# 4

**Committee:** IAASB  
**Meeting Location:** New York  
**Meeting Date:** May 22-26, 2006

### International Convergence

#### Objective of Agenda Item

To discuss the following:

- A proposed guide for national standard setters (NSSs) that adopt International Standards on modifications to those standards;
- Issues arising from developing the proposed guide for NSSs that adopt International Standards on modifications to those standards; and
- Whether it would be helpful for the IAASB (or IFAC) to issue any other form of statement on international convergence.

#### The Wong Report

The Wong Report, which was issued in September 2004, stated that: “Governments, regulators, international and NSSs, reporting entities, and auditors, as well as other participants in the financial reporting process, have important roles to play in international convergence.” The report suggested that the following actions<sup>1</sup> be taken by NSSs:

- Develop a formal international convergence strategy and obtain the commitment of all stakeholders.
- Develop an active standard-setting agenda, which is aligned with that of the international standard setters and aimed at eliminating existing differences with the international standards. This should be achieved within a reasonable period of time.
- Establish a process, or enhance the existing process, to actively contribute to the international standard-setting processes, including the development of international standards for small- and medium-sized entities and accounting firms.

As IAASB members are aware, the IAASB has held annual meetings with major NSSs. These meetings, inter alia, are intended to contribute to the above actions, and are a means of ensuring closer cooperation between IAASB and NSSs. In particular, it is clear that many NSSs have

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<sup>1</sup> The recommendations did not distinguish those directed at accounting standard setters from those relevant to auditing standard setters.

developed convergence strategies. In some cases, these are essentially to adopt the ISAs, translated as necessary, with minimal amendment to deal with matters arising from local circumstances, such as legislation.

**Material Presented**

Agenda Item 4-A                      Modifications to IAASB’s International Standards – A Guide for  
(Pages 829 – 832)                      National Standard Setters Who Adopt Those Standards

Agenda Item 4-B                      International Convergence and National Standard Setters (NSSs)—  
(Pages 833 – 834)                      Issues Arising from Proposed IAASB Guidance on Modifications to  
Adopted International Standards

**Action Requested**

The IAASB is asked to review the proposed guide for NSSs that adopt International Standards on modifications to those standards and the issues arising from developing the proposed guide, and to consider whether it would be helpful for the IAASB (or IFAC) to issue any other form of statement on international convergence.