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THE ROLE AND EXPECTATIONS OF A CFO - A Global Debate on Preparing Accountants for Finance Leadership

I am Denise Juvenal this is pleased to have the opportunity to comment on this consultation of the THE ROLE AND EXPECTATIONS OF A CFO - A Global Debate on Preparing Accountants for Finance Leadership; this is my individual commentary for Professional Accountants in Business (PAIB) Committee of The International Federation on Accountants – IFAC.

PREPARING PROFESSIONAL ACCOUNTANTS FOR FINANCE LEADERSHIP

Principles Guiding the Role and Expectations of a CFO

A professional chief financial officer (CFO) should:

- A. *Be an effective organizational leader and a key member of senior management;*
- B. *Balance the responsibilities of stewardship with business partnership;*
- C. *Act as the integrator and navigator for the organization;*
- D. *Be an effective leader of the finance and accounting function; and*
- E. *Bring professional qualities to the role and the organization.*
- F. *Professional Accountants in Business*

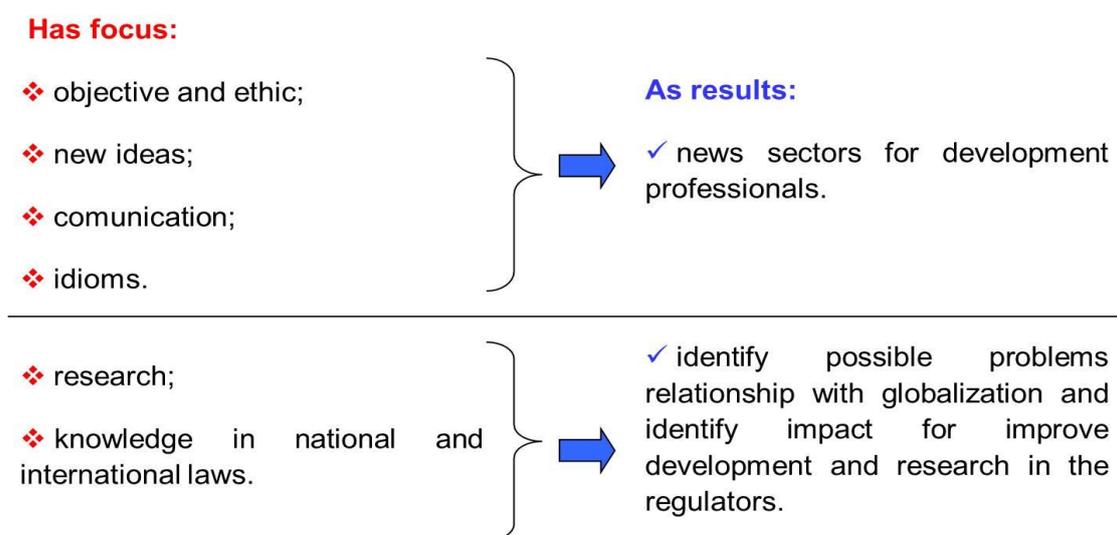
Professional accountants in business refer to all those members of the profession who work in commerce, industry, financial services, education, and the public and not-for-profit sectors. Professional accountants in business work as employees, consultants, and self-employed owner-managers or advisers and support their organizations in a wide range of job functions at

various levels. Professional accountants working in business can typically be found in four types of roles: as value creators, enablers, preservers, and reporters. The CFO principles relate to these roles and will need to ensure success in each by: • creating value—developing strategies for sustainable value creation; • enabling value—supporting the governing body and senior management in making decisions and facilitating the understanding of performance of organizational functions or units; • preserving value—asset and liability management, managing risk in relation to setting and achieving the organization’s objectives, and implementing and monitoring effective internal control systems; and • reporting value—ensuring relevant and useful internal and external business reporting. Depending on the route they have taken, professional accountants may have trained and qualified while working in public accounting and, later in their career, moved to work for an organization. Others, typically known as management accountants, have trained and qualified within a corporate or public sector environment. Professional accountants are recognized by different designations around the world—for example, Chartered Accountant (CA), Certified Public Accountant (CPA), Chartered Professional Accountant (CPA), Certified Accountant, Chartered or Certified Management Accountant (CMA), Expert Comptable, or Contador Publico.

This exposure draft discuss about A Global Debate on Preparing Accountants for Finance Leadership that describes in the page 10: “To perform effectively as leaders, CFOs need the requisite leadership and interpersonal skills, including communication, strategic thinking, change management, emotional intelligence, analytical problem solving, and decision-making skills.”

For this, I elaborated in two demonstrations with the principals aspects for professional experience that I think the accountants need to have in this moment, which is the same information of the definition, if the Board agrees, as follows:

Table 1- Knowledge

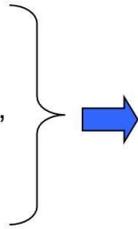


Source: AICPA, AAA, IASB, IFAC, FASB, GASB, AFC, AIC, AECA, BAA, SAAA, JAA, CAA, CFC.
Elaborated for the author.

Table 2 – Professional Experience

Has focus:

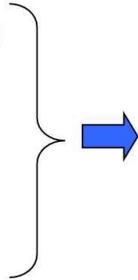
- ❖ strategic and critics;
- ❖ economic, mathematics, statistics and engineering;
- ❖ identify options;



As results:

✓ important decisions about international standards in jurisdictions and knowledge the principal aspect of your implementation.

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- ❖ risk analysis and internal control;
 - ❖ administration, to be a leader;
 - ❖ systems knowledge.



✓ international standards about auditing and finances.

Source: AICPA, AAA, IASB, IFAC, FASB, GASB, AFC, AIC, AECA, BAA, SAAA, JAA, CAA CFC.
Elaborated for the author.

HOW THE CFO ROLE IS CHANGING - PRINCIPLES GUIDING THE ROLE AND EXPECTATIONS OF A CFO

Principle A

The CFO should be an effective organizational leader and a key member of senior management.

As an effective leader and key member of senior management, the CFO needs to facilitate the delivery of sustainable value creation and preservation.

I agree with “Principle A” I think that CFO should be an effective organizational leader and a key member of senior management. I understand that the difficulty in this case has relation with coaching in the organizations for attend this proposal.

Principle B

The CFO should balance the responsibilities of stewardship with those of business partnership.

The CFO role requires an appreciation of the importance of the dual aspects of conformance and performance. Conformance includes providing stewardship of organizational assets and ensuring that the organization

conducts itself in accordance with relevant legal and regulatory requirements. Performance includes helping the organization develop strategy, obtain resources, and deliver its strategic objectives sustainably. These different and distinct facets of the CFO's role need to be undertaken with integrity and without compromising one another.

I agree with "Principle B" I understand that the CFO should balance the responsibilities of stewardship with those of business partnership. I observe that for this point the accountant needs to improve organizational culture or business administration, this great resource for elaborate this process.

Principle C

The CFO should act as the integrator and navigator for the organization.

With their broad perspective of the organization and the environment in which it operates, CFOs need to help their organization navigate through the processes and challenges of strategy development, management, and execution. As integrators and navigators, CFOs should facilitate the sustainable creation of value by helping to ensure that their organizations incorporate or integrate economic, environmental, and social factors at all levels of decision making and reporting.

I agree with "Principle C", I observe that CFO should act as the integrator and navigator for the organization. However, I believe that for this perspective the accountant needs to do great business knowledge and macroeconomics information about the process organizational.

Principle D

The CFO should be an effective leader of the F&A function.

The CFO needs to lead an efficient and effective F&A function, guiding the organization to efficiently use resources at the same time as delivering value to its customers. The CFO should be able to assess and optimize the benefits, and manage the challenges, arising from trends, such as centralization, outsourcing, and offshoring of the F&A function, while ensuring that financial talent and capability is retained and groomed within the organization.

I agree with "Principle D" that the CFO should be an effective leader of the F&A function. Although, I think that this point depends exclusive of

organization, that can be have resources for to do or not, this is very complex in the internal process.

Principle E

The CFO should be a professional and bring professional qualities to the role and the organization.

CFOs should bring professional qualities to their role and encourage ethical behavior and decision making throughout an organization to ensure sustainable value creation. In performing the CFO role, professional accountants are anchored by their fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

I agree with “Principle E” that the CFO should be a professional and bring professional qualities to the role and the organization. I think that for to ensure sustainable value creation the organization needs to observe ethical¹ principles, public interest² because involves stakeholders and internal control³ for private and public sector.

RECOMMENDATIONS FOR THE ACCOUNTANCY PROFESSION AND EMPLOYERS OF PROFESSIONAL ACCOUNTANTS

I think that recommendation for the accountancy profession and employers of professional accountants need to observe the considerations in this exposure draft. I understand that these points describe in the page 23, as follows: corporate responsibility and sustainability; leadership, people, and change management; managing and dealing with uncertainty; strategic management and planning; corporate finance; performance management; operations; relationship and project management; marketing; and information technology and systems, will be very useful for Integrated

¹ <http://www.ifac.org/publications-resources/2013-handbook-code-ethics-professional-accountants>

² <http://www.ifac.org/sites/default/files/publications/files/PPP3-Standard-Setting-in-the-Public-Interest.pdf> and

<http://www.ifac.org/sites/default/files/publications/files/Policy%20Position%20Paper%204%20For%20Issue.pdf>

³ <http://www.coso.org/documents/FINAL%20News%20Release%20--%20How%20Frameworks%20Improve%20Organizational%20Performance%20and%20Governance%20--%202002%2010%2014.pdf>

Reporting⁴, Global Reporting⁵ and XBRL⁶ that the organizations will be include in the operational activities in near future.

Abbreviation:

AICPA – American Institute of CPAs

AAA – American Accounting Association

IASB – International Accounting Standards Board

IFAC – International Federation on Accountants

FASB – Financial Accounting Standards Board

GASB – Government Accounting Standards Board

AFC – Association Francophone de Comptabilité

AIC – Interamerican Accounting Association

AECA - Asociacion Española de Contabilidad y Administración de Empresas

BAA/BAFA – British Accounting Finance Association

SAAA – Southern African Association of Accountants

JAA - Japan Accounting Association

CICA - Canadian Institute of Chartered Accountants

CFC – Conselho Federal de Contabilidade.

Thank you for opportunity for comments this proposal; if you have questions do not hesitate contact to me, rio1042370@terra.com.br.

Best Regards,

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⁴ <http://www.theiirc.org/international-ir-framework/>

⁵ <https://www.globalreporting.org/reporting/g4/Pages/default.aspx>

⁶ <http://www.ifrs.org/Alerts/XBRL/Pages/The-IFRS-Foundation-publishes-the-2014-annual-version-of-the-IFRS-Taxonomy.aspx>