

## **Broadcast email: Adoption of International Financial Reporting Standards (IFRS)**

April 6, 2009

### **Adoption of International Financial Reporting Standards (IFRS)**

The Credit Union Stabilization Funds of Canada (CUSFC), an association of the provincial regulators, deposit insurance and stabilization fund organizations in Canada, has authorized the creation of a national Work Group to support a smooth and effective transition to the IFRS standards for credit unions and caisses populaires. This national regulatory IFRS Work Group was created and is working in conjunction with Credit Union Central of Canada's (CUCC) national IFRS Project (the IFRS Readiness Initiative) to develop timely and consistent communications from provincial regulators to credit unions and caisses populaires on regulatory issues as they prepare to transition to IFRS.

The purpose of this letter is to provide initial guidance on requirements related to the adoption of IFRS. We anticipate that further guidance will be issued as we approach the implementation date of these new accounting standards.

In April 2008, the Canadian Accounting Standards Board (AcSB) confirmed the mandatory transition date to IFRS. As publicly accountable enterprises, all Canadian credit unions and caisses populaires will be required to report using IFRS for fiscal years beginning on or after January 1, 2011.

Although permitted by the AcSB, early adoption will not be allowed. This decision will help to ensure a smooth transition and is consistent with the approach taken by the Office of the Superintendent of Financial Institutions (OSFI) for federally regulated financial institutions. By requiring all DICO insured institutions to adopt IFRS for fiscal years beginning on or after January 1, 2011, financial statements will continue to be comparable. This will assist in risk assessment on both an individual and aggregate basis. It also provides DICO with an opportunity to review the impact of IFRS on regulatory requirements and reporting systems, and to implement any required adjustments.

There are a number of resources available to help prepare for the transition to IFRS

DICO encourages insured institutions to take full advantage of all IFRS initiatives and participate in associated training events including those that are provided by their league, association, Central 1 and CUCC.

Insured institutions should have already begun consultation and discussion with their external auditor and are expected to initiate an IFRS implementation project and to report regularly to their boards of directors and/or audit committees on their progress. The level of detail required will depend on the size and complexity of the insured institution.

At a minimum, these reports should include:

- the insured institution's project structure and implementation plan
- project status
- the significant accounting impacts of IFRS on the insured institution
- how the insured institution will address these impacts, including their basis for decisions
- summary of the IFRS training that the insured institution has participated in

For reference purposes, insured institutions may wish to review the sample project management framework and progress report content that OSFI provided to federally regulated financial institutions.

[http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/accounting/advisories/Imp\\_of\\_IFRS\\_Let\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/accounting/advisories/Imp_of_IFRS_Let_e.pdf)

DICO will monitor IFRS implementation through our regular reviews and follow up with individual insured institutions as necessary.

If you have any questions, please contact your Regional Manager.