



# IFAC'S 2015 PLAN: DELIVERING ON OUR GLOBAL ADVANTAGE



International  
Federation  
of Accountants®

## Introduction

*IFAC's 2015 Plan: Delivering on Our Global Advantage* (the Plan) highlights shifts in emphasis and priority as IFAC implements its strategy. Using IFAC's *Strategic Plan for 2013-2016* as the starting point, the Plan aligns the strategic objectives with four operating lines. The Plan also delivers on IFAC's global advantages.

This Plan starts with the economic and societal benefits of IFAC's activities and the impact of the environment in which IFAC operates. This Plan explains how IFAC plans to maximize opportunities and minimize risk while achieving its strategic objectives. It also presents the enablers necessary to achieve the strategic objectives.

## What are the economic and societal benefits of IFAC's activities?

In pursuing its mission, IFAC seeks to influence a number of key outcomes and economic and societal benefits, as depicted below.



## What is the environment in which IFAC operates?

- **Diversified** and **segmented**, with competing needs and priorities
  - Economies at various stages of growth and development
  - Large public enterprises and large accounting firms alongside small- and medium-sized entities (SMEs) and small- and medium-sized practices (SMPs)
  - Professional accountants providing many different services in public practice alongside professional accountants in business (PAIBs), including those working in government, academia, and society
  - PAOs at significantly different stages of development and growth, financial and human resource capacity, and legal status and authority
- **Complex** and **constantly changing** with new and emerging risks; shocks—if they occur—can have effects beyond the profession
- **Globalized**, due to economic, social, technological, and cultural forces, but with national priorities that are often contrary to global convergence

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- A **shifting regulatory landscape**, with national requirements increasing in volume and complexity, global regulatory convergence being slow and political, and implementation occurring slower than actual rule-making
  - Continuously subject to **political scrutiny** as regulatory responses to accounting matters become more politicized
  - **Competitive yet collaborative:**
    - Professional accountants competing for jobs both within and outside the profession, and increasingly having to be effective in multidisciplinary teams
    - IFAC Members forming alliances and competing for global reach as they expand beyond national boundaries
  - Affected by the accelerated impact of **trends** and **innovation**, including:
    - Information technology issues and developments, especially cybersecurity
    - Human capital issues, including managing a diverse multi-generational workforce and how technology changes the way we work
    - International tax rules and domestic tax simplification
    - Environmental/sustainability reporting
    - Growing calls for transparency, accountability, and fairness by society as a result of shrinking tolerance for, and increasing frustration with, corruption and greed
    - Investors overly focused on short-term results, financial or otherwise, over long-term organizational sustainability

## What are the risks we will monitor and mitigate?

Risk management is an integral part of IFAC's strategic planning process. Management identifies and assesses the risks that may cause IFAC not to achieve its mission, and develops and implements actions to mitigate those risks.

Management, in consultation with the Board, has identified the following top risks:

- Strategic Risks
  - Loss of stakeholder confidence in standard setting
  - Failure to identify, prioritize, or render services to meet the competing demands of IFAC member organizations and other stakeholders, including recognized regional organizations, acknowledged accountancy groupings, accounting firms, the media, regulators, standard setters, development agencies, academics, professional accountants, and various international organizations
  - Loss of effectiveness as the representative voice of the global profession
- Operational Risks with Strategic Implications
  - Insufficient funding
  - Inability to attract/retain a diverse and highly qualified staff
  - Failure of critical IT systems and capabilities

This risk identification and assessment helps management, in consultation with the Board, select services and allocate resources in order to have the greatest effect on the outcomes that IFAC aims to influence. These mitigation actions are accomplished through the detailed work plans for each of the activity areas within IFAC's four operating lines.

## What opportunities does this environment present for IFAC?

### Opportunities connected to our strategic objectives

- The international standards have been widely accepted and, in response to existing demands, IFAC will continue to facilitate their development and support their implementation in the public interest. IFAC will also continue to promote their adoption where they are not yet followed.
- The importance of emerging economies in a globalized environment emphasizes the need for IFAC, as the global body for the accountancy profession, to promote the development of the profession and strong PAOs, which contribute to comparable, transparent, credible reporting of financial and non-financial information in the public and private sectors; resource management; regulation of the financial and business sectors; and international trade.
- IFAC's unique position as an international organization can also be leveraged to:
  - collaborate with other international professional organizations, IFAC Member alliances, international development organizations, governments, and the donor and business communities;
  - take advantage of the current climate to influence governments to increase transparency and accountability; and
  - bring diverse elements of the profession together, including convening meetings of influential parties, to advance issues of relevance.



## What are IFAC's strategic objectives?

Strategic Objective	Operating Line
<p>Support the development of high-quality standards by independent standard-setting boards, and actively promote the adoption and implementation of these standards in the public interest—thus engendering reliable, comparable, consistent, and transparent financial and nonfinancial information</p>	<p>Standards Development Support</p>
<p>Develop the accountancy profession—in particular, building strong national and regional PAOs, which in turn supports economic growth and stability</p>	<p>Quality and Capacity</p>
<p>Promote awareness of how professional accountants facilitate sustainable success and, with member organizations, enhance the competence of professional accountants through sharing and developing knowledge, ideas, and resources</p>	<p>Global Accountancy Profession Support</p>
<p>Represent and advocate on public interest issues of importance to the profession to enhance the reputation and credibility of the profession</p>	<p>Global Representation and Advocacy</p>



## What comparative advantages will IFAC leverage in shaping its actions?

IFAC is uniquely positioned to spearhead initiatives that demand:

- a global reach;
- freedom from commercial and political interests; and
- the ability to create dialogue and debate.

The value we provide to our stakeholders is supported by our strong connections with other international organizations, our demonstrated ability to align the needs of the profession and the public, and our track record of raising awareness, advocacy, and engagement.

Our unique comparative advantages are as:

- A natural facilitator—to support the development of high-quality standards by independent standard-setting boards, and actively promote their adoption and implementation in the public interest
- A credible convener—to promote awareness of the trusted, ethical, and independent nature of professional accountants and how their skills facilitate sustainable success
- A trusted intermediary—to develop the accountancy profession
- An influential voice—to represent and advocate on behalf of the profession and the public

IFAC currently derives most of its funding from financial contributions from member organizations and the Forum of Firms, an association of accounting firms that perform transnational audits. IFAC recognizes the funders' financial constraints, and seeks to utilize our funding to maximize impact. As a result, IFAC develops its work program extremely selectively and focuses on leveraging its comparative advantages to fulfill strategic objectives, with close attention to efficiency and effectiveness.

IFAC receives limited external funding, and license fees and royalties. External funding is for specific activities, including the development of International Public Sector Accounting Standards (IPSASs), the development of the profession, and SMP-related activities.

## What actions will IFAC take in 2015 *to support standards development?*

- Clarify and continually enhance the independence of the standard-setting boards
  - Support the development of a protocol document to define relationships between IFAC, the independent standard-setting boards, the Public Interest Oversight Board, and the Monitoring Group
  - Fully implement the service-level agreements with the independent standard-setting boards
  - Undertake any additional communications initiatives or outreach necessary to clarify and reinforce independence
- Support the development of international standards through the independent standard-setting boards, including resourcing them to be proactive and respond to issues in a timely manner, and actively promote the adoption and implementation of these standards in the public interest
- Work with relevant international institutions and governments to establish oversight of the International Public Sector Accounting Standards Board

## What actions will IFAC take in 2015 *to support quality and capacity?*

- Continue to advance MOSAIC (Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration), actively reaching out to its signatories to coordinate efforts and secure additional funding for the development of the accountancy profession in emerging economies, including the development of phase II of the IFAC-MOSAIC website (a marketplace for matching donors and those seeking assistance)
- Implement successful proposals to develop the accountancy profession, including the program with the UK Department of International Development (DFID)
- Support PAO development through the PAO Development Committee
- Implement Accountability Now! in collaboration with partner organizations to raise awareness of the importance of transparency and accountability in the public sector and, in particular, adopting high-quality public sector accruals-based accounting standards (i.e., IPSASs)
- Facilitate adoption and implementation of the international standards, including facilitating the sharing of implementation tools, guidance, etc.
- Support Members and Associates in the development of their Statements of Membership Obligations (SMO) Action Plans, and implementation of a database to support enhanced reporting on compliance with membership criteria and SMOs
- Utilize, coordinate, or organize forums and other events at the international and regional level as an important tool for building capacity
- Explore other opportunities for regional coordination of capacity-building efforts

## What actions will IFAC take in 2015 *to support the global accountancy profession?*

- Contribute to the advancement and direction of integrated reporting by helping PAOs in priority jurisdictions facilitate the implementation phase of integrated reporting and support the International Integrated Reporting Council's work program in areas where IFAC can leverage its convening power
- Facilitate international harmonization of approaches to internal control and enterprise risk management by further developing relationships with national and international issuers of standards, frameworks, and guidelines
- Continue development of the IFAC Global Knowledge Gateway including enriching users' experiences through expanded content and enhanced functionality
- Provide input to the independent standard-setting boards on behalf of the PAIB and SMP constituencies via comment letters, representation on the Consultative Advisory Groups, and other liaisons and relationships
- Advocate for recognition of PAIBs and SMPs as valuable business partners and advisors, and for awareness of their important roles in national and global economies
- Call attention to issues affecting PAIBs and SMPs, and convene key stakeholders to deliver solutions
- Support other service delivery to professional accountants, including PAIBs and SMPs through the work of the PAIB and SMP Committees
- Undertake globally relevant research to inform IFAC's priorities

## What actions will IFAC take in 2015 *to support global representation and advocacy?*

- Present global views as *the* body for the accountancy profession in current debates, including those related to the changing regulatory environment
- Engage with the G-20, including:
  - Advocating on behalf of the global profession
  - Promoting initiatives to enhance global economic stability and sustainability
  - Working in the public interest
- Speak out in the areas that IFAC is uniquely positioned to address, including the four current speaking-out priorities:
  - Promoting government transparency and accountability
  - Improving the credibility and usability of financial reporting
  - Enhancing organizational reporting
  - Raising awareness of accountants in society
- Continue to identify, in consultation with major stakeholders, additional emerging issues that IFAC is best qualified to address
- Drive global debate and discussion on these and other topics via recommendations to global bodies; op-eds, letters to the editor, and thought leadership articles; media relations; and speeches and presentations

## To implement the strategy, what will IFAC maintain and develop?

### **IFAC will maintain:**

- People
  - Organization
  - Staff
  - Volunteers who serve on the boards, committees, task forces, working groups, etc.
  - Advisory groups
  - Member organization collaboration
  - Outsourcing
- A relentless stakeholder focus that enables IFAC to leverage its stakeholder relations
  - Members, Associates, and Affiliates
  - Forum of Firms
  - Other key stakeholders
- Infrastructure
  - Including outsourced IT function

### **IFAC will:**

- Diversify funding that is driven by delivering on IFAC's competitive advantages
- Be fit for purpose
  - Adapt processes and reporting that are appropriate for each operating line
  - Attract and retain the right people (see also "People" above)

## How will IFAC measure achievement of the strategic objectives?

Achievement will be measured through Key Performance Indicators (KPIs) developed by management in consultation with the IFAC Board's Planning and Finance Committee and approved by the IFAC Board.



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