

31 January 2013

Professional Accountants in Business Committee
International Federation of Accountants
545 Fifth Avenue, 14th floor
New York NY 10017
USA

Submitted electronically to <http://www.ifac.org/publications-resources/paib-strategy-and-work-plan-2013-2016>

Dear Sir or Madam,

PAIB Strategy and Work Plan for 2013-2016

CPA Australia and Institute of Chartered Accountants Australia (Institute) are pleased to respond to the International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Committee's *PAIB Strategy and Work Plan for 2013-2016*.

CPA Australia and the Institute are the two largest professional membership bodies representing professional accountants in Australia and operating throughout the world. We represent over 200,000 members, who hold diverse positions across the business community, as well as in professional services, government, not-for-profit, education and academia.

CPA Australia and the Institute have jointly considered the Strategy. Overall we support the direction of the strategy, vision and strategic objectives. We consider it is important that IFAC have a clear strategy in place for managing its activities aimed at PAIBs and believe that providing the strategy and work plan for comment will ensure that the direction taken is appropriate

Whilst we support and agree with most of the proposed activities and projects, we are concerned that combined they represent an ambitious work plan. We recommend that the PAIB committee prioritise its work plan to produce a plan that is more achievable, with consideration given to the limited resources of the committee and member bodies. Further, we note that there is significant focus in the work plan on forward looking activities, with little focus on the day to day needs of PAIBs. We recommend this is reviewed to achieve a more appropriate balance in this aspect as well as appropriate prioritisation of the activities.

We consider that it is appropriate for the PAIB committee to revise its existing taskforce structure to align to the new work plan to ensure efficient and timely delivery of the proposed project activities. We also recommend that the PAIB Committee consider reviewing the format of their publications such as introducing a series of short updates/briefings (2 page flyers) rather than one 20-30 page document for some topics. This would enable the committee to produce documents that better meet the needs of time poor PAIBs, and are therefore more likely to be read. Our responses to the specific questions are included in the attached Appendix.

Representatives of the Australian Accounting Profession



cpaaustralia.com.au



Institute of
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If you have any questions regarding this submission, please do not hesitate to contact either Karen McWilliams (the Institute) at +61 2 8078 5451, Karen.mcwilliams@charteredaccountants.com.au or Gavan Ord (CPA Australia) at +61 3 9606 9695, gavan.ord@cpaaustralia.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Malley'.

Alex Malley
Chief Executive Officer
CPA Australia Ltd

A handwritten signature in black ink, appearing to read 'Lee White'.

Lee White
Chief Executive Officer
Institute of Chartered Accountants
Australia

Appendix

In the overview on page 8, you refer to a number of different designations. CPA in Australia refers to Certified **Practising** Accountant, which is not included in this listing.

We consider it is important that this document recognises that not all PAIBs work within the finance function of an organisation. In fact many have moved outside of that area but continue to use their core skills in one or more of the four key roles. We suggest that when referring to the various roles held by PAIBs on page 8, that you indicate that 'these might include the following job functions' or that the list is not exhaustive.

1. Do the proposed PAIB vision and objectives continue to reflect the best focus for IFAC to help its member organisations support their professional accountants in business and facilitate the profession's contribution to the development of sustainable organisations and financial markets and strong international economics (page 10)?

We support the proposed PAIB vision and objectives.

2. Do the six areas of focus continue to reflect the significant issues of important to professional accountants in business in your jurisdiction (page 11)?

We support the six focus areas and consider that these reflect the key areas of focus to PAIBs in our region.

We note the planned review of the International Good Practice Guidance (IGPG) in 2013. We support a review and recommend that as part of the review, the existing IGPGs are updated to the new look and feel of recent PAIB documents. As part of this update, it might be preferable to create new short form versions of the IGPGs to complement the more detailed IGPG. We recommend having both available together on the same webpage. For example, the short version could include:

1. A new short form Preface
2. A short introduction highlighting the importance of the topic and the role PAIB (the What and Why)
3. The Principles listed
4. Each principle supported by a very short explanation statement and critical references to other work.
5. A link to the main IGPG.

Further, we support the issue of shorter statements of principles to support the profession more widely. However, we recommend that the PAIB Committee consider carefully whether a particular topic is best suited to a statement of principle or as guidance in the form of an IGPG, both short form and more detailed versions. We consider that each form serves a different purpose and there is a need for both styles.

As previously recommended, we also consider it important for IFAC to measure the success of its IGPGs and other publications. Monitoring the web downloads of each document will assist in this regard, as noted on page 13 of the Strategy. We recall noting in the past that two IGPGs have had especially high downloads, possibly due to them being referenced in third party websites. This is something IFAC should consider if they are looking to broaden the reach of their publications.

3. Do you agree with the proposed activities and projects on the work plan? Are there any gaps that would benefit from consideration at an international level? Are any important new developments missing (Appendix 2)?

Overall

Whilst we support and agree with most of the proposed activities and projects, we are concerned that combined they represent an ambitious work plan. We recommend that the PAIB committee prioritise its work plan to produce a plan that is more achievable, with consideration given to the limited resources of the committee and member bodies.

In our opinion, some of the work plan incorporates projects which may duplicate information that is already available from member bodies and other sources. There is scope for IFAC to leverage on the existing

information from the member bodies through increased collaboration and consolidation of information at an international level.

We consider that there is a need for clarity of the role of IFAC, its PAIB committee, taskforces and the individual member bodies in delivering the proposed activities in the work plan. We recommend that once the work plan is approved, that the PAIB Committee reviews the taskforce structure and revise it to address the priorities on the work plan. We do not consider it is appropriate to have a fixed and permanent taskforce structure and create activities for those taskforces. But rather identify the work plan and priorities of the committee, and create taskforces to deliver those activities. This will enable a better sharing of the workload, especially as some tasks involve publication development and some are engagement activities. For example, we note a significant workload for the roles and domain taskforce, but no activities for the financial and performance management taskforce.

We have the following specific comments on the individual aspects of the workplan below:

PAIB competence

We are unclear as to how a project on the need for PAIBs to manage transition in their careers will be useful to PAIBs. Clearly this is something which Professional Accounting Organisations (PAOs) need to manage. However, in the past outputs from the PAIB Committee have been aimed at the individual members, rather than support for the PAOs themselves.

Governance

We support IFACs involvement with COSO and ISO in the development of international risk management and internal control standards. Our members are particularly interested in internal controls, risk management strategy and frameworks. We strongly support the comparison of the different frameworks and guidelines as we consider this to be useful to our members. We are unclear as to why principles on the need for integrating governance, risk and internal control are needed at this stage.

A key area where we consider that IFAC could add value is the alignment of risk management, internal controls between organisations that use them and how the auditors review and assess them. A disconnect between organisations and auditors in this perspective was noted during a meeting between IFAC PAIB staff and representatives from ISO in Australia. We would like to see the PAIB committee work together with IAASB to gain greater alignment in this area, as we consider this would have significant benefits for all involved.

Financial and non-financial information

We are unclear as to why further guidance is needed on the reporting principles, we consider it is more appropriate at this stage to focus on the involvement with the IIRC.

Other areas that we consider are currently relevant to PAIBs in our jurisdiction but which are not included on this work plan are:

- Budgeting, planning, rolling forecasts
- KPIs, performance measurement.
- Strategy development and process improvement
- Industry specific guidance, such as resources and financial services
- Accounting standards
- External auditor liaison – such as the proposed preparer/auditor interface.

We would like to see the PAIB committee consider whether these are areas which they can address. We note that these are focus areas which are important now and on an ongoing basis to PAIBs and can be addressed at a global level. Whilst we understand that the PAIB committee is focused on the future development, we consider it is important (particularly for the developing nations as highlighted in the recent member body survey) that current basic needs of PAIBs are also met. These issues will continue to be relevant and critical to PAIBs into the future. These are predominantly in the areas of financial and performance management, which as noted earlier, is a significant area of focus but is lacking from the proposed work plan. We recommend the work plan is reviewed to achieve the appropriate balance between forward looking and current day to day needs of PAIBs as well as appropriate prioritisation of the activities as noted earlier.

4. **Are there proposed projects on the work plan that you or your organisations would be interested in being involved in at the task force level? In addition to the organisations listed on page 15 and 16, IFAC would be interested in receiving feedback regarding other organisations that IFAC could possibly build relationships with in the future.**

We would like to continue to be involved in the taskforces responsible for governance and ethics, financial and performance management, sustainability and business reporting.

Other organisation IFAC could build relationships with

- IASB - Accounting standards remain a key area of focus for our members and the PAIB could contribute a preparer's perspective to the proposed standards.
- UN Global Compact
- TEEB for Business Coalition
- UN PRI

5. **How useful have the PAIB publications since 2010 been (available on the website)? What could the PAIB Committee do differently to increase the usefulness of its output and activities for member organisations?**

As previously recommended, the look and feel of the PAIB documents, particularly the IGPGs, were like standards rather than guidance. In 2012, the PAIB revised the look and feel of some of its guidance and in 2013 plans to revise the look and feel of the IGPGs as well. This is a significant improvement in making the documents more engaging for members, and hence more useful to member organisations. As previously mentioned, a flyer covering IGPG principles would also be useful as this would further summarise the publications.

We also recommend that the PAIB Committee consider reviewing the format of their publications such as introducing a series of short updates/briefings (2 page flyers) rather than one 20-30 page document for some topics. Further, a series could be developed covering a particular topic, and the briefings could be collated into a single document at the end of the series. This would enable the committee to produce documents that better meet the needs of time poor PAIBs, and are therefore more likely to be read