Strategy Review

Looking Ahead to 2020 - What Does the Future Hold?

Key trends affecting the accountancy profession identified by the participants in the 2013 Chief Executives' Strategy Forum:

- Trust
- Relevance
- Technology
- Regulation
- Complexity / liability
- Generational issues
- Time-plosion
- Human capital issues
- More strategic role, changing skill set
- Global
- Rapid innovation and disruption / turbulence
- Regional differences

Questions for consideration during the breakout session:

1. What other key trends or developments should be added to this list?
2. What are the implications of these trends or developments for IFAC, specifically for (a) the outcomes IFAC currently aims to influence, (b) IFAC's vision and mission, and (c) IFAC's current service areas?
Strategic Plan
for 2013–2016
Leading the Way

Excerpts for IFAC CE Strategy Forum
February 25-25, 2013
New York, NY
Strategic Plan

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**
  - Profession/Institutions/Organizations
  - Individuals/Regulators
  - Community
- **Influence**
  - More Direct
  - Less Direct
  - Indirect

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

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, performance\(^1\) 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)

\(^1\) 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:
Strategic Plan

- 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