Comment
IFAC Policy Position Paper #4
A Public Interest Framework for the Accountancy Profession

IFAC are to be commended for bringing forward this position paper. The virtual absence of any substantive discussion questioning the commitment of the profession to serving the public interest has been a long-term and notable omission. As Tom Lee commented in 1995, “The history of the professionalization of accountancy … is an economic text with a public interest cover.”

Preamble
Current pressures on the profession to respond to the increasing importance of the role of accounting in a wide range of public policy issues such as sustainability, resource management, energy conservation and human rights provides urgency to such considerations.

It is vital the Position Paper exhibits intellectual cohesion. Ever since the move some 40 years ago to make “decision usefulness” the prime objective of much financial reporting, in contrast to the traditional commitment to accountability/stewardship, the profession has struggled to sustain the intellectual cohesion of many of its pronouncements especially those with ethical overtones (see debate over an acceptable conceptual framework).

Management rather than ownership has become the principal client with the resultant disparity of interests and greater exposure to corporate manipulation (ENRON, Worldcom, etc.).

A particular aspect of the recommendation is to better highlight IFAC’s vital role in promoting accounting in developing countries.

Recommendation
The criteria should be re-ordered to provide greater intellectual cohesion. The first Criterion should move to No3, followed by the existing No2, and then No1.

It makes no sense to discuss cost and benefits before the cultural and ethical context is established. Once the context is considered then discussion of Process logically follows. Only then should costs and benefits be considered.

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