

Draft CAP Strategy 2011-2014

Response to the Compliance Advisory Panel (CAP) Consultation from the PAO Development Committee

The PAO Development Committee recognizes the considerable progress that the Compliance Program has made over the past six years in improving transparency and influencing the behaviors and agendas of Professional Accountancy Organizations (PAOs) around the World.

The committee welcomes the revised strategy and work-plan. We are supportive, in particular, of the CAP continuing the fundamental strategic direction that was designed as a result of the IFAC 2003 Reforms. As a PAO Development Committee, we understand how crucial it is to the success of the development agenda that PAOs are continuously encouraged to improve in a way that takes into account the vast variety of cultures, legal frameworks and established practices around the world.

We therefore fully support the guiding values of the Program and its goal; to encourage continuous improvement in the practice of accountancy through an ongoing assessment of member bodies' commitment to use best endeavors to adopt international financial reporting, auditing, ethical, education, and public sector accounting standards as well as best practice in quality assurance and investigation and disciplinary mechanisms.

We appreciate the CAP recognizes that members and associates, particularly those operating in developing countries, often do not have the financial and technical means to achieve all the actions they know are necessary. As a result, the support of regional organizations and developed bodies acting as mentors and the development of implementation tools will become increasingly important. In addition, encouraging national governments and donor agencies to invest in the accountancy profession is absolutely crucial to achieve success. We are committed to working with the CAP and the Compliance Program to help facilitate donor assistance and stakeholder cooperation.

We are very pleased to note that the Statements of Membership Obligations (SMOs) are widely recognized as the international benchmarks for professional accountancy organizations. For example, the World Bank Reports on the Observance of Standards and Codes (ROSC) on accounting and auditing increasingly continue to refer to the SMOs as part of their policy recommendations to governments and PAOs. We believe that continuous development and improvement benefits immensely from clear benchmarks (SMOs) and tools to assist in the organization of development work. Action Plans, as SMO-based "roadmaps for the future", serve as such tools. They are a platform for the global profession to demonstrate a coordinated approach, evidence of progress, and a plan to overcome obstacles on the road to sustainable development.

Some of the PAO Development Committee members indicated their concern that the prominent use of terms adoption and implementation in the document may be misinterpreted as a drastic change in the Program's policy: where compliance with "carbon copy without opportunity to question" adoption will be required as opposed to focus on best endeavors. A move to strict adoption requirement would, in our opinion, result in vast non-compliance by majority of IFAC members in jurisdictions around the world.

To conclude, we would like to refer to the recent 6th Public Report of the Public Interest Oversight Board's (PIOB) that praises the Compliance Program: *"Through this program, the IFAC encourages member bodies to promote and achieve adoption and effective implementation of the standards developed by its standard-setting boards."* And further *"The advice and direction provided by the CAP is crucial to the success of these initiatives"*

Indeed, we agree that the Program is an important part of the drive towards global convergence. As part of our newly adopted PAO Development Committee strategy we will work closely with the CAP towards our common goal of supporting the development and strengthening of PAOs in order to more fully contribute to effective financial management, high quality financial reporting, financial stability and overall economic growth and social progress.