Re: CNDCEC comments on the Proposed IFAC Member Body Compliance Program Strategy
2011-2014

CNDCEC welcomes this consultation paper and considers it as an essential initiative for the concrete achievement of IFAC’s mission and its strategic objectives and mainly for developing strong professional accountancy organizations and an increased understanding of the societal role of professional accountants. We are pleased to provide you below with our comments and reflections on the plan for consideration by the IFAC compliance staff, by the CAP members and ultimately by the PIOB and the IFAC Board.

Also, in filing and updating the information required in part 1, part 2 of the SMO compliance program and the Action plan, we matured in the last years some considerations with regard to the IT supporting architecture, to the template adopted and the content, which were shared with the IFAC CAP staff during our recent meeting in Rome and we take the opportunity of representing it now in writing and in a more systematic approach.

Overall the strategy and the related work plan are well conceived and reflect in a consistent manner the role of the CAP in supporting and promoting the achievement of IFAC’s mission, as illustrated in appendix 4.

We understand that Compliance needs to be considered as an ongoing, dynamic process rather than a point in time assessment of adverse parties. It needs to be considered as a synergic cooperation between IFAC and its MBs and Associates. It is with no doubt perceived as a valuable project which has been shaped with time and probably has its added value derivatives which go beyond the concept of “compliance”. As rightly mentioned in the strategy paper the scope of
activities include not only the monitoring of “best endeavors” for implementation of the standards but also the sharing of information, the establishment of strong relationships with governmental agencies, and the provision of support and advice for professional accountancy organizations.

In this respect a first reflection could be dedicated to the denomination (naming) of this area of activity in IFAC and of the related panel, in order to highlight these additional benefits. We understand that selecting a name is always a difficult task but in the light of the CAP’s achievements it might be the right moment to dedicating some thought to it.

Comments on specific aspects

Simplification of IT infrastructure and information collection: currently the SMO update is based on three sections of information collection: part 1 (assessment of standard setting and regulatory framework), part 2 (self assessment) and part 3 (action plan). Each of these parts requires time and internal coordination efforts in order to be updated. For each of the parts, based on our experience, a different software and IT architecture is used. In addition some of the background information is also duplicated but cannot be taken from one part to another, partially due to the difference in the IT support. We believe that the overall collection system of the relevant information can and needs to be simplified, for the benefit of both the providers and the users of the information filed. In particular Part 1 can in our view be absorbed in one of the other parts (see further comments). We also invite IFAC and the CAP to consider if the IT platform that is currently used is really the most cost effective.

Content of SMO: currently part 2 and 3 of the compliance program are arranged according to a sequence based on the various standard setting activities of IFAC, starting with quality assurance. It can be envisaged to adopt a different order and approach to the presentation of the information following the different strategic objectives and core activities of IFAC. As mentioned above, the concept of compliance is indeed a wider one and can include a wider scope of activities of the member body. It could be referred not only to the implementation of the various standards (ISQC1, ISAs, IESBA code, IESs etc.) but broadly to the way in which a MB contributes to enhance IFACs objective. In this sense also information regarding other strategic areas can be collected. Of course, concreteness and relevance of information will need to be considered.

Order of SMO: the current order of SMOs could be reconsidered, following, a different one, for example starting with SMO dealing with education and ethics and then considering the technical ones.

IFAC and the broader accounting community could be interested in understanding the different ways in which MBs are involved in standard setting activities in different regulatory areas. For the purpose of “pure” compliance it could be highlighted how MBs are dealing with standards issued by IFAC Boards, however for the additional purpose of sharing information and understanding trends and developments a different section should/could be created to collect information on other areas of standard setting. This area, not to be considered as compliance in the strict sense, could encompass information on MBs involvement in standard setting activity for IFRS, XBRL, sustainability, corporate governance and non for profit sector etc..

Sharing information: as highlighted in the strategy document one of the most important potentialities of the Compliance program is to allow the accountancy community and other stakeholders to benefit from a valuable data base of information. This valuable information is
today posted on the web site and is publicly available for consultation by any interested party. What IFAC can consider is to allow (also through a more sophisticated IT platform) a research function according to different criteria. Furthermore, some basic information on each member body can be available as a “first instance” query, which often occurs when a certain MB is searching information on other professional bodies. In this respect CNDCEC is happy to share the pilot experience it promoted in FEE (qualification and market access working party) where basic statistics and information on the structure of the profession was embedded into a pre-set matrix and can be easily consulted and compared.

CNDCEC, as a founding member of IFAC, and as a professional body that has in its own jurisdiction evolved its institutional role and broadened its engagement, is most available and ready to contribute to this challenging strategy and to provide any support to the CAP in implementing the concrete steps envisaged in the plan.

Yours sincerely

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