

# Professional Accountancy Organization (PAO) Development Committee



International  
Federation  
of Accountants

## Meeting Summary: New York, May 3-4, 2016

The May meeting in New York provided an opportunity to explore a number of key committee focus areas following approval of the 2016 PAO Development Committee work plan in February. The meeting's location at the IFAC headquarters facilitated engagement with staff from across the organization. The agenda drew from the three "pillars" of PAO development, as identified in the [IFAC PAO Capacity Building Framework](#) – PAO relevance; PAO sustainability; and PAO approach to standards and enforcement. Committee members participated in a number of discussion sessions and exercises designed to explore these topics while further shaping, and contributing to, the committee work plan.

### PAO Relevance: The Public Sector

The session explored the value of PAOs to the public sector, including how closer links with Supreme Audit Institutions (SAIs) can bring benefits to both parties. There is a role for strong national PAOs to play in facilitating better government accounting and auditing, and in bringing their expertise in implementing international standards and quality control mechanisms in the private sector to support public sector financial management. However, it is also acknowledged that country contexts differ, and that legislation, regulatory requirements, the political environment and capacity and resource constraints can all play a role in how, or whether, a partnership between a PAO and SAI can be formed. There is therefore no one-size-fits-all model for the "optimum" collaboration. The committee discussed both the opportunities and risks around pursuing such connections at the national level and set forth two specific examples of success in this area:

- In Sri Lanka, the Institute of Chartered Accountants of Sri Lanka has formed a public sector wing, and its Public Sector Accounting Standards Committee works jointly with the Ministry of Finance on the formulation of public sector accounting standards.
- In Kosovo, the Society of Certified Accountants and Auditors of Kosovo has partnered with the Office of the Auditor General (OAG) to build a training program and certification tailored to the needs of OAG staff.

The committee will use its October meeting in Cape Town, South Africa, to seek the perspective of SAI representatives on this issue. IFAC, with support from the committee, will continue to raise awareness of the value of PAOs to the public sector and seek out additional case studies illustrating effective collaborations.

### PAO Sustainability: Building Institutional Capacity through Tools and Guidance

The committee agreed the topic areas for the next two pieces of [PAO development guidance](#), beginning with a review of existing and upcoming PAO development tools and guidance from IFAC and third parties (such as regional bodies, PAOs, donors), and identification of gaps. There followed a working session to capture what the guidance should cover. The agreed topic areas are:

1. Guidance focused on institutional and managerial capacity, including infrastructure and management (systems, processes and people/facilities and ICT) and marketing and promotion (communications, marketing and brand); and

2. Guidance focused on education, training and professional qualification, including membership requirements (criteria and levels of membership) and developing and maintaining a professional qualification.

### [Session 3 - PAO Standards and Enforcement: Compliance and Monitoring](#)

The committee received an update on the IFAC Member Compliance Program and discussed the links between compliance and development, noting that PAOs can struggle to comply with the [Statements of Membership Obligations \(SMOs\)](#) due to capacity constraints within their organizations. There followed a “story-telling” session, during which committee members, many of whom have worked for or closely with PAOs and accountancy regulators at both national and regional levels, shared their experiences around implementation of quality assurance mechanisms (as covered by SMO 1) and/or systems of investigation and discipline (as covered by SMO 6).

In addition, a final draft of guidance focused on approaches to regulation of the profession was approved for publication.

### [Session 4 – Communicating Strategically and Increasing Visibility](#)

A presentation on IFAC’s 2016 Strategic Communication Program, developed by Edelman, set the scene for discussions around IFAC and the committee’s role in raising awareness of the positive effects of a strong profession. This included an update on IFAC’s research work focused on evidencing the connection between a strong profession and a strong economy. An exercise run by Donna Street, Director of Research and Educational Activities of IAAER (International Association for Accounting and Education Research) and Professor, University of Dayton, explored committee perceptions of the links and associations between PAO development (strength of the PAO) and economic development.

The committee received an update on the recently-published [PAO Capacity Building Series](#), which brings together original IFAC publications and curated resources directly relevant to PAO development, and is designed to improve accessibility to these important materials. The full range of resources (from IFAC, regional bodies, donors and others) are published in the PAO Capacity Building section of the MOSAIC website, where a drop-down list allows users to search for guidance under specific areas that correlate with the PAO Capacity Building Framework, such as education, training and professional qualification; adoption and implementation of international standards; and PAO institutional capacity.

### [Next Meeting Date](#)

The committee will meet next in South Africa on October 5-6, 2016 with the MOSAIC Steering Committee on October 7, 2016.