

IFAC Increases Support for SMPs

An Interview with SMP Committee
Chair Sylvie Voghel



**International Federation
of Accountants**

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Sylvie Voghel, Chair of the IFAC Small and Medium Practices Committee, Provides an Update on the SMP Committee's Implementation of the IFAC Board Recommendations

It's been nearly a year since the [IFAC](#) Board reviewed the activities of the International Federation of Accountants (IFAC) to support small- and medium-sized practices (SMPs), and made targeted recommendations for improvements based on the changing market environment and needs of our constituents. As a result of the review, IFAC will increase its support for SMPs. In this interview, Sylvie Voghel speaks about the [SMP Committee's](#) role in implementing the recommendations and provides an update on progress made so far.

Why is IFAC putting so much emphasis on supporting SMPs?

Put simply, we recognize that SMPs help support the health and prosperity of the small and medium-sized entity (SME) sector, a sector that in most countries around the world accounts for the majority of private sector employment and Gross Domestic Product. In fact, many countries are relying on this sector to help their economies recover from the global economic slowdown.

SMEs often, especially when they lack sufficient in-house expertise, look to SMPs to provide a broad range of professional services, from traditional accountancy-based services to business advisory services. In addition, a strong SMP constituency can contribute to increased choice and competition in the market for professional services.

Meanwhile, SMPs are confronted by a range of operational, market, and regulatory challenges themselves. These challenges are nothing new, but what is new is their enormity. IFAC and our members recognize that to provide effective support to the SME sector, SMPs need more help. The vast majority of the heads of IFAC member bodies (95 percent) told us, in their responses to IFAC's 2010 [Global Leadership Survey](#) that addressing the needs of SMEs and SMPs is crucial. (See the [press release](#).)

How have the IFAC Board recommendations impacted the SMP Committee's objectives and work plan for this year?

The Board's recommendations have essentially become the foundation of the SMP Committee's objectives—not only for this year, but for the next several years. The scope of the recommendations is exciting but also overwhelming as there is a lot of work to be done. At the same time, I feel fortunate to be in a position of leadership within the committee at this time, as we pursue many exciting new initiatives that should greatly increase the committee's ability to assist SMPs globally.

Our strategy is built upon four key objectives, which align very closely with the Board's recommendations:

- Provide input to IFAC's policy-making process and participate in its regulatory dialogue to ensure that SMP and SME issues are fully considered;
- Help to shape the form and content of international standards to ensure their stability, relevance, and proportionality to SMEs and SMPs;
- Communicate the importance of the SME sector and the role SMPs can play in supporting this crucial sector to enhance the visibility, voice, and recognition of SMPs; and

- Provide and promote practical support to SMPs to enhance their ability to provide high-quality and relevant professional services to their clients.

What contributions has the SMP Committee made recently to IFAC’s regulatory dialogue?

The committee participated in the development of [IFAC’s response to the European Commission’s Green Paper, *Audit Policy: Lessons from the Crisis*](#). Our insights and views helped ensure the IFAC response was robust, balanced, and sufficiently focused on SME and SMP issues. The committee will continue to closely monitor IFAC’s regulatory dialogue and participate when relevant.

How does the SMP Committee help shape standards?

The committee provides input on key standards and publications at all stages of their development. In April, the committee submitted a [comment letter on the Proposed IAASB Strategy and Work Program for 2012-2014](#), issued by the International Auditing and Assurance Standards Board (IAASB). We were happy to note that the work program gives due recognition to the needs of SMPs and SMEs.

This year, with the formation of the its SME/SMP Working Group, the International Ethics Standards Board for Accountants (IESBA) is working to address the issues faced by SMEs and SMPs in complying with the IESBA *Code of Ethics for Professional Accountants* (the Code). Two SMP Committee members serve on this Working Group.

How will the SMP Committee enhance the visibility of SMPs?

One of the ways the committee hopes to enhance the visibility of SMPs is by increasing speaking engagements by committee members and staff at national, regional, and global events and meetings, where they will discuss the value of SMPs and their role in supporting SMEs.

Each year, the committee holds an SMP Forum where practitioners from IFAC member bodies convene to learn, share, and discuss the key issues facing the profession. The [2011 SMP Forum](#) in Istanbul attracted over 200 delegates. The event affords us an opportunity not only to promote the profession, but also to gain feedback from our constituents, which we can use to fine tune our support for them.

How does the SMP Committee support and engage SMPs?

IFAC is a federation of professional accountancy organizations and, as such, we primarily seek to support SMPs through our member bodies, who serve several hundred thousand SMP practitioners around the world. Increasing the engagement of this global constituency is a priority for the committee.

This year, the committee is developing a range of materials that member bodies can use to communicate with their SMP members, including articles with tools and tips to support practice management and implementation of the International Standards on Auditing (ISAs). We also initiated a quarterly SMP poll, which many of our member bodies have distributed to their own members.

The SMP Committee has also issued three comprehensive guides to help practitioners implement international standards and proficiently manage their practices: *Guide to Using International Standards on Auditing in the Audit of Small- and Medium-Sized Entities*, 2nd ed., the *Guide to Quality Control for Small- and Medium-Sized Practices*, 2nd ed., and the *Guide to Practice Management for Small- and Medium-Sized Practices*. All three were released in 2010. IFAC member bodies may translate, reproduce, and adapt the guides as needed. The guides and existing translations are available free of charge on the IFAC website under [SMP Publications and Resources](#) and in the [Translations Database](#).

Is there anything else that you would like to add that we have not already covered?

Clearly, SMP and SME issues are an integral part of IFAC's strategy. The independent standard-setting boards supported by IFAC have made great progress in accommodating SMEs and SMPs: the proposed IAASB strategy is testimony to this.

The IFAC SMP Committee is here to champion the cause of SMPs and represent the global SMP constituency. However, in isolation, its influence is limited; effective and enduring implementation of the IFAC Board recommendations depends upon a collective effort by IFAC, its member bodies, and the willingness of SMPs to engage, get involved, and speak with a single voice at the national, regional, and global level.

For More Information

To learn more about the SMP Committee, see IFAC's [International Center for Small and Medium Practices](#), where practitioners can access a wide range of free resources and practical support, including the guides, the electronic SMP newsletter, links to tools and resources, a discussion board, and other SMP Committee publications.

Sylvie Voghel

Sylvie Voghel became chair of the IFAC Small and Medium Practices Committee in January 2006. For more information, see her [bio](#) on the IFAC website.

