

A Public Interest Framework for the Accountancy Profession

Response to Exposure Draft (November 2010)

March 2011

Senior Technical Manager, Regulation & Public Policy
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Dear Sir/Madam

A Public Interest Framework for the Accountancy Profession

CIMA is pleased to provide its comments on this exposure draft as follows:

We would support IFAC's commitment to addressing this subject and understand the rationale for seeking to establish an appropriate public interest framework within which its work can be progressed and evaluated. We would, however, offer the following observations:

- Professional organisations, in our view, need to consider more than the “notion” of the public interest while seeking to advance the interests of the profession. Professional accountants must accept responsibility for their role in society as trusted experts; professional accountancy organisations have an obligation and duty to support them in this by setting and maintaining high standards and by promoting public trust in the profession as a whole.
- The concept of the public interest is ambiguous and, therefore, it is not easy to define in a way that permits a meaningful measurement of the benefits which may accrue directly from the accountancy profession – indeed it may be easier to measure negative impact on or “harm” to individuals or society as a result, for example, of breach of trust or incompetence. The approach as set out seems to suggest a proactive intent but reactive application of the framework.
- While the three criteria included in the exposure draft are valid, the document itself suggests that in respect of one criterion at least, it should be reinforced by other public interest criteria but does not expand on what those other criteria might be. Also, as a consequence of attempting to encapsulate and address some of the conceptual complexities around the public interest, the draft loses some clarity in relation to how the framework will be applied and by whom, when and for what purpose? On the one hand, it is clear that the framework is intended to inform and guide the work of the IFAC boards and committees, and provides pertinent reference points and examples in that regard; on the other, it also refers to it being a definitional framework for the work of the institutions within the global accountancy profession – in which case there are omissions which would need to be addressed.
- IFAC is one of many international accountancy and financial organisations which exists to develop and promote high standards, strong regulation, policies and advice in the interest of financial stability and sustainable growth. The many thousands of individual accountants IFAC represents provide key services to society on a day to day basis; their

- respective professional associations and IFAC's member bodies set the professional and ethical standards which they must observe and, operate licensing, monitoring and disciplinary schemes to ensure compliance – in the public interest. All of these component combine to set the moral tone in business and society and to ensure “fair play”. The draft focuses quite heavily on seeking to define the public interest, and it may be that a less prescriptive stance would permit a more inclusive adoption of the framework by stakeholders.

We hope that these comments will be of interest and assistance.

CIMA

26 Chapter Street
London
SW1P 4NP
United Kingdom

Tel: +44 (0) 20 8849 2251

Email: cima.contact@cimaglobal.com

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