

Strategic Plan
for 2013–2016
Leading the Way

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Executive Summary

2011-2012—Enhancing the relevance of the accountancy profession

The strategic plan of the International Federation of Accountants (IFAC) for 2011-2014 focused on increased momentum, new opportunities and the establishment of sufficient resources. Its aim was to establish IFAC as:

- An active and credible contributor to international standard-setting
- A leader, facilitator, or collaborator in supporting adoption and implementation
- An active and credible contributor to mitigating sovereign debt risk
- An organization that serves as the voice of the global profession on public interest issues
- An organization that supports members in rendering enhanced services to small and medium practices (SMPs), professional accountants in business¹ (PAIBs), and professional accountancy organizations (PAOs) in developing and emerging nations
- A recognized participant in the area of sustainability

During 2011-2012, IFAC achieved significant milestones and enhanced its relevance to the profession. IFAC's principal role remained that of contributing to the development of international standards for auditing, other assurance, quality control, and other related services; ethics; accounting education; and public sector accounting. IFAC also continued to encourage and facilitate the adoption, high-quality implementation, and effective enforcement of standards. As the sovereign debt crisis continued, IFAC promoted the use of International Public Sector Accounting Standards (IPSASs) and sponsored a seminar, *The Sovereign Debt Crisis – a Matter of Urgency: From Lessons to Reform*, to focus attention on the need for solutions in this area.

IFAC enhanced its focus on public policy and regulation by issuing policy position papers, comment letters on consultations by key stakeholders, and letters detailing recommendations for the G-20. The Private Sector Taskforce of Regulated Professions and Industries, coordinated by IFAC, delivered a report to the G-20 Deputies with recommendations for the promotion of global regulatory convergence in order to enhance global financial stability and economic growth.

The IFAC Member Body Compliance Program made significant progress as a global platform for adopting or incorporating and implementing international standards. Substantially all member bodies published their Statements of Membership Obligations (SMO) Action Plans demonstrating their commitment to adoption and implementation. The Compliance Advisory Panel (CAP) has implemented a process for monitoring progress of planned actions. In addition, the CAP has initiated a revision of all seven SMOs.

IFAC succeeded in implementing many of the recommendations that came out of the reviews of its constituency-focused activities and services. The reviews focused on addressing how IFAC could work with members to support PAIBs, small- and medium-sized entities (SMEs) and SMPs, and the development of strong PAOs in emerging and developing nations. Among the many outcomes were the PAIB Committee's flagship publication, *Competent and Versatile: How Professional Accountants in*

¹ Professional accountants in commerce, industry, financial services, the public sector, education and the not-for-profit sector

Business Drive Sustainable Organizational Success; a memorandum of understanding between IFAC and the donor community, *MOSAIC: Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration*, that will help build financial information infrastructure in developing nations; and guidance and resources for SMPs.

IFAC continued to focus on the future of reporting through its involvement in the International Integrated Reporting Council (IIRC).

During 2012, IFAC moved to a new office, which includes a conference center. This conference center is able to accommodate all boards and committees of IFAC. IFAC's meeting policy has been amended so that three out of four meetings of each board and committee will be held in the conference center. This will result in cost savings and efficiency in meeting processes.

Overall, IFAC succeeded in achieving all material aspects of its strategy and was able to focus on enhancing the relevance of the profession.

2013-2016—Leading the way by strengthening current initiatives

The *Strategic Plan for 2013-2016* has been developed during a critical period for the accountancy profession. As noted above, IFAC has been an active and credible contributor to international standard setting, which continues to be IFAC's core activity. However, the regulatory landscape changed significantly during the latter part of 2011 and the early part of 2012. During this period, developments in major jurisdictions, including Europe and the United States (US), and in particular, the need to address the issues of auditor reporting and auditor independence, challenged IFAC. Although the cost of actions to address these issues have placed significant pressure on IFAC's financial resources and reserves, these issues have made it clear that the independent standard-setting boards must be resourced to proactively address matters of critical importance to the public interest and to be able to respond in a timely manner. Other developments, such as the need for fiscal management reform and capacity building to address the global shortage of accountants, have also highlighted the need for strong global initiatives.

During the upcoming strategic period, IFAC has been called upon to continue to strengthen and expand its leadership position in addressing the challenges of a complex and changing global environment. In light of available resources, IFAC's management will continue to prioritize its activities and desired initiatives. The *Strategic Plan for 2013-2016* identifies the areas in which IFAC will lead the way. However, an important part of the plan will be to analyze the current funding model and create a stronger, more diversified, and sustainable funding model.

The development, adoption and implementation of high-quality international standards

In order for the financial system to be truly global, there must be consistent universal adoption and implementation of high-quality standards that are clear, consistent, and relevant. During 2013-2016, IFAC's principal role will remain that of an active and credible contributor to the development of high-quality international standards in auditing, other assurance, quality control and other related services; ethics; accounting education; and public sector accounting. IFAC's strategy will be to equip the standard-

setting boards to proactively address issues of importance and respond rapidly to changes in the environment.

IFAC will also continue to promote and facilitate the consistent adoption and high-quality implementation of these standards. IFAC's boards and committees will continue to develop tools and guidance to assist with adoption and implementation. In addition, the Compliance Program plays an important role in supporting and monitoring adoption and implementation. The Compliance Program, in the spirit of encouragement and improvement, will continue to influence actions and drive behaviors of PAOs around the world by focusing attention and resources on improving the quality of the profession.

IFAC will continue, under its memorandum of understanding with the International Accounting Standards Board (IASB), to strengthen cooperation in developing private and public sector accounting standards. Specifically, IFAC will contribute to the development of International Financial Reporting Standards (IFRS) through viewpoints from the International Auditing and Assurance Standards Board (IAASB), as a member of the IFRS Advisory Council (formerly the Standards Advisory Council), and by commenting on governance of the IFRS Foundation and governance arrangements for the IASB.

IFAC recognizes the importance of developing the international standards through a shared private/public arrangement that operates and is seen to operate in the public interest. Legitimacy, independence, transparency, technical competence and accountability are key elements of such an arrangement. To sustain confidence in the quality of the international standards, IFAC and the Public Interest Activity Committees² will continue to implement the recommendations of the Monitoring Group^{3,4}. IFAC will also continue its efforts to establish public interest oversight of the International Public Sector Accounting Standards Board (IPSASB). IFAC's actions in this regard will be described in its operational plan. Also, IFAC has implemented the Monitoring Group's recommendation to appoint an independent chair for the International Ethics Standards Board for Accountants (IESBA) to improve the perception of independence of the work of this board.

² International Auditing and Assurance Standards Board, International Accounting Education Standards Board, International Ethics Standards Board for Accountants, and Compliance Advisory Panel

³ The Monitoring Group comprises international regulators and related organizations. Its role is to update the Public Interest Oversight Board regarding significant events in the regulatory environment. It is also the vehicle for dialogue between regulators and the international accountancy profession.

⁴ During 2003, IFAC reviewed its governance activities and regulatory responsibilities to determine how it could strengthen its role in ensuring that professional accountants worldwide fulfill their public interest responsibilities. As part of this process, IFAC engaged in an intense series of consultations with international regulatory agencies and other regional and international organizations. It also consulted with its member organizations and the profession. The result of this collaborative effort was a series of reform proposals that IFAC viewed as critical to strengthening the accountability of the international profession and building investor confidence in financial reporting, in the work of auditors, and in financial securities markets worldwide. The objective of the reforms was to increase confidence that the activities of IFAC are properly responsive to the public interest and will lead to the establishment of high-quality standards and practices in auditing and assurance. The reform proposals were also designed to contribute to the achievement of global convergence to high-quality standards. The proposals provided for more transparent standard-setting processes; greater public and regulatory input into those processes; regulatory monitoring; and public interest oversight. The proposals also ensured that there is regular, ongoing dialogue between regulators and the accountancy profession. In 2010, the Monitoring Group issued *Review of the IFAC Reforms – Final Report*, which was its five-year follow-up to the 2003 IFAC Reforms. IFAC is in the process of implementing the recommendations from the 2010 review. In 2011, the Monitoring Group began a review of its own governance and a consultation paper was issued in 2012. The consultation paper asks questions about the current standard-setting structure. Depending on feedback received from the consultation, some of these matters may have further implications for IFAC's strategy.

An urgent focus on improved public sector financial reporting

Problems with public sector fiscal management and reporting are not confined to a small handful of European countries, but are widespread. There is a real danger of the current sovereign debt crisis, coupled with the fiscal challenges of aging populations, deepening into a global fiscal crisis. It is therefore more urgent than ever that IFAC act in concert with other key financial and economic institutions to bring about a radical transformation in public financial management. A key element of this transformation is that governments must provide clear, comparable, and comprehensive information regarding the financial consequences of their economic, political and social decisions. As noted in IFAC's submission to the G-20 in April 2012, this would include:

- High-quality and timely accrual-based financial reporting
- Audited financial statements released within six months of year end
- Budgeting, appropriation, and reporting on the same accrual basis
- Full transparency in fiscal positions ahead of general elections, ensuring that voters are fully informed, and
- Limitations on deficit spending, or at least full transparency around the resources for deficit spending and explanations of how, over an economic cycle, fiscal balance will be restored.

Much of this information can be provided through high-quality, robust and effective accrual-based financial reporting systems based on International Public Sector Accounting Standards (IPSASs).

IFAC will work in partnership with governments and others to support enhanced transparency and accountability in public sector accounting. In particular, the IPSASB will aim to lead the change for long-term reform in this area. The IPSASB will continue to work with the IASB to strengthen cooperation in developing public and private sector accounting standards.

An enhanced focus on regulation and public policy

As the representative of the global accountancy profession, IFAC is uniquely positioned to research and present the views of the profession and its stakeholders on a global level and speak out on public interest issues. IFAC will continue to focus on identifying policy issues on which IFAC is uniquely qualified to take a position and speak out on behalf of the profession. In particular, there will be public policy positions and communications with regard to the significant regulatory developments in the G-20 and emerging economies; the benefits of regulatory convergence and a level playing field; the merits of the profession's continued role in standard-setting; the need for enhanced public sector financial management, transparency, and accountability; and the current model of public interest oversight. Furthermore, IFAC will focus on matters relevant to the profession that promote long term sustainability and growth, such as the benefits of integrated reporting, the need for robust corporate governance arrangements, effective and efficient taxation policy, and anti-corruption measures. There will also be increased engagement with key stakeholders including the G-20 and the Financial Stability Board.

In addition, services provided under the service area “Speaking Out in the Public Interest” (formerly “Representation of the Accountancy Profession”) reflect IFAC’s commitment to continue to speaking out on public interest issues where the accountancy profession’s expertise is most relevant.

A continued focus on integrated reporting

Integrated reporting has emerged as a major initiative to facilitate transparency and accountability. It focuses on achieving sustainable organizational performance, which can ultimately enhance investor and other stakeholder confidence and contribute to the development of sustainable economies and financial stability. The process of integrated reporting is a powerful tool to help drive an organization’s strategic agenda, providing management with a better understanding of key performance drivers of longer-term sustainable organizational success.

Professional accountants have an important role to play in both enabling integrated reporting within organizations and providing assurance services related to integrated reporting. IFAC is uniquely positioned to increase international awareness of these diverse roles and to support PAOs in enhancing the competence and expertise of their members. The services provided under the service area “Development and Quality” have therefore been expanded to focus on integrated reporting and IFAC’s continued support of the IIRC. IFAC will continue to contribute to the development of the IIRC in terms of its governance infrastructure, stakeholder engagement and outreach – including equipping members to promote integrated reporting in their jurisdictions – as well as support the development of the integrated reporting framework.

An inclusive approach, with an emphasis on capacity building

IFAC will continue to work with its member bodies to take an inclusive approach that supports the diverse needs of PAIBs, SMEs and SMPs, and the accountancy profession in developing and transitional economies. IFAC recognizes that the activities of the PAIB Committee and SMP Committee are integral to standard-setting activities and these constituencies must be represented on the standard-setting boards and have input into the standard-setting process. In addition, the PAIB Committee and SMP Committee will work with member bodies to promote the value of PAIBs and SMPs, and to support and enable their members.

IFAC will enhance its focus on capacity building and supporting the accountancy profession in developing and transitional economies to help address the shortage of professional accountants in these areas. IFAC’s memorandum of understanding with the donor community, *MOSAIC*, and other partnerships will greatly assist in this important initiative. In addition, the Professional Accountancy Organization Development Committee (PAODC) will focus on increased awareness building and knowledge sharing in developing and transitional economies.

Finally, the Transnational Auditors Committee (TAC) and the Forum of Firms play a major role in promoting the consistent application of high-quality audit practices worldwide. Most notably, this is achieved by requiring all its member networks to apply International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* in the

conduct of their transnational audits - complemented by regular meetings, symposiums and events involving and engaging international stakeholders in order to provide relevant broader perspectives on the many dimensions of audit quality. These events include hosting activities within emerging economies, thereby supporting the local practitioners in their efforts to further strengthen audit quality.

A sustainable funding model

The strategic plan reflects those activities and services that allow IFAC to lead the way and strengthen its current initiatives in the public interest. It is based on a careful analysis of the changes in the environment; the needs and priorities of IFAC's stakeholders; the risks associated with possible action—as well as inaction; and IFAC's current and future resource needs.

IFAC seeks to remain a credible and widely accepted global standard setter, promote the global adoption and implementation of international standards, build the capacity of the accountancy profession, and serve as the voice of the global profession on public interest issues. However, in order for IFAC to proactively address issues of importance to the profession, it will need a stronger, more diversified and sustainable funding model.

During this strategic period, IFAC will assess existing and potential revenue sources. It will have to consider how to expand the level of financial contributions from current sources, and identify and pursue other sources, as appropriate.

In conclusion

Over the next four years, IFAC will lead the way by strengthening its current initiatives. It will work to be proactive in strategic focus areas and respond appropriately to future changes in the environment. IFAC will continue to prioritize activities in a way that is consistent with the pressure on available resources. To assist in this regard, a comprehensive review of IFAC and its role in the profession will commence in 2013, and include the continued development of a stronger, more diversified, and sustainable funding model. The review will determine the desired position of IFAC and the standard-setting boards in the future, the required resources, and the best way to acquire those resources. The review is proposed in the context of the globalization of business and regulation, the need for the profession to be organized at the international level, and the consequential changes in the demands for IFAC.

IFAC's volunteer leaders and staff are committed to achieving IFAC's mission. We are appreciative of the support of our members, associates, affiliates and volunteers, and of the accounting firms and other contributors. Your support and dedication is essential to our efforts to make our vision a reality.

IFAC's Vision, Mission and Values

Founded in 1977, IFAC is the global organization for the accountancy profession. As of June 2012, it is comprised of 167 accountancy organizations in approximately 127 countries and jurisdictions. These accountancy organizations represent 2.5 million accountants in commerce and industry, education, the not-for-profit sector, public practice, and the public sector.

IFAC's vision is that the global accountancy profession be recognized as a valued leader in the development of strong and sustainable organizations, financial markets and economies.

IFAC's mission is to serve the public interest by:

- **Contributing to the development of high-quality standards and guidance**
- **Facilitating the adoption and implementation of high-quality standards and guidance**
- **Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide**
- **Speaking out on public interest issues**

IFAC's values are integrity, expertise and transparency. These values are the guiding principles that IFAC as an organization through its Council, Board, independent standard-setting boards, committees, volunteers, and staff seeks to exemplify.

The Outcomes IFAC Seeks to Influence

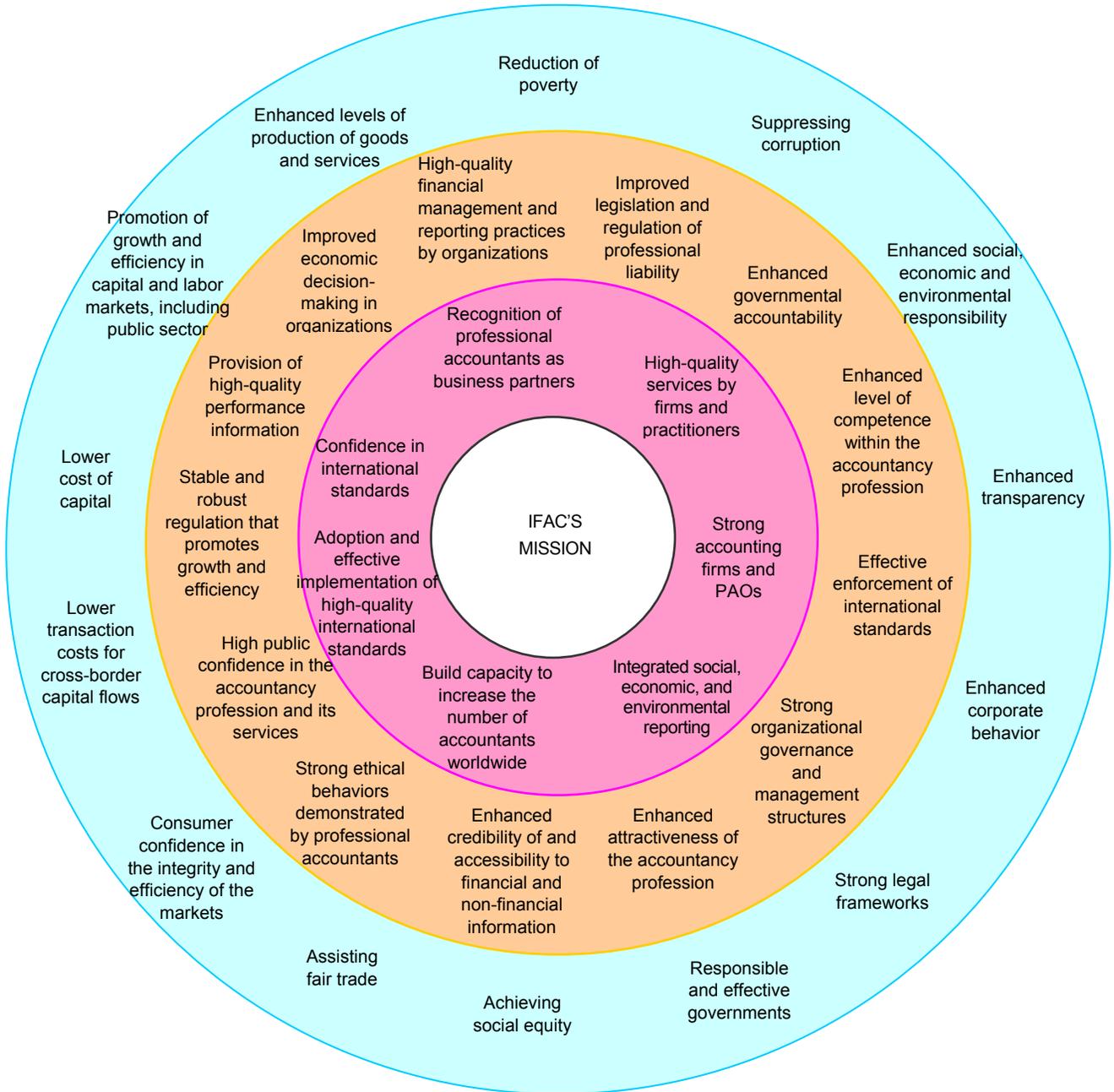
IFAC seeks to achieve its mission in an effort to influence various economic and social outcomes. The following illustration provides an indication of the outcomes that IFAC seeks to influence or have an impact on through its four services areas. The illustration reflects a ripple effect of flow-on impacts; IFAC will have a more direct influence on the outcomes closer to the center.

The outcomes in the *second circle* will primarily impact the accountancy profession at an institutional level (e.g., PAOs, regional organizations, accounting firms, standard setters, etc.).

The *third circle* reflects those outcomes that will have an impact on individuals within the accountancy profession and various groups outside the profession (e.g., the regulatory community). The level of influence by IFAC will be less direct for these outcomes.

The *fourth circle* reflects those community-wide outcomes over which IFAC and the accountancy profession generally only have indirect influence but have an interest in seeing achieved.

Sustainable Organizations and Financial Markets Strong International Economies



Key:	
Main Impact On	Influence
 Profession/Institutions/ Organizations	More Direct
 Individuals/Regulators	Less Direct
 Community	Indirect

Note: The reference to organizations above is meant to encompass all sizes and sectors

The Environment in Which the Accountancy Profession and IFAC Operate

IFAC monitors the environment in which it operates. Through its actions and policies, it seeks to impact that environment, and influence the various outcomes related to its mission through its strategies and services within the constraints of available resources.

IFAC's strategies and services recognize that the accountancy profession operates in an environment that is:

- Extremely complex and constantly changing with new and emerging risk; shocks—if they occur— can have effects beyond the profession
- Diversified and segmented, with competing needs and priorities. For example, IFAC must balance the needs of the following:
 - Developed, mature economies with low economic growth alongside developing economies, including the BRICS and other economies
 - Large, public enterprises and large accounting firms alongside SMEs and SMPs
 - Professional accountants in public practice alongside PAIBs (including governments and academia)
 - PAOs that vary significantly by stage of development, financial and human resource capacity, and legal status and authority
- Globalized, due to economic, social and technological forces, but with national priorities also receiving a great deal of attention. Some national responses work against global convergence
- In a shifting regulatory landscape, with changes in national regulation creating challenges for all practitioners, including SMPs
- Increasingly affected by political pressure or political action/inaction
- Competitive yet collaborative, with professional accountants working closely (and competing for jobs) with others and increasingly having to be effective in multi-disciplinary teams

A review of the current environment revealed that, while many of the trends identified during the previous strategic planning processes—including globalization, complexity, and technology—have continued and some have intensified, there are some important shifts in emphasis and priority. These shifts include the need to:

- Respond to issues and contribute to the debate brought about by the changing regulatory environment in the G-20 and emerging economies
- Strengthen adoption and implementation support as a critical public interest goal, with the aim of promoting global regulatory adoption and convergence of international standards. Success in this area will be measured based on the level of adoption
- Address the dangers caused by the sovereign debt crisis and actively support and encourage greater governmental transparency and accountability, and improved financial reporting
- Present global views in current regional and national debates in many major jurisdictions, including those in Europe and the US, and take strong global public policy positions on behalf of the profession and speak out on public interest issues

- Further support integrated reporting's role in achieving long-term social, environmental, and economic performance, which can ultimately enhance investor and stakeholder confidence

The aim of the 2013-2016 strategy is to ensure that IFAC will be:

- Supporting independent standard-setting boards that are resourced to be proactive and respond to issues in a timely manner
- An organization that is able to demonstrate measurable success in the level of adoption and implementation of international standards
- A key contributor to improved transparency and accountability in public sector accounting
- A representative voice of the profession that speaks out on global matters and in the public interest and that issues strong, relevant policy positions
- A significant contributor to the advancement and direction of integrated reporting
- An organization that takes an inclusive approach and supports its members in addressing the needs of PAIBs, SMEs and SMPs, and works to build capacity and support the accountancy profession in developing and transitional economies
- An organization with a strong and sustainable funding model

IFAC's Service Areas and Services

An important aspect of the strategic planning process is the selection of services and allocation of resources that have the greatest influence on the outcomes in the context of the current environment.

The strategic plan describes the services delivered under each service area. A list of the services can be found in the operational plan.

IFAC as Leader, Facilitator and Collaborator

Other organizations also contribute to the outcomes outlined in the strategic plan. IFAC's role may therefore vary between leader, facilitator and collaborator, as appropriate, in working with these organizations. The strategic and operational plans cover all three roles. Implementation of these plans will require enhanced facilitation of activities and services (e.g., the translation of standards and guidance) and collaboration between IFAC and other organizations, including members and regional or international organizations (e.g., participation in the Private Sector Task Force). Furthermore, members will be encouraged to contribute resources to activities and services developed at an international level as opposed to developing or duplicating such activities or services at a national level.

Standards and Guidance

IFAC contributes to the development of high-quality international standards through a shared private/public arrangement that operates and is seen to operate in the public interest. These arrangements recognize the need for legitimacy, independence, transparency, performance⁵ and accountability in standard-setting. They also recognize the need to create the right incentives for the effective implementation of the standards by all professional accountants in all sectors.

The standards are developed by the IAASB, IESBA, and International Accounting Education Standards Board (IAESB), under the oversight of the Public Interest Oversight Board (PIOB), and by the IPSASB. Information about the standard-setting boards and their strategies, services and priorities can be found in their respective strategic and operational plans.

In addition, IFAC contributes to the development of IFRS through viewpoints from the IAASB on the audit consequences of proposed IFRS, and as a member of the IFRS Advisory Council. IFAC also contributes by commenting on governance aspects of the IFRS Foundation and of governance arrangements for the IASB.

The services in this area:

- Sustain confidence in the quality of international standards for auditing, assurance and quality control; ethics; public sector accounting; and accounting education, and in the related standard-setting arrangements
- Contribute to the development and maintenance of high-quality international standards
- Contribute to the development of international standards capable of cost-effective application by all professional accountants (including SMPs) in all sectors (including the public sector)

⁵ *Performance* encompasses technical competence, responsiveness and efficiency.

- Provide universally applicable international good practice guidance and other outputs by sharing or combining and synthesizing material in areas of strategic and international importance

Adoption and Implementation

Adoption is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

The primary target audience is institutions such as national standard setters, governments, members and associates, recognized regional organizations, regulators, donor agencies, and accounting firms, especially in jurisdictions that have not yet adopted international standards or where the accountancy profession is less developed. IFAC will typically take leadership in helping to ensure widespread adoption of international standards.

The services in this area:

- Promote the adoption of international standards for auditing, assurance and quality control; ethics; financial reporting, public sector accounting; and accounting education
- Promote the application of guidance developed by the IAASB, IAESB, IESBA, IPSASB, PAODC, the PAIB Committee, and the SMP Committee
- Provide high-level policy advice on the technical and legal approaches to adopt international standards and guidance

Implementation may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance, and any other activities that promote proper understanding and use of the standards in practice.

The primary target audience is the same as for adoption, i.e., institutions, such as national standard setters, governments, members and associates, recognized regional organizations, regulators, donor agencies, accounting firms, etc. The objective is to enhance their capacity to ensure consistent and effective implementation of international standards by their members or constituencies. Implementation support is demonstrated by four different activities:

- Availability—actions to make the standards and guidance available to the primary target audience
- Accessibility—actions taken to make the standards and guidance accessible in languages other than English
- Application support—actions to support the primary target audience in their role in assisting end users in applying the standards and guidance on a daily basis
- Training and education material—actions to support organizations providing continuing professional development or to support academic institutions

The services in this area:

- Facilitate the availability and accessibility of international standards and guidance that supports their implementation
- Develop, or facilitate the development of or access to, guidance (or other tools) that support the implementation of international standards (including support for SMPs)
- Assess the effective implementation of new international standards

IFAC also promotes the adoption of IFRS.

Development and Quality

IFAC promotes the provision of high-quality services by all parts of the profession through the implementation of a Member Body Compliance program, initiatives aimed at improving the quality of auditing, and initiatives aimed at enhancing the competence and relevance of professional accountants. It also promotes initiatives to address the challenges facing the development of strong PAOs and to develop the capacity of the accountancy profession. These capacity-building initiatives are critical to the public interest as they address the current shortage of accountants in emerging and developing nations.

IFAC develops or facilitates the development of international good practice guidance for PAIBs. The guidance focuses on international and strategic issues of importance to professional accountants in areas such as governance and ethics, risk management and internal control, and sustainability and corporate responsibility.

IFAC also develops or facilitates the development of practical guidance for SMPs. Currently, this guidance focuses on applying ISAs, quality control, and practice management.

The services in this area:

- Encourage and monitor member efforts towards the adoption and implementation of international standards through the Member Body Compliance Program
- Encourage membership of the Forum of Firms, and compliance with its obligations aimed at improving audit quality
- Advocate and support capacity building initiatives to establish and strengthen PAOs across the globe, especially in developing economies
- Increase awareness of the important role that professional accountants play in creating, enabling, preserving and reporting value for organizations and their stakeholders
- Support members in enhancing the competence of and encouraging strong ethical behavior by their professional accountant members
- Contribute to improving the quality of business reporting practices, including integrating social, economic and environmental reporting
- Enhance the global identity, visibility and value-recognition of SMPs
- Develop or facilitate the development of or access to guidance (or other tools) that helps members support their practitioner constituencies (or accounting firms or SMPs) in the effective management of their practices, and position and equip them to provide relevant and high-quality business advisory services
- Identify and act on emerging issues relevant to the accountancy profession's contribution to strong and sustainable organizations, financial markets, and economies

Speaking Out

IFAC is the primary representative of the global accountancy profession and speaks out on a wide range of public interest issues where the profession's expertise is most relevant. IFAC accomplishes this through:

- Commenting on issues that directly relate to the accountancy profession
- Developing and maintaining relationships with other organizations as appropriate
- Participating in global, regional and national forums
- Developing policy positions that address issues relevant to the global accountancy profession

IFAC collaborates with its members, associates, and affiliates to leverage their combined expertise in speaking out on issues affecting the accountancy profession and the public it serves.

The services in this area:

- Take positions on public interest issues where the accountancy profession's expertise is most relevant
- Develop relationships and implement processes that establish IFAC as the authoritative voice on matters relevant to the global accountancy profession, and enable it to promote key messages and speak out on public interest issues

Statement of Operating Principles

IFAC adheres to the following principles in operating its governance and management arrangements, implementing its strategic plan, and delivering its services.

Principle 1: Strong governance and management structures

To achieve this principle, IFAC:

- Seeks to balance the primary criterion of best person for the position on its independent standard-setting boards and committees with appropriate representation in terms of geography, industry, size of employer and gender
- Actively encourages participation in its activities through a range of mechanisms, including but not limited to, membership on boards and committees, an interactive annual Council meeting, regional forums and other events, and direct input throughout the development of the standards and guidance
- Conducts a strategic planning process designed to assess existing strategies in the light of changing environmental pressures, risks and opportunities and to adjust those strategies accordingly. The planning process is based on a review of the environment, stakeholder consultation, and the application of an Enterprise Risk Management approach
- Is reliant on strong governing and managerial leadership, and fosters a clear understanding of the roles of each and recognition of the importance of a separation of responsibilities between them
- Implements effective structures and processes and policies and procedures to ensure delivery of high-quality services and adherence to strong operational practices
- Performs succession planning at all managerial levels, but particularly at the senior management level, and in relation to volunteers on its boards and committees
- Undertakes to apply the principles of an integrated reporting framework as developed by the IIRC to IFAC's own stakeholder and business reporting processes

Principle 2: Effective and efficient communication with a wide-ranging audience

To achieve this principle, IFAC:

- Develops communications plans in consultation with its independent standard-setting boards and committees
- Implements activities that support the overall strategy by promoting the value of and adherence to high-quality international standards, and increasing awareness of the profession's many roles and, particularly, its contributions to the development of strong and sustainable organizations, financial markets and economies
- Facilitates collaboration and ongoing dialogue with stakeholders through the website and various other electronic and print media
- Targets its communications to a wide-ranging audience that includes members, associates and affiliates; recognized regional organizations and acknowledged accountancy groupings, accounting firms, the media, regulators, standard setters, development agencies, academics, professional accountants, and various international organizations

Principle 3: Identification and effective use of collaborative opportunities

To achieve this principle, IFAC:

- Seeks to identify and act on collaboration opportunities with members, associates and affiliates; standard-setters; recognized regional organizations and acknowledged accountancy groupings; regulatory agencies; and development agencies
- Coordinates the alignment of efforts and investments to achieve synergy and effective delivery of services with and among members and associates in areas of common interest

Principle 4: Maintain financial sustainability and the health of the organization

To achieve this principle, IFAC:

- Seeks to strengthen its funding model over the medium to longer term
- Seeks to operate within the financial parameters established in its approved annual budget or otherwise approved in accordance with the Authority to Commit policy
- Endeavors to establish and maintain an equity position that adequately reflects the needs of the organization and its exposure to external environmental factors
- Identifies and acts on appropriate opportunities to enhance IFAC's financial resources
- Ensures that IFAC's resources continue to be used effectively, efficiently and economically
- Operates in a manner that minimizes IFAC's environmental footprint/impact
- Endeavors to encourage those who benefit from IFAC's activities to contribute to their cost

Principle 5: Continually enhance IFAC's capacity

To achieve this principle, IFAC:

- Seeks the appointment and retention of high-quality volunteer representatives for the IFAC Board and officer positions
- Seeks the appointment and retention of high-quality volunteer representatives who support the objectives of each independent standard-setting board and committee, and the commitment of their supporting organizations
- Actively seeks to attract high-quality staff, and is committed to the development and retention of staff across all functions by creating an attractive work environment
- Identifies and acts on opportunities to use technology to support and enhance the effectiveness and capacity of the organization

Organizational and Staffing Plan

The strategic plan is supported by an operational plan and a detailed budget, which projects specific activities, services and expenses for 2013. The expenses anticipated in 2013 allow IFAC to lead the way by strengthening its current initiatives. This section provides a commentary on the organizational and staffing structures necessary to support the implementation of the strategic plan.

Organizational Plan

It is anticipated that the organizational structure as it relates to the Council, Board, independent standard-setting boards, the committees and the CAP will remain in place, and that these groups will continue to use various task forces or other sub-groups to support their activities. In addition, the Board will seek to establish public interest oversight for the IPSASB, and implement the recommendations of the Monitoring Group.

The Board will continue to be supported by the Governance and Audit Committee, the Planning and Finance Committee (PFC), the IFAC Regulatory Liaison Group, the Public Policy and Regulation Advisory Group, and other working groups as required from time to time. It is anticipated, however, that the mode of operation for many of these groups will change over time to reflect various factors, such as the growing use of technology, the costs of physical meetings, and the need for IFAC to contribute to a greener future.

In addition to the existing structures, it is anticipated that proposed new activities or services may require new groups of experts to be formed. It is not anticipated that these groups will hold any decision-making authority within IFAC's governance structures, unless considered appropriate by the Board, but rather provide access to greater expertise or input on particular projects.

In addition to the financial support from member bodies and the Forum of Firms, IFAC continues to be reliant on the commitment and expertise of volunteers and their supporting organizations to achieve its strategies and deliver its services. The amount of time devoted by these individuals has increased across most of IFAC's activities over recent years and it is anticipated that, for some activities, further increases may be necessary during 2013-2016. Each of the independent standard-setting boards and committees has significant projects, events or other activities planned during the course of this strategic plan that will only be achieved through the efforts of dedicated volunteers and staff.

While independent of IFAC's organizational structure, the PIOB will continue to have oversight over several IFAC activities, including the IAASB, IAESB, IESBA and Compliance Advisory Panel. In performing its oversight functions, representatives of the PIOB will use a risk-based approach to performing oversight work and will observe certain meetings of each of the above groups and the associated Consultative Advisory Groups, the Nominating Committee and the IFAC Board. In addition, in order to have a better perception of PIOB independence and of the public interest robustness of global standard-setting, the PIOB, the Monitoring Group and IFAC have agreed on the objective of moving full PIOB budget funding away from the accounting profession by 2013 and are therefore seeking financing commitments from relevant stakeholders.

During the course of this strategic plan, IFAC will also work towards establishing public interest oversight for the IPSASB. Consultation on this is underway.

Also independent of the IFAC structure, the Forum of Firms continues to be supportive of the activities of IFAC. It shows its support directly through the work of the TAC, the nomination of volunteers to support the work of the IAASB, IAESB and IESBA, as well as through its financial contributions to the IFAC budget.

Staffing Plan

Successful implementation of this plan is dependent on sufficient resources. On January 1, 2013, it is expected that IFAC will have 72 full-time employees, two part-time employees, and one secondee. (The IT function, other than the webmaster/programmer, will be outsourced.) Two positions have been deferred as part of cost-saving initiatives. These positions will be reconsidered and new positions identified as additional funding becomes available during the strategic plan period. The allocation of staff to the different activities is presented in the operational plan.

IFAC has enjoyed a stable base of upper and middle management across technical and operational areas in recent years. In 2013, a new CEO will succeed the current CEO whose contract is set to expire in February 2013 and who is not seeking a further term. Also, senior management contracts will be up for renewal in the next few years.

Many of IFAC's other existing and planned positions are highly specialized and require significant efforts to identify and attract the right person for the role. Senior management continues to recognize the importance of attracting and retaining staff, as well as succession planning at all managerial levels, but particularly at the senior management level. IFAC has also benefited from an administrative team that provides strong support for its technical activities.

Office Facilities

IFAC's main office will remain in New York City, US. The Board and senior management continue to believe there are substantial benefits to operating from New York City. IFAC recently moved into new office space with a conference center. It is anticipated that, starting in 2013, at least three out of four meetings for most boards and committees will be held in the IFAC conference center in New York, thereby controlling meeting costs and enhancing meeting processes.

IFAC operates smaller offices in Toronto, Canada; London, United Kingdom; and Melbourne, Australia. The office in Toronto houses the core of the staff supporting the IESBA, IAESB, and IPSASB. Toronto's proximity and time zone ensure a strong link with the New York City office.

Financial Plan

This section of the strategic plan provides commentary on the financial resources necessary to support the implementation of the strategic plan.

Financial Management and Reporting

IFAC continues to operate a control environment designed to ensure that the values of integrity, expertise and transparency are inherent in every aspect of the organization. This approach reinforces the need for strong stewardship to members and associates, the Forum of Firms and others who provide IFAC with financial resources, and the operation of a clear decision and accountability framework.

IFAC applies IPSASs and, where an IPSAS does not address a particular issue, the appropriate IFRS. In the future, it will also consider integrated reporting. Its external audit is performed in accordance with ISAs, with its internal control systems routinely assessed. In addition, IFAC's annual service delivery statement is subject to assurance procedures by its independent auditors. This additional assurance recognizes the importance of the non-financial service delivery information as an indication of IFAC's overall performance.

Planning Process

The PFC, with the support of senior management, has oversight responsibility for strategic planning and budget development and implementation. The dual strategy and budget responsibilities are designed to ensure that strategic decisions are made with a clear understanding of the implications for resource allocation, both financial and human.

Priorities, Linkages and Efficiencies

IFAC prioritizes its strategies and services, and assesses the efficiency with which it is carrying out its activities, on a continuous basis.

The strategic and operational plans reflect a tight linkage between the strategic direction of the organization, the planned services, the organizational and staffing plan, and the financial plan. The operational plan highlights the budgeted direct costs for each IFAC activity and the estimated full cost of delivering services in each of the four service areas.

To demonstrate its commitment to operating as efficiently as possible, the PFC from time to time identifies aspects of IFAC's operations for review.

Alternative Revenue Sources

As previously discussed, IFAC assesses existing and potential revenue sources. In order to achieve the strategies and services identified in the strategic and operational plans, IFAC will consider how to expand the level of financial contributions from current sources and identify and pursue other sources, as appropriate. IFAC will enhance its focus in this area during the current strategic period.

IFAC Reserves

The Board, PFC, and senior management recognize that fiscal responsibility requires the organization to maintain adequate short term unrestricted (operating) reserves and ensure that the breakdown of these short term reserves and long term reserves is appropriate for the size and nature of the organization.

IFAC aims to build up the short term unrestricted reserves, as determined at year end, to a target of two months of budgeted operating expense. However, current challenges of the changing environment are placing significant pressure on IFAC's current funding resources and on existing reserves. During the period of the strategic plan, consideration will be given to alternative actions, including that of a capital injection, to increase the level of short-term reserves.

To ensure adequate fiscal cover during the buildup period, IFAC will maintain existing credit facilities. The reserve buildup will be monitored during the strategic plan period, as the timing of certain events will likely have an impact.

High Level Financial View

IFAC develops a detailed annual budget from a zero base. Standardized budget assumptions are applied. IFAC generally budgets for a break-even position and ideally strives to build reserves, but this has proven to be difficult in light of current funding pressures and available resources, including delays in establishing funding diversification.

While the budget is prepared from a zero base, the expense increases generally relate to one of the following five categories: expenses associated with existing commitments; expenses associated with enhanced or new activities; the need to invest in organization capacity (human and physical assets); cost changes (including the impact of currency fluctuations); and the buildup of short term unrestricted reserves (although not in 2013).

The 2013 budget reflected in the operational plan presents an expense increase of 4.7% over the 2012 budget. To support the increase, funding from the members and the Forum of Firms is planned to increase by 6.4% and 5.0% respectively in 2013 over 2012.

Budgeted other revenues are derived from external funding sources provided on an activity or project basis, and limited publications, interest and other revenues. In 2013, budgeted other revenues will make up 5.8% of budgeted total revenue. The strengthening of IFAC's funding model over the medium to longer term will be an important consideration during this plan period. Targeted external funding levels for certain activities, events and projects are expected to be established in the future.

IFAC gratefully acknowledges the significant donated support received from volunteers in terms of time and effort, and from the supporting organizations that fund their participation in IFAC activities.

The increase in IFAC's budget recognizes that increased globalization—including a global financial system—gives rise to global demands, which in turn requires global responses. IFAC—as global representative of the accountancy profession—is uniquely positioned to lead, facilitate, or collaborate to deliver such responses.

A summary of IFAC's proposed budget for 2013 is provided below. A more detailed budget for 2013 is provided in the *Operational Plan for 2013*.

Summary of IFAC's Proposed Budget for 2013

	2011 Actual (\$'000)	2012 Budget (\$'000)	2012 Forecast (\$'000)	2013 Budget (\$'000)	% Increase over 2012 Budget
Member Body Dues	13,489	14,406	14,467	15,330	6.4%
Special Assessment	1,704	-	-	-	
Forum of Firms – IFAC	9,194	9,539	9,539	10,015	5.0%
Forum of Firms – TAC	511	500	505	611	
Other Revenues	1,020	1,562	1,627	1,600	
Total Revenues	25,918	26,007	26,138	27,556	6.0%
Total Activities Expenses	16,383	17,656	17,499	19,123	
PIOB Funding	1,562	1,197	1,600	1,180	
Indirect and Overhead Expenses	6,270	8,308	8,539	8,143	
Total Expenses	24,215	27,161	27,638	28,446	4.7%
Surplus / (Deficit)	1,703	(1,154)	(1,500)	(890)	