Dear Sir/Madam,

Re: **Response to the Compliance Advisory Panel (CAP) Consultation from Royal NIVRA**

Royal NIVRA appreciates the opportunity to comment on the Proposed Member Body Compliance Program Strategy 2011-2014. This response provides both an overall comment and a number of specific comments.

**Overall comments**

Overall, Royal NIVRA supports the convergence and adoption and implementation of international standards to strengthen the international accountancy profession and we therefore welcome the revised strategy and work plan. We are satisfied in general with the proposed strategy with regard to methodology, transparency and the Program’s governance and oversight mechanisms.

**Specific comments**

1. **SMO review**

   The foundation of the Program are seven Statements of Membership Obligations (SMOs), ratified by the IFAC Council in 2004 and part of the 2003 reforms. All IFAC members are required to use their “best endeavors” to adopt and support implementation of international standards and best practices within their countries. We are pleased to notice that a review process of the SMOs is part of the revised strategy which could lead to considerations for revision of the SMOs. We would like to emphasize that – in our view - the current environment on a global level tends to the situation where PAOs have less authority with regard to adoption (and implementation) of international standards compared to 2004. Both in developed nations and developing nations governmental authorities have increased their influence in the accountancy profession in the field of e.g. oversight, quality assurance, education, standards setting for assurance services and ethics and investigation and discipline. In Europe we see a similar tendency on a regional level. This means that the “best endeavor”-principle in the Program has become more important in measuring compliance at present and expectedly also in the future of the Program. Measuring “compliance” might become more judgmental as fixed models for the “best endeavor”-principle are not existing. We would like
to recommend to include these considerations in the anticipated SMO-review. By the way, we are pleased to experience that the authorities as referred to above do acknowledge international standards and practices more and more.

2. Measuring compliance
We are very pleased that the Statements of Membership Obligations (SMOs) are globally recognized as a quality benchmark for Professional Accountancy Organizations. We see that the donor community increasingly continues to refer to SMOs as part of development projects. Royal NIVRA takes part in several mentoring projects in the development of PAOs and we have experienced an increasing need for measuring impact of development activities. On a global level it is expected that the need for ‘measured data on country level’ is growing, which includes measurement of SMO-compliance. The growing importance of ISA 600 as a consequence of globalization is also a reason for this increasing need for compliance measurement. Therefore Royal NIVRA is participating in the projects like the Accountancy Development Index (2009) and the present Capacity Building Framework (facilitated by UNCTAD). We appreciate that IFAC staff is participating as well in these projects. It is essential that the SMOs maintain their reputation as a recognized global benchmark for PAOs. Given the developments mentioned under 1. (the importance of the best endeavor-principle) and 2. (the need for measuring data) we would like to recommend greater emphasize on compliance measurement methodologies in the CAP Strategy 2011-2014.

3. Cooperation with PAODC
We appreciate that CAP recognizes that members and associates, particular those operating in developing countries, often do not have the financial and technical means to achieve all their goals and that CAP welcomes the support of developed bodies and regional organizations acting as mentors. As Royal NIVRA, we have supported PAODC activities for several years now and we appreciate the cooperativeness of CAP in the field of development work. With our comments under 1. and 2. in mind we like to emphasize the importance of a clear distinction in services between development assistance and compliance measurement, in order to maintain international recognition as a global benchmark for PAO development. Therefore we would like to recommend to include a clear exposition in the CAP Strategy 2011-2014 about the CAP policy for independent compliance measurement in relation to PAODC collaboration.

Closing remarks
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 or p.hurks@nba.nl.

Sincerely,
Royal NIVRA

B. Wannes