



March 21, 2011

Via website posting: <http://www.ifac.org>

Re: Consultation Paper:
Proposed IFAC Member Body Compliance Program Strategy 2011-2014

Dear Sir/Madam:

The Certified General Accountants Association of Canada (CGA-Canada) welcomes the opportunity to comment on the Proposed International Federation of Accountants (IFAC) Member Body Compliance Program Strategy. This response provides both an overall comment and a number of specific comments.

Overall Comment

CGA-Canada has long supported the convergence and adoption of international standards, including also the IFAC's deliberate efforts to preserve and otherwise strengthen the global accountancy profession. As trusted advisors, professional accountants are mindful of the advantages offered by global efforts to pursue world class norms and benefit also from the IFAC's energies intent to align the accountancy profession with the interests of the broader public. Inherent to such undertaking, CGA-Canada recognizes also the significance of the IFAC Compliance Program to both developed and emerging economies. In short, such a regime imparts member body conformity, facilitates the implementation and support of international standards, and enjoins distinctive jurisdictions in a common pursuit of harmonized financial reporting, auditing, ethical, education, and public sector accounting standards. Moreover, CGA-Canada is satisfied that the proposed strategy meaningfully advances the purpose, methodology, and transparency of the IFAC Compliance Program, its stewards, and its constituents; provided, however, that enforcement can be implicitly observed.

Specific comments

1. Mandate of the Compliance Advisory Program (CAP)

The provided terms of reference articulate a clear and significant purpose for the work of the CAP. While confirming explicit objectives, rights, responsibilities, and commitments of the IFAC, by virtue of the CAP, the terms of reference demonstrate well the necessary empowerment and accountabilities for the exercise of the proposed compliance program strategy.

2. Governance and Oversight

Given the nature of the nomination and appointment process to the CAP, the participation and oversight afforded by the Public Interest Oversight Board (PIOB), and the integration of IFAC Compliance Staff reporting to the Chief Executive, CGA-Canada is confident in the structure and means attributed to the Member Body Compliance Program. Deliberately stated and confirmed in the proposed strategy with corresponding work program, we concur with the drafters' alignment with the IFAC Strategic Plan for 2011-2014.

3. Informing of IFAC Compliance Program Directions

CGA-Canada commends the CAP and Monitoring Group's reverence for the processes followed in gathering jurisdictional information (i.e. Part 1 – Assessment of the Standard-Setting and Regulatory Framework), in ascertaining member body status and level of compliance and convergence (i.e. Part 2 – SMO Self-Assessment), and in mobilizing member body action plans (Part 3 – Action Plans); all of which CGA-Canada participated in. Taken with complementary exchanges with the IFAC, its Committees, and other stakeholders, it is contended that prior work and consultation can be received as an encouraging evolution of the 2003 creation of the Compliance Program and CAP.

4. Compliance Program Strategy, Work Program, and Work Plan

The level of detail afforded by the Proposed IFAC Member Body Compliance Program Strategy 2011-2014, supported also by the IFAC Strategic Plan for 2011-2014 and the work of other IFAC groups, provides sufficient guidance to existing and prospective member bodies. The program is clear in intent, while the work plan imparts reasonable pursuit of sought measurable outcomes. In its current format, the strategy imparts the expectations of the IFAC in regards to continuous improvement and evidences well the CAP's attention in gauging and encouraging member body commitment to adoption and implementation of international financial reporting, auditing, ethical, education, and public sector accounting standards, including also the furtherance of robust quality assurance and investigation, and disciplinary means. Taken in tandem with the mandatory Statements of Membership Obligations (SMOs) and the process followed to date by the CAP and PIOB, CGA-Canada considers the strategy to be manageable for the IFAC while distinctive to member bodies. Importantly, CGA-Canada has increasingly relied on SMO pronouncements to inform and guide its standards development and training agendas, and appreciates full well the influence of the proposed strategic plan in communicating and enforcing the IFAC's stated objectives.

One of the observations we would, however, introduce for the CAP's consideration relates to the absence of precision of timelines in the revision of member body plans. Specifically, current provisions direct that a member body update its plan annually. While a reasonable ordinance, we submit that, in the absence of a clearly defined deadline, there is a practical and natural tendency

to defer the action; particularly given extensive standards revisions and enjoined workloads of recent times. While potentially unnecessarily prescriptive for some, it is contended that articulation of an explicit submission schedule would, in fact, serve to improve overall responsiveness. In designing such a schedule, the CAP might group, geographically or otherwise, member bodies and provide for staggered submission and IFAC review cycles. This approach might, therefore, formalize the timeline while allowing some flexibility to group member bodies based on current state while providing for a systematic flow of submissions to the IFAC Compliance Staff.

CGA-Canada believes also that the CAP has the opportunity to commission the development of implementation aids for the member community. Some member bodies may simply not have the human or financial resources to affect the full force of international standards and/or SMO duties, and a strategy such as that employed by the IFAC SMP, for example, (development and supply of the *Quality Control Guide, Practice Management Guide, and International Standards on Auditing Guide*) may be most beneficial to member bodies, while being correspondingly advantageous to the CAP objective. Inherently, the SMOs and their provisions will only be as effective as the IFAC's ability to mobilize its member bodies and its enforcement regime.

Lastly, CGA-Canada continues to harbor significant interest in the evolution and responsible revision of SMOs. We agree that an update of these is timely and that SMOs reflect the continuing maturity of the IFAC, and by extension that of the respective Board standards. Much progress has been made by the IFAC and its Committees, as well as by the International Accounting Standards Board (IASB). As such, it is conceivable that the CAP is poised to advance the next phase of refinement and precision.

We trust that you find these comments useful in your deliberations. Should you wish to discuss the contents of this comment paper or require further elaboration on any of the items presented herein, please do not hesitate to contact the undersigned at rlefevre@cga-canada.org.

Sincerely,

[Original signed by:]

Rock Lefebvre, MBA, CFE, FCIS, FCGA
Vice-President, Research & Standards