

2 June 2011

The Senior Technical Manager
Compliance Program
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USA

Dear Sir/Madam

SAICA SUBMISSION ON THE CONSULTATION PAPER ON THE PROPOSED IFAC MEMBER BODY COMPLIANCE PROGRAM STRATEGY

In response to your request for comments on the IFAC's Consultation Paper (CP) on the Proposed IFAC Member Body Compliance Program Strategy, attached is the comment letter prepared by The South African Institute of Chartered Accountants (SAICA).

We thank you for the opportunity to provide comments on this document and we apologise for the late submission of these comments. We trust that our comments will be considered.

Please do not hesitate to contact us should you wish to discuss any of our comments.
Yours sincerely

Mohammed Lorgat
Project Director – Public Sector

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GENERAL COMMENTS

We are generally supportive of the contents of the CP and think that the proposed strategy outlines steps in the right direction towards improving the Member Body Compliance Program. We do have some additional comments and inputs and these are set out below.

The strategy needs to include Continental Bodies in addition to Regional Organizations and Accountancy Groupings. The formation of these bodies in Europe, Asia Oceania, Africa, North America and with the expected formation of South America I think due recognition needs to be given of these bodies in the strategy.

Furthermore improvement in Member Body Compliance as well as improved monitoring thereof can be better achieved if the Continental Bodies can act as Champions/Ambassadors for the Program. I am also proposing that the role of these Continental Bodies go further than just Champions/Ambassadors. They can be used as change agents as well as monitoring & evaluation agents for the Program as they are closer to the Professional Accountancy Organizations (PAOs) and understand better the sometimes unique challenges experienced by PAOs in their continent.

SPECIFIC COMMENTS

Under section 5 of the document dealing with Strategy:

Quality and continuous improvement

- ***Encouraging recognition of the SMOs as the international benchmarks for professional accountancy organizations.*** This is more relevant under “Influence Agendas and Actions”. It may be appropriate to focus on the continuous assessment of the relevance and appropriateness of the SMOs under this section.
- ***Enhancing the enforcement framework in support of the CAP mandate.*** Not sure what this relates to as we have not seen the enforcement framework and I think if the term “enhancing” is used then the baseline needs to be clearly spelled out so that the enhancements to the baseline framework can be measured or portrayed. IFAC definitely needs to improve the monitoring of reported action plans as well as being seen to take action against PAOs that do not comply with the Program. Our experience is that IFAC relies on the integrity of the PAO in that the information reported on the action plans is assumed to be correct.
- ***Performing the IFAC membership application process with stringent due diligence.*** Perhaps consider rewording to: Performing the IFAC membership application assessment process with stringent due diligence.

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- ***Enhancing the Accountability Framework for Regional Organizations and Accountancy Groupings.*** This Accountability Framework needs to be communicated more effectively. Similarly like proposed above if the term “enhancing” is used then the baseline needs to be clearly spelled out so that any enhancements to the baseline framework can be measured or portrayed.

Influence agendas and actions

- ***Enhancing focus on specific strategic countries or groups of countries.*** I think the point made under General Comments above should be considered for inclusion as part of this point.

Information and knowledge sharing

- ***Enhancing due diligence to minimize the risk of IFAC Members and Associates submitting biased or incorrect information.*** I think this point is more relevant under “Quality and Continuous Improvement”.

OTHER COMMENTS

No other comments