

*Professional Accountancy Organization Development
Committee*

Strategy and Work Plan 2011-2014,
Abridged Version

REQUEST FOR COMMENTS

The International Federation of Accountants (IFAC) *Professional Accountancy Organization Development Committee Strategy and Work Plan 2011-2014* (the Plan) was prepared and approved by IFAC's Professional Accountancy Organization Development Committee.

IFAC welcomes ongoing comments on all matters related to the Plan. Anyone offering comments should refer to specific sections of the Plan, include the reasons for the comments and, where appropriate, make explicit suggestions for proposed changes.

Comments should be addressed to:

Ms. Gabriella Kusz
Technical Manager, Professional Accountancy
Organization Development Committee
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, New York 10017 USA
gabriellakusz@IFAC.org

Copyright © August 2011 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work to achieve maximum exposure and feedback provided that each copy bears the following credit line: *“Copyright © August 2011 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Permission is granted to make copies of this work to achieve maximum exposure and feedback.”*

This document was updated with minor changes in January 2013.

CONTENTS

	Page
International Federation of Accountants (IFAC) Strategy	4
Table 1: IFAC Service Areas, Mission and Outcomes	5
PAO Development Committee History and Background	5
Defining Strategic Direction	7
Vision	7
Mission	8
Table 2: PAO Development Committee Mission Alignment with IFAC Strategy	9
Strategic Goals and Objectives	9
Table 3: PAO Development Committee Goals and Objectives Alignment with IFAC Strategy	11
Strategic Initiatives and Program Activities	11
A. PAO Development Committee Collaboration Initiative	122
B. ADVANCE Initiative	12
C. Comprehensive Integrated Communications Initiative	14
Table 4: PAO Development Committee Strategic Initiatives and Programs Alignment with IFAC Strategy	14
Conclusion	15
Appendix 1	156
Appendix 2	158
Appendix 3	20
Appendix 4	23
Appendix 5	29

Introduction

This strategy and work plan sets out the vision, strategic direction and corresponding work plan of the International Federation of Accountants' (IFAC) Professional Accountancy Organization Development Committee for the period 2011-2014. This vision exists within the context of the current and anticipated environment in addition to the perceived needs of Professional Accountancy Organizations (PAOs) in emerging and developing countries and their country contexts. It sets the direction and priorities of IFAC's services relevant to these constituencies which are delivered by the PAO Development Committee.

This strategy is incorporated into the overall *IFAC Strategic Plan for 2011-2014* and the work plan is reflected in the overall *IFAC Operational Plan for 2011* and the corresponding budget.

International Federation of Accountants (IFAC) Strategy

As stated in the *IFAC Strategic Plan for 2011-2014*, IFAC is the global organization for the accountancy profession. IFAC was founded in 1977, and is comprised of over 164 accountancy organizations in approximately 124 countries and jurisdictions. These accountancy organizations represent more than 2.5 million accountants in commerce and industry, education, the not-for-profit sector, public practice, and the public sector.

IFAC's vision is that the global accountancy profession be recognized as a valued leader in the development of sustainable organizations and financial markets and of strong international economies.

IFAC's mission is to serve the public interest by:

- Contributing to the development, adoption and implementation of high-quality international standards and guidance;
- Contributing to the development of strong professional accountancy organizations and accounting firms;
- Promoting high-quality practices by professional accountants worldwide; and
- Speaking out on public interest issues where the accountancy profession's expertise is most relevant.

IFAC's values include integrity, expertise and transparency. These values are the guiding principles that IFAC seeks to exemplify as an organization through its Council, Board, boards and committees, volunteers, and staff.

The *IFAC Strategic Plan for 2011-2014* explains that IFAC seeks to achieve its mission by influencing various economic and social *outcomes*. An important aspect of IFAC's strategic planning process is the selection of services and allocation of resources which have the greatest influence on the outcomes in the context of the current environment. IFAC's services fall into four *service areas*. Table 1 below shows these four areas and illustrates how they are linked, in addition to highlighting IFAC's mission and direct influence.

Table 1: IFAC Service Areas, Mission and Outcomes

SERVICE AREA	MISSION	OUTCOMES
Standards and Guidance Adoption and Implementation	<i>Contributing to the development, adoption, and implementation of high-quality international standards and guidance</i>	<ul style="list-style-type: none"> - Confidence in international standards - Adoption of high-quality international standards - Effective implementation and enforcement of international standards
Quality and Development	<i>Contributing to the development of strong professional accountancy organizations and accounting firms</i>	<ul style="list-style-type: none"> - Strong professional accountancy organizations - Strong accounting firms
	<i>Promoting high-quality practices by professional accountants worldwide</i>	<ul style="list-style-type: none"> - High-quality audit practices by firms - High-quality financial management and reporting practices in all types of organizations - Recognition of professional accountants as contributors to long-term sustainable value
Representation	<i>Speaking out on public interest issues where the accountancy profession's expertise is most relevant</i>	<ul style="list-style-type: none"> - All of the above

The PAO Development Committee's *Strategy and Work Plan for 2011-2014* is designed to complement the IFAC *Strategic Plan for 2011-2014*. The activities of the PAO Development Committee relate to most if not all of the service areas, mission, and outcomes but some are more directly relevant than others (these are in italic font in Table 1 above).

PAO Development Committee History and Background

In 2004, in response to the desire to see greater representation and feedback from emerging and developing nation Professional Accountancy Organizations (PAOs) in the operations of IFAC, the Developing Nations Permanent Task Force was created. The importance of the Permanent Task Force in developing the profession was acknowledged in 2006 through the creation of the Developing Nations Committee (DNC). This committee was established to support the development of the accountancy profession in all regions of the world and represent the interests of the developing profession, provide guidance and other resources to meet their needs, and seek development assistance from the donor community for the strengthening of the accountancy profession in developing nations. To accomplish these objectives, the DNC maintained five areas of activity: (1) development of tools and guidance; (2) advocacy and awareness building with the

donor community; (3) outreach activities to professional accountancy organizations (PAOs); (4) regional events; and (5) input into standard setting.

Today, roughly 60% of IFAC members and associates operate in developing nations.¹ While both advanced and developing country PAOs face a challenge in continuously improving the accountancy profession, this challenge is more severe for developing nation PAOs, where capacity and resource constraints exacerbate the situation. Although this large sub-group of IFAC PAOs has diligently worked to improve their enabling environments, many developing country PAOs still struggle to establish effective financial legislative frameworks; to design strong education and certification schemes; and to develop competent and capable accountancy professionals able to meet the needs of government and the marketplace. The macro-level impacts are poor quality financial reporting, lack of transparency and confidence in the financial markets, and low overall foreign direct investment and economic growth.

In 2010, in an effort to better address these macro-level impacts and other serious challenges facing the development of the accountancy profession, the IFAC DNC underwent a review of the effectiveness of its operations and five areas of activity. Through online survey, stakeholder interviews, input from IFAC Chief Executive and Board Meetings, as well as a number of other considerations, the review identified thirteen DNC Review Report Recommendations to improve the overall effectiveness of DNC objectives and activities².

The most profound of these was ***DNC Review Report Recommendation #1*** which recommended a refocusing of DNC efforts on the most effective, efficient and sustainable source for advancing the accountancy profession: the PAOs themselves. In an effort to highlight this refocus, on 1 January 2011, in accordance with ***DNC Review Report Recommendation #2*** and as approved by the IFAC Board in June 2010, the name of the DNC was changed to the Professional Accountancy Organization Development Committee (PAO Development Committee). In addition, in accordance with ***DNC Review Report Recommendations #3, #4, and #6***, the Terms of Reference of the PAO Development Committee were changed to support this refocus with the strategic purpose of the committee being to “*promote and facilitate the establishment and strengthening of professional accountancy organizations in support of the public interest.*”³

In order to ensure that review recommendations do not merely impact committee name and appearance, but permeate all aspects of committee activities, ***DNC Review Report Recommendation #7*** requires that the PAO Development Committee create a *Strategy and Work Plan 2011-2014* to incorporate the key findings of the review process. The following pages not only detail the refocused strategy and various manners for implementing DNC Review Report Recommendations⁴, but provide illustrations of the alignment of PAO Development Committee strategy with overall IFAC strategy. Through this refocused strategy and detailed work plan, the PAO Development Committee can better support the overall achievement of IFAC goals and

1 For operational and analytical purposes, the World Bank's main criterion for classifying economies is gross national income (GNI) per capita. Based on its GNI per capita, World Bank Economies are divided according to 2008 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, \$975 or less; lower middle income, \$976 - \$3,855; upper middle income, \$3,856 - \$11,905; and high income, \$11,906 or more. For the purposes of calculating the percentage of PAOs operating in developing nations, PAOs in World Bank Economies with GNI in the range of low, lower middle and upper middle income were classified as 'developing' and divided by the total number of PAOs (96/159) = or 60%.

2 See Appendix 1 for a complete List of the 13 DNC Review Recommendations.

3 See Appendix 2 for the final version of the IFAC PAODC Revised Terms of Reference.

4 See Appendix 3 for DNC Review Strategic Incorporation Chart which details how the 13 DNC Review Report Recommendations are incorporated into the PAODC Strategy for 2011-2014.

objectives and address the complex and interrelated challenges of advancing the accountancy profession and its related PAOs.

Defining Strategic Direction

In developing a strong, coherent strategic plan, the Committee has identified the following vision, mission and strategic goals and objectives. These four elements will guide the direction, development and decisions made by the PAO Development Committee and will help to ensure that the Committee continues on the proper path for growth and development. The PAO Development Committee vision, mission and strategic goals and objectives have been developed through a review and study of the following:

- DNC Review Report
- Revised DNC Terms of Reference (Approved by the IFAC Board June 2010)
- DNC Strategy Session (Led by Guided Futures Sept. 2010)
- DNC Committee Meeting Strategy Sessions (Led by the corporate strategic consulting firm *Guided Futures*, Oct. 2010)
- Supporting Materials from the DNC Review Report including survey feedback, notes from the Chief Executives and IFAC Board Meetings, and stakeholder interview notes.
- DNC “Nurturing the Development and Growth of Accountancy” Paper and related brochure
- Presentations and feedback from OECD-DAC Donor Community events, UNCTAD Capacity Building Framework Events, CReCER Regional Conferences and other relevant DNC events
- IFAC Regional Organizations Meeting (Nov. 2010)

Vision

In reflecting on the information and feedback garnered through the aforementioned resources, the PAO Development Committee believes that the following vision statement provides a succinct summary of the overarching principles which guide its activities. This vision will work to provide the inspiration for both daily operations and strategic decision making.

“To develop and strengthen Professional Accountancy Organizations (PAOs) in order more fully to contribute to effective financial management, high quality financial reporting, financial stability, overall economic growth and social progress.”

The above vision statement most comprehensively addresses the over-arching goal of the PAO Development Committee which is to link PAO development to greater development objectives such as stability, economic growth and social progress. PAO development should not be seen as an end in itself, but rather, as a means for generating individual country and regional development. Adopting a vision statement which clearly and succinctly illustrates this relationship will help to steer PAO Development Committee activities toward areas which add economic and social value to individual countries and regions and provide the greatest benefits to recipients.

In addition, this vision statement very clearly addresses the first of the DNC Review Recommendations—that IFAC should place more emphasis on its activities which directly

support the ‘development of professional accountancy organizations’. It also links the PAO Development Committee vision to the IFAC strategy as it promotes the strategic service area of *Quality and Development* and the IFAC strategic mission of *contributing to the development of strong professional accountancy organizations and accounting firms*. Through adoption of this vision, the PAO Development Committee has strongly anchored itself to IFAC’s overall strategic direction.

Mission

The following PAO Development Committee mission statement offers a brief description of the committee’s fundamental rationale for existence.

“The committee works to support the development and strengthening of Professional Accountancy Organizations (PAOs) around the world so that they may act as ‘Centers of Excellence’ for their individual countries and regions. The end goal is to enable PAOs to be capable of:

- *Producing competent and capable professionals which adhere to high technical and ethical standards in protection of the public interest;*
- *Furthering the adoption and implementation of international standards of accountancy and IFAC Statements of Membership Obligations (SMOs);*
- *Acting as a voice and representative for the accountancy profession; and*
- *Assisting government, regulators and other stakeholders at the individual country and regional level with sound public policy guidance and advice on accountancy related topics.”*

This mission statement not only addresses the importance of PAOs to enhance individual country and economic growth but also the key strategic areas noted through the DNC Committee Meeting strategic planning session held on 8-9 October 2010 in Panama City, Panama as well as much of the feedback from the individual stakeholder interviews and online survey responses gathered through the DNC Review process.

Through this mission statement, the PAO Development Committee focuses its efforts first and foremost on the development of the PAOs and through this medium works to support all core areas identified through the IFAC Statements of Membership Obligations (SMOs) as being integral to the proper functioning of a PAO – quality assurance; education and training; international standards adoption and implementation; and investigation, discipline and appeals.

Another key aspect of the mission statement is the explicit link which ties PAO Development Committee activities and efforts to ensuring furtherance of the ‘public interest.’ This provides bearing for PAO Development Committee efforts and reinforces the role of the PAOs with respect to the public interest in the minds of collaborators and beneficiaries. It also helps to reinforce this idea among the PAO Development Committee members so that they are firmly aware of the end goal of the profession – serving the public interest.

In addition, the mission statement discusses the role of the PAO Development Committee in supporting PAO development in the areas of professional representation and public policy. In order to further the successful adoption and implementation of international standards, PAOs need to develop strong policy abilities. With these abilities, PAOs may better contribute to and guide policy discussions, assist their individual countries with legislative drafting, aid in transition planning and the management of other key aspects of a country’s accountancy environment.

Finally, the PAO Development Committee mission statement comprehensively addresses each of the key components of IFAC’s strategic services areas and missions. In Table 2, the key elements of the PAO Development Committee Mission have been broken down by their alignment with IFAC Mission areas.

Table 2: PAO Development Committee Mission Alignment with IFAC Strategy

IFAC Service Area	IFAC Mission	PAO Development Committee Mission
Standards and Guidance Adoption and Implementation	Contributing to the development, adoption, and implementation of high-quality international standards and guidance	<i>Furthering the adoption and implementation of international standards of accountancy;</i>
Quality and Development	Contributing to the development of strong professional accountancy organizations and accounting firms	<i>The PAO Development Committee exists to support the development and strengthening of Professional Accountancy Organizations (PAOs) around the world in order to act as ‘Centers of Excellence’ for their individual countries and regions;</i>
Quality and Development	Promoting high-quality practices by professional accountants worldwide	<i>Producing competent and capable professionals which adhere to high technical and ethical standards in protection of the public interest;</i>
Representation	Speaking out on public interest issues where the accountancy profession’s expertise is most relevant	<i>Acting as a voice and representative for the accountancy profession; and Providing government, regulators and other stakeholders with sound public policy guidance and advice on accountancy related topics.</i>

Strategic Goals and Objectives

The following three broad strategic goals and eight explanatory objectives define what the PAO Development Committee wishes to achieve during the period 2011-2014. These goals and objectives reflect both the vision and mission statement. These strategic objectives were included in the PAO Development Committee Terms of Reference which were approved by the IFAC Board in June 2010.

STRATEGIC GOAL #1: Develop the capacity of the accountancy profession to produce high quality financial information and sound financial management systems capable of supporting financial stability, economic growth and social progress. Produce tools, guidance and conduct technical assistance to facilitate capacity development at both the individual country and regional level.

- (a) Support the establishment and strengthening of professional accountancy organizations in all countries of the world, recognizing progress will be made in the medium to long term.

- (b) Oversee and/or undertake targeted outreach activities to professional accountancy organizations and national stakeholders. Such outreach may be undertaken by members of PAO Development Committee, IFAC staff, individuals or organizations associated with the PAO Development Committee.
- (c) Utilize the information received in response to the IFAC Member Body Compliance Program to respond to development needs in the most appropriate manner through accessing the resources within the IFAC membership and the donor community.

STRATEGIC GOAL #2: Increase awareness building and knowledge sharing regarding international standards adoption and implementation. Engender greater understanding of the important role which IFAC, its individual country and regional professional accountancy organizations play in international development.

- (a) Coordinate and facilitate advocacy efforts and the sharing of information and good practices among professional accountancy organizations, governments, national regulators, regional bodies and the donor community.
- (b) Encourage and support mentoring of developing professional accountancy organizations by more established national and regional bodies.

STRATEGIC GOAL #3: Engage and deepen development partnerships with the international donor community, regional organizations, and public / private sector stakeholders so as to share resources, knowledge, experience and deliver guidance, advice and assistance in a more efficient and effective manner.

- (a) Maintain ongoing liaison with the donor community, governments and other stakeholders with emphasis on the contribution of strong professional accountancy organizations to increased transparency, enhanced accountability, and economic growth and the importance of adequate financial and technical resources to support the accountancy profession in developing and emerging economies.
- (b) Establish partnerships or other arrangements with the donor community and other stakeholders to develop a common strategic focus for capacity development in the accountancy profession to support both the public and private sectors.

Table 3: PAO Development Committee Goals and Objectives Alignment with IFAC Strategy

IFAC Service Area	IFAC Mission	PAO Development Committee Goals & Objectives
Standards and Guidance Adoption and Implementation	Contributing to the development, adoption, and implementation of high-quality international standards and guidance	<u>STRATEGIC GOAL #2: Increase awareness building and knowledge sharing</u> regarding international standards adoption and implementation.
Quality and Development	Contributing to the development of strong professional accountancy organizations and accounting firms	<p><u>STRATEGIC GOAL #1: Develop the capacity of the accountancy profession.</u> Produce tools, guidance and conduct technical assistance to facilitate capacity development at both the individual country and regional level.</p> <p><u>STRATEGIC GOAL #3: Engage and deepen development partnerships</u> with the international donor community, regional organizations, and public / private sector stakeholders so as to share resources, knowledge and experience and deliver guidance, advice and assistance in a more efficient and effective manner.</p>
Quality and Development	Promoting high-quality practices by professional accountants worldwide	<u>STRATEGIC GOAL #1: Develop the capacity of the accountancy profession</u> to produce high quality financial information and sound financial management systems capable of supporting financial stability, economic growth and social progress.
Representation	Speaking out on public interest issues where the accountancy profession's expertise is most relevant	<u>STRATEGIC GOAL #2: Increase awareness building and knowledge sharing.</u> Engender greater understanding of the important role which IFAC, its individual country and regional professional accountancy organizations play in international development.

Strategic Initiatives and Program Activities

Strategic initiatives detail the specific activities which will be designed to implement the PAO Development Committee mission, vision, goals and objectives. Each of the strategic initiatives will align with IFAC strategy to further the establishment and development of PAOs and their ability to contribute to sound financial management, financial stability, economic growth and social progress. Each initiative and related program will be supported not only by PAO Development Committee Members and IFAC Staff, but if necessary, by voluntary Task Forces (TFs) to ensure proper support is provided to these efforts.

A. PAO Development Committee Collaboration Initiative with IFAC Committees and Independent Standard Setting Boards

As elements of PAO Development Committee strategic initiatives and programs may align with those of other IFAC committees (Compliance Advisory Panel - CAP, Small and Medium Practices - SMP, Professional Accountants in Business - PAIB, etc.), the PAO Development Committee will work to enhance communications and explore areas for collaboration with these committees. As further cooperation between the CAP and PAO Development Committee was specifically discussed through the DNC Review, further detail on this area of collaboration is provided below.

(i) IFAC Member Body Compliance Program Collaboration

PAO Development Committee members will continue communications with the IFAC Member Body Compliance Program and will support outreach and technical assistance efforts to further the completion of Part III Action Plans. Collaboration on this level should reduce any overlap at the committee level. In addition, under the new structure for CAP/ PAO Development Committee Staff where all staff members are jointly responsible for both Compliance Program activities as well as PAO Development Committee activities, overlap should be minimal.

In order to support the independent standard setting boards which work under the auspices of IFAC, the PAO Development Committee will work to enhance collaboration with these entities to further the development of the accountancy profession. As there has been great interest in furthering the communication between the PAO Development Committee and both the International Ethics Standards Board for Accountants IESBA and the International Accounting Educations Standards Board IAESB, this is discussed in further detail below.

(ii) Collaboration with Standard Setting Boards and Other IFAC Committees

The PAO Development Committee Staff will proactively share their experience and perspective on the adoption and implementation of international standards in an emerging and developing country context with the independent standard setting boards. This knowledge sharing will help provide standard setters with a view to the challenges and barriers as well as key success factors in the adoption and implementation of international standards. In addition, it will provide the PAO Development Committee with up-to-date knowledge of the key changes and upcoming projects of the standard setting boards. Knowledge sharing in this manner will help to provide the standard setting boards with a development perspective while at the same time following the ***DNC Review Report Recommendation #13*** to reduce the PAO Development Committee's input into standard setting.

B. ADVANCE Initiative

The ADVANCE Initiative stands for *Accountancy Development via Awareness building, Knowledge sharing, and Collaborative Efforts*. This initiative will work to address various aspects of all three PAO Development Committee strategic goals and their underlying objectives through the creation of an (i) International Organizations Collaboration Program; (ii) Ambassadors Program; (iii) Mentoring Facilitation Program; and (iv) Regional Collaboration Program. If necessary, the PAO Development Committee Staff will work to develop and facilitate development of these programs through PAO Development Committee TFs.

(i) International Organizations Collaboration Program

The PAO Development Committee currently works to coordinate and collaborate with international organizations to advance the accountancy profession (e.g., CReCER Initiative). Under the International Organizations Collaboration Program these efforts will be formalized to better identify opportunities to work with multi-lateral and bi-lateral donor organizations (e.g., World Bank and USAID) as well as other international stakeholders (e.g., private corporations and NGOs) in the development of the accountancy profession, PAOs and emerging and developing country accountancy environments. This program will work to raise awareness of the importance of accountancy in overall social and economic development, strengthen strategic alignment between the PAO Development Committee and international organizations, enhance collaboration and cooperation on various projects and increase communication. This program will incorporate ***DNC Review Report Recommendation #9*** which recommends an increase in efforts to conduct advocacy and awareness building activities with the donor community and to increase collaboration.

(iii) Ambassadors Program

In recognition of the need for additional capacity and resources for PAO Development Committee awareness and outreach activities as well as the high level of volunteerism and interest among PAO Development Committee members and stakeholders to contribute to the Committee mission and vision, the Committee will develop an ‘Ambassadors Program.’ This program will identify both PAO Development Committee members as well as other interested parties (former DNC members, etc.) with deep knowledge of the committee and IFAC, experience in the development and establishment of PAOs, and the ability to represent the PAO Development Committee and its interests to third parties. Through the creation and implementation of this program, the PAO Development Committee will incorporate ***DNC Review Report Recommendations #9 and #10*** which recommended the strengthening of PAO Development Committee programs which build awareness and conduct outreach to PAOs.

(iv) Mentoring Facilitation Program

Over the past few years, the value of mentoring to both beneficiaries and mentors as well its efficiency and cost effectiveness have made this form of technical assistance very attractive to both PAOs and the donor community. In order to support the design and delivery of successful PAO mentoring relationships as well as to encourage more PAOs to participate in this activity, the PAO Development Committee will work through a Mentoring Facilitation Program to increase the quality and number of PAO mentoring relationships. The goal of this program will be to provide information and assistance, in addition to opportunities for more active knowledge sharing to PAOs as they consider and engage in mentoring activities.

(v) Regional Collaboration Program

As discussed during the Regional Organizations Meeting held in Kuala Lumpur, Malaysia in November 2010, there is a desire on the part of regional organizations (IFAC Recognized Regional Organizations and Acknowledged Accountancy Groupings) to be more informed and/or involved in the activities of the PAO Development Committee especially as this relates to the development of the profession on a regional scale. In many cases, regional organizations maintain up-to-date on the ground knowledge of the PAOs in the region and have contacts and infrastructure for addressing regional challenges with regional solutions. As such, the ***DNC Review Report Recommendation #5*** recommended that the PAO Development Committee place emphasis on strengthening the relationships and collaboration between the PAO Development Committee and Recognized Regional Organizations and Acknowledged Accountancy Groupings.

As such, the Regional Strategic Development Program will encompass three elements to encourage knowledge sharing between and among regional organizations and the PAO Development Committee as well as encouraging regional organization support, feedback and input into PAO Development Committee strategy and activities: development of regional strategies; relevant regional organization invitation and participation at PAO Development Committee meetings; reporting between PAO Development Committee members with regional representation and their relevant regional organizations.

C. Comprehensive Integrated Communications Initiative

As noted through the DNC Review process, several stakeholders noted a lack of knowledge of the PAO Development Committee, Committee products, tools and guidance as well as difficulty in accessing information regarding the committee and its activities. In recognition of the need to improve PAO Development Committee communications, *DNC Review Report Recommendation #13* recommended a comprehensive communications plan. As such, the PAO Development Committee will work with the IFAC Communications Department to develop a comprehensive integrated communications initiative which will complement the PAO Development Committee strategy developed through this document and further the overall goals of IFAC.

All PAO Development Committee Strategic Initiatives and Programs have been designed to align with IFAC Strategic service areas and mission. Please see below for the table illustrating this alignment. To see a comprehensive picture of the interrelationship between PAO Development Committee vision, mission, goals/objectives and initiatives/programs, please see Appendix 4.

Table 4: PAO Development Committee Strategic Initiatives and Programs Alignment with IFAC Strategy

IFAC Service Area	IFAC Mission	PAO Development Committee Strategic Initiatives & Programs
Standards and Guidance Adoption and Implementation	Contributing to the development, adoption, and implementation of high-quality international standards and guidance	<ul style="list-style-type: none"> - PAO Development Committee Collaboration Initiative with IFAC Board/Committees – Standard Setting Boards - ADVANCE Initiative – Regional Collaboration Program
Quality and Development	Contributing to the development of strong professional accountancy organizations and accounting firms	<ul style="list-style-type: none"> - PAO Development Committee Collaboration Initiative with IFAC Board/Committees – CAP Program - ADVANCE Initiative – Mentoring Facilitation Program - ADVANCE Initiative – International Organizations Collaboration Program
Quality and Development	Promoting high-quality practices by professional accountants worldwide	
Representation	Speaking out on public interest issues where the accountancy profession’s expertise is most relevant	<ul style="list-style-type: none"> - ADVANCE Initiative – Ambassadors Program - Communications Initiative

Conclusion

This strategy and work plan sets out the vision, strategic direction and work plan of IFAC's Professional Accountancy Organization Development Committee for the period 2011-2014. The Committee will work over the next three years to implement the aforementioned Strategic Initiatives and Programs in an effort to further the vision and mission of the PAO Development Committee.

List of the 13 DNC Review Report Recommendations

1. Recommendation – Core Strategy

IFAC should place more emphasis on its activities which directly support the ‘development of professional accountancy organizations’ through the provision of tools and guidance, awareness building, advocacy and outreach activities. The target of services is professional accountancy organizations – both current and potential IFAC members and associates – and their development.

2. Recommendation – Name of Committee

Change the name of the ‘Developing Nations Committee (DNC)’ to better reflect the slight shift in focus of DNC activities toward those activities which directly ‘develop professional accountancy organizations.’ The new approved name is Professional Accountancy Organization Development Committee (PAO Development Committee).

3. Recommendation – Composition and Operations

Reduce the size of the PAO Development Committee from 18 to no more than 12 to enhance the productivity of committee working sessions and its effectiveness. The membership should be comprised of at least one member from each of the 6 IFAC regions (Africa-Middle East, Asia, Australasia-Oceania, Europe, Latin America-Caribbean, and North America).

4. Recommendation – Composition and Operations

The PAO Development Committee should be comprised of persons that can demonstrate experience in and an understanding of the development of professional accountancy organizations and/or have the potential to contribute to the development of the profession through contacts with governmental agencies, regional stakeholders and the donor community. Additionally, the TF recommends that as a new strategy is developed, the PAO Development Committee and Nominating Committee explore the possibility of having members/observers from other stakeholder groups that may not be easily nominated through member bodies (e.g., other donors, firms, contractors, etc.).

5. Recommendation – Composition and Operations

Strengthen the working relationship with RO/AGs through enhanced communications and coordination of activities and providing them with access to meeting materials and the ability to participate in PAO Development Committee meetings where they have a particular interest in agenda items.

6. Recommendation – Composition and Operations

The IFAC Board should consider and approve, as agreed, the draft Terms of Reference for the PAO Development Committee.

7. Recommendation – Strategy and Work Plan

The PAO Development Committee should develop a new Strategy and Work Plan which incorporates the key findings of this review.

8. Recommendation – Development of Tools and Guidance

The PAO Development Committee should continue the development of tools and guidance and strengthen these products with the inclusion of more practical examples and case studies and improved communication of their development and availability.

9. Recommendation – Advocacy and Awareness Building with the Donor Community

The PAO Development Committee should continue to strengthen its advocacy and awareness building with the donor community through the development of a strategy for donor awareness and advocacy to better coordinate these activities and communicate the PAO Development Committee message more clearly.

10. Recommendation – Outreach to Professional Accountancy Organizations

The PAO Development Committee should increase the frequency and regularity of PAO Development Committee staff outreach activities which target the development of professional accountancy organizations and implementation of international standards.

11. Recommendation – Regional Events

The DNC should evaluate the role of regional events in light of the overall development strategy for a particular region and focus on those events which develop the professional accountancy organizations in the region.

12. Recommendation – Input Into Standard Setting

Eliminate ‘Input into Standard Setting’ as interviewees overwhelmingly believed that the PAO Development Committee should not be engaged in this activity. Most believed that the background and skills needed for developing the profession are in stark contrast to the highly technical skills and knowledge needed to provide input into standard setting. The Nominating Committee should continue its efforts to support participation of volunteers from developing nations within IFAC and its independent standard setting boards and should carefully consider the analysis performed by the TF with particular attention to IESBA.

13. Recommendation – Communications

The PAO Development Committee should develop specific actions in the area of Communications which incorporates the key findings of this review.

PAODC Terms of Reference – Approved June 2010

1. Purpose

The purpose of the Professional Accountancy Organization Development Committee (PAODC) is to promote and facilitate the establishment and strengthening of professional accountancy organizations in support of the public interest. The constituency of the PAODC is professional accountancy organizations that exist or aspire to be IFAC members or associates, governments and other key stakeholders seeking to establish professional accountancy organizations, particularly in developing and emerging economies.

2. Objectives

The PAODC shall:

- Support the establishment and strengthening of professional accountancy organizations in all countries of the world, recognizing progress will be made in the medium to long term.
- Oversee and/or undertake targeted outreach activities to professional accountancy organizations and their key stakeholders. Such outreach may be undertaken by members of PAODC, IFAC staff, individuals or organizations associated with the PAODC.
- Coordinate and facilitate the sharing of relevant information and good practices among professional accountancy organizations, regional organizations, accountancy groupings and the donor community.
- Maintain ongoing liaison with the donor community, governments and other stakeholders with emphasis on the contribution of strong professional accountancy organizations to increased transparency, enhanced accountability, and economic growth and the importance of adequate financial and technical resources to support the accountancy profession in developing and emerging economies
- Establish partnerships or other arrangements with the donor community and other stakeholders to develop a common strategic focus for capacity development in the accountancy profession to support both the public and private sectors.
- Encourage and support the mentoring of professional accountancy organizations in developing and emerging economies by regional organizations, accountancy groupings and more developed bodies to provide direct assistance to such organizations.
- Monitor the work of other IFAC Boards and Committees and other standard setting bodies to ensure that they are aware of and give due consideration to issues relevant to the accountancy profession in developing and emerging economies.
- Utilize the information received in response to the IFAC Member Body Compliance Program to respond to development needs in the most appropriate manner through accessing the resources within the IFAC membership and the donor community.

3. Publications

The PAODC may issue the following types of publications:

- *Good Practice Guidance*, which outlines commendable or recommended methods and/or practices, including those currently recognized as “best practice;”
- *Information Papers*, which provide a detailed investigation into a particular subject of relevance to developing nations and the accounting profession;
- *Consultation Papers*, which promote discussion or debate on issues affecting developing nations and the accounting profession and seek comments from interested parties on the issues raised in the paper;
- *Special Reports*, which are reports on one off topics of interest to those parties involved with developing nations and the accountancy profession.

4. Membership

The PAODC will consist of up to twelve members whose appointment and terms of service shall be in accordance with the IFAC Constitution and Bylaws. The appointment of technical advisors shall also be in accordance with the IFAC Constitution and Bylaws allowing one technical advisor to accompany a member to a meeting.

PAODC members are appointed for terms up to three years, with approximately one third of the PAODC membership subject to retirement every year. Continuous service on the PAODC is limited to a total of six years in service, unless that member is appointed to serve as Chair for a further period of not more than three years.

The PAODC will have Observers nominated by the World Bank and UNCTAD. Other Observers may from time to time attend and participate at meetings of the PAODC subject to approval by the Chair.

Recognized Regional Organizations and Acknowledged Accountancy Groupings that have common objectives will generally have the right of attendance at all meetings, subject to approval by the Chair.

5. Meeting Procedures

Each Committee meeting requires the presence, in person or by simultaneous telecommunications link, of at least two-thirds of the appointed members of the Committee.

Each member of the Committee will be allowed one vote. A member has the right to appoint a proxy in writing. The affirmative vote of at least two-thirds of members present at a meeting in person or by simultaneous telecommunications link or by proxy is required to approve all actions or submissions of the Committee.

6. Other

The IFAC Board will review the effectiveness of the PAODC processes at least every five years.

DNC Review Recommendation – Strategy Alignment Chart

RECOMMENDATION	DESCRIPTION	INCORPORATION IN PAO DEVELOPMENT COMMITTEE STRATEGY & WORKPLAN 2011-2014
1 CORE STRATEGY	IFAC should place more emphasis on its activities which directly support the ‘development of professional accountancy organizations’ through the provision of tools and guidance, awareness building, advocacy and outreach activities.	Revised strategic vision, mission, goals and objectives, initiatives and programs have been designed to support the ‘development of professional accountancy organizations’
2 NAME OF COMMITTEE	Change the name of the ‘Developing Nations Committee (DNC)’ to better reflect the slight shift in focus of DNC activities toward those activities which directly ‘develop professional accountancy organizations.’	Name of DNC has been changed to Professional Accountancy Organization Development Committee (PAO Development Committee)
3 COMPOSITION & OPERATIONS	Reduce the size of the PAO Development Committee from 18 to no more than 12 to enhance the productivity of committee working sessions and its effectiveness.	Included in the revised ‘Terms of Reference’ and approved at the June 2010 IFAC Board Meeting
4 COMPOSITION & OPERATIONS	The PAO Development Committee should be comprised of persons that can demonstrate experience in and an understanding of the development of professional accountancy organizations and/or have the potential to contribute to the development of the profession through contacts with governmental agencies, regional stakeholders and the donor community.	Included in the revised ‘Terms of Reference’ and approved at the June 2010 IFAC Board Meeting
5 COMPOSITION & OPERATIONS	Strengthen the working relationship with RO/AGs through enhanced communications and coordination of activities and providing them with access to meeting materials and the ability to participate in PAO Development Committee meetings where they have a particular interest in agenda items.	ADVANCE Initiative – Regional Collaboration Program includes activities to strengthen communication between PAO Development Committee & RO/AGs as well as to ensure inclusion in relevant PAO Development Committee meetings.
6 COMPOSITION & OPERATIONS	The IFAC Board should consider and approve, as agreed, the draft Terms of Reference for the PAO Development Committee.	Approved at the June 2010 IFAC Board Meeting
7 STRATEGY &	The PAO Development Committee	The Strategy and Work-plan presented in the main body of this document

WORKPLAN	should develop a new Strategy and Work Plan which incorporates the key findings of this review.	identifies the key findings of the DNC Review and incorporates each recommendation.
8 TOOLS & GUIDANCE	The PAO Development Committee should continue the development of tools and guidance and strengthen these products with the inclusion of more practical examples and case studies and improved communication of their development and availability.	ADVANCE Initiative – Mentoring Facilitation Program will include the expansion of the PAO Development Committee Tools and Guidance “Mentoring Guidelines for Professional Accountancy Organizations” to create an IFAC “Mentoring for Professional Accountancy Organizations Toolkit” which would be similar in form to the Establishing and Developing a Professional Accountancy Body Toolkit. This Mentoring Toolkit may provide case studies on mentoring, interviews with mentoring beneficiaries and mentors, as well as templates.
9 ADVOCACY & AWARENESS	The PAO Development Committee should continue to strengthen its advocacy and awareness building with the donor community through the development of a strategy for donor awareness and advocacy to better coordinate these activities and communicate the PAO Development Committee message more clearly.	ADVANCE Initiative - International Organizations Collaboration Program will work with to identify opportunities to work with multi-lateral and bi-lateral donor organizations. This program will work to raise awareness of the importance of accountancy in overall social and economic development, strengthen strategic alignment between the PAO Development Committee and international organizations, enhance collaboration and cooperation on various projects and increase communication.
10 OUTREACH TO PAOs	The PAO Development Committee should increase the frequency and regularity of PAO Development Committee staff outreach activities which target the development of professional accountancy organizations and implementation of international standards.	ADVANCE Initiative – Ambassadors Program will utilize volunteer ‘Ambassadors’ to expand the capacity of the PAO Development Committee to conduct PAO outreach and awareness activities.
11 REGIONAL EVENTS	The DNC should evaluate the role of regional events in light of the overall development strategy for a particular region and focus on those events which develop the professional accountancy organizations in the region.	ADVANCE Initiative – Regional Collaboration Program includes the development of regional strategies which identify and include regional events which further these overall strategies.
12 INPUT INTO STANDARD SETTING	Eliminate ‘Input into Standard Setting’ as interviewees overwhelmingly believed that the PAO Development Committee should not be engaged in this activity.	PAO Development Committee Collaboration Initiative with IFAC Board/Committees - The PAO Development Committee Staff will proactively share their experience and perspective on the adoption and implementation of international standards in an emerging and developing country context with the independent

		standard setting boards which operate under the auspices of IFAC.
13 COMMUNICATIONS	The PAO Development Committee should develop specific actions in the area of Communications which incorporates the key findings of this review.	PAO Development Committee will work with the IFAC Communications Department to develop a comprehensive integrated communications initiative which will complement the PAO Development Committee strategy developed through this document and further the overall goals of IFAC.

Overview of Member Body Compliance Program Action Plan Process

Introduction

Action Plans are developed by IFAC members and associates to illustrate how organizations are addressing requirements set out in the seven Statements of Membership Obligations (SMOs). IFAC members, including the most developed bodies, often note that the Action Plan process adds value to their continuous efforts to strengthen and improve the quality of the profession. The process is very useful as it allows consolidating in one place all that is being done to fulfill IFAC obligations. It also assists organizations in demonstrating to their stakeholders their strong commitment to quality and continuous improvement of the accountancy profession. In other words, the Action Plan is a useful tool for managing organization's commitment to SMOs and how it performs as a member body of IFAC.

The following document outlines agreed principles for review, approval and monitoring of Action Plan progress, as well as relevant enforcement actions for the IFAC Member Body Compliance Program, Action Plan phase.

Action Plan Review and Finalization Process (as approved by the CAP in October 2008 with subsequent revisions agreed by the CAP)

1. Initial Action Plans are prepared by organizations either (a) based on Policy Recommendations as developed by the Compliance staff, or (b) in the cases of developed professional accountancy bodies the Action Plans are prepared to demonstrate how the organizations address SMO requirements on an ongoing basis.
2. To ensure uniform presentation of published Action Plans, all members and associates are provided with the Action Plan template developed by staff and referred to the IFAC website for examples of published Action Plans.
3. All seven SMO areas need to be addressed by all members and associates.
 - (d) For those SMO areas where organizations currently use their best endeavors they are asked to indicate what ongoing processes are already in place.
 - (e) Where organizations do not have responsibilities for some SMO areas (e.g. they do not represent auditors and therefore SMO 1 and SMO 3 may not be as relevant), they should at a minimum provide a short explanation in the background note and provide one or two action steps that may be relevant to the particular area.
4. Organizations are asked to present each SMO area in a separate section with:
 - (a) A clear subject and objective line for each section.
 - (b) Background information for each section that should indicate key contextual information including:
 - (i) The organization responsible for the SMO area
 - (ii) The role of the member or associate if it is not the responsible organization
 - (iii) The status of incorporation of relevant international standards

- (iv) The ongoing process to review and incorporate international standards
 - (c) Action steps covering:
 - (v) Improvements – if necessary to fully comply with the SMOs
 - (vi) New developments
 - (vii) Ongoing processes in place
 - (d) To emphasize the continuous nature of an Action Plan, at the end of each section an indication is included about the Action Plan and the compliance information being subject to regular review and updates to address new developments in international standards, environmental changes, etc. (for example adoption of Clarity ISAs, revised Code of Ethics, changes in the law, etc.)
5. Staff compares the draft Action Plan with confirmed Policy Recommendations to ensure that all Policy Matters are addressed, taking into consideration recent developments in the country.
 6. Organizations are asked to clearly identify responsibility and resource information. Clear guidance is provided in the template to advise about the purpose of relevant columns:
 - (a) the “responsibility” column should indicate the person or position responsible for carrying through specific action (for example president, CEO or committee chair)
 - (b) the “resource” column should indicate those specific resources (human and financial) that are required to carry out the action
 7. Organizations should indicate steps to seek additional resources where they are needed
 8. Timetables should be realistic. Organizations are asked to ensure enough time is allocated for all steps in a realistic manner as well as indicate and explain priority SMO actions
 9. Clear subheadings should be used in each SMO section to group actions related to the same process
 10. The complete name of a relevant committee, board, or organization should be listed and followed by its acronym the first time it appears in the Action Plan. Thereafter an acronym may be used. A glossary of acronyms should be included at the beginning of the document
 11. IFAC members and associates have ownership of their Action Plans, and therefore draft plans are discussed and agreed by the leadership of the respective member or associate (typically that is the organization’s Board, Council, or Chief Executive).
 12. All agreed Action Plans are reviewed by the Senior Technical Manager or Director prior to final publication.
 13. Upon publication, the staff:
 - (a) Indicates the time for soft update and annual update to the members or associate
 - (b) Notifies the CAP members and relevant Regional Organizations and Accountancy Groupings

CAP Involvement

14. The CAP continues to review a small representative sample of draft Action Plans and draft annually updated Action Plans, and reviews only those final proposed Action Plans that may be particularly complex or sensitive
15. Any specific issues raised by the CAP in relation to a draft Action Plan are discussed with the member or associate
16. The staff regularly provides detailed Action Plan status updates to the CAP during the Panel meetings.

Action Plan Progress Monitoring (as approved by the CAP in January 2009 with subsequent revisions agreed by the CAP)

Action Plans are meant to be evergreen documents updated and revised as necessary to address new developments and challenges. To ensure that meaningful progress of planned action steps is being made, the CAP and Compliance staff agreed on the process for an annual update on Action Plans (resulting in republication on the IFAC website).

Annual Update

IFAC members and associates are responsible for providing annual updates on the published Action Plans. Updated Action Plans are republished on the IFAC website. The process for annual updates includes:

1. 3 months prior to the update deadline, Compliance staff sends out a reminder indicating that the Member Body or Associate has to prepare an annual Action Plan update.
2. Members and associates are asked to:
 - (a) Provide a brief overview of the progress to date by the update deadline; and
 - (b) Review, revise as necessary, and update the published Action Plan by the update deadline.
3. The update overview document would typically include description of:
 - (a) Whether the ongoing activities are being executed as designed (for example, operations of the QA review system, regular updates to the education syllabi & CPD courses, normal operations of the standard-setting committees or boards providing input to the national standard-setting process, operations of the investigation and disciplinary committee, etc).
 - (b) Any significant achievements, successes or particular challenges since the last publication or foreseen in the future. This includes any regulatory and/or other environmental changes that may impact the organization.
 - (c) If the planned actions were executed or they needed to be postponed / cancelled.
 - (d) If there are new developments or opportunities that the organization plans to address.
4. The Action Plan is updated for:
 - (a) Completed actions
 - (b) Revised timelines (if necessary); and

- (c) New developments.
- 5. Upon receipt of the updated Action Plan the staff reviews it and works with the IFAC member or associate to finalize the document and republish it on the IFAC website. Conference calls with key representatives of the member or associate responsible for the Action Plan execution are often held with the Compliance staff as part of the process.
- 6. Based on the review of the update overview and the updated plan, as well as discussions with the member or associate, the compliance staff prepares the Action Plan Progress Monitoring Note.
- 7. After the updated Action Plan is finalized, it is republished on the IFAC website.

Reporting to the CAP

Action Plan Progress Monitoring Notes and information about delayed annual updates are submitted to the CAP as part of the Progress Monitoring Process.

Enforcement Actions (as agreed by the CAP in January 2008 with subsequent revisions agreed by the CAP)

With regards to organizations who fail to meaningfully participate in the IFAC Member Body Compliance program, the CAP and staff agreed on a set of guiding principles that were agreed with the IFAC Board.

Action Plan Development Timelines

- 1. Each stage of the initial development of the Action Plan is assigned a specific timeline:
 - (a) 3 months to agree Policy Recommendations
 - (b) 6 months to submit draft Action Plan (after the Policy recommendations are agreed)
- 2. Once published, Action Plans are updated every 12 months.
- 3. For each stage the CAP and staff will consider the need for suspension two months after the allocated timeframe has passed
- 4. As the primary objective of the Compliance Program is that of encouragement and improvement reasonable extensions may be granted if:
 - (a) Organizations maintain regular and open communication with the IFAC Staff;
 - (b) Valid reasons are communicated to the staff for not meeting the agreed timeframes; and/or evidence of some progress is submitted
- 5. Staff continuously monitors submission deadlines and proactively reaches out to members and associates to:
 - (a) Remind them of an approaching deadline
 - (b) If the deadline has passed contacts them by email, phone, or fax to understand the reasons for the delay
 - (c) The staff seeks assistance of the relevant Regional Organization and/or Accountancy Grouping to reach out to the non-respondent

Suspension Considerations

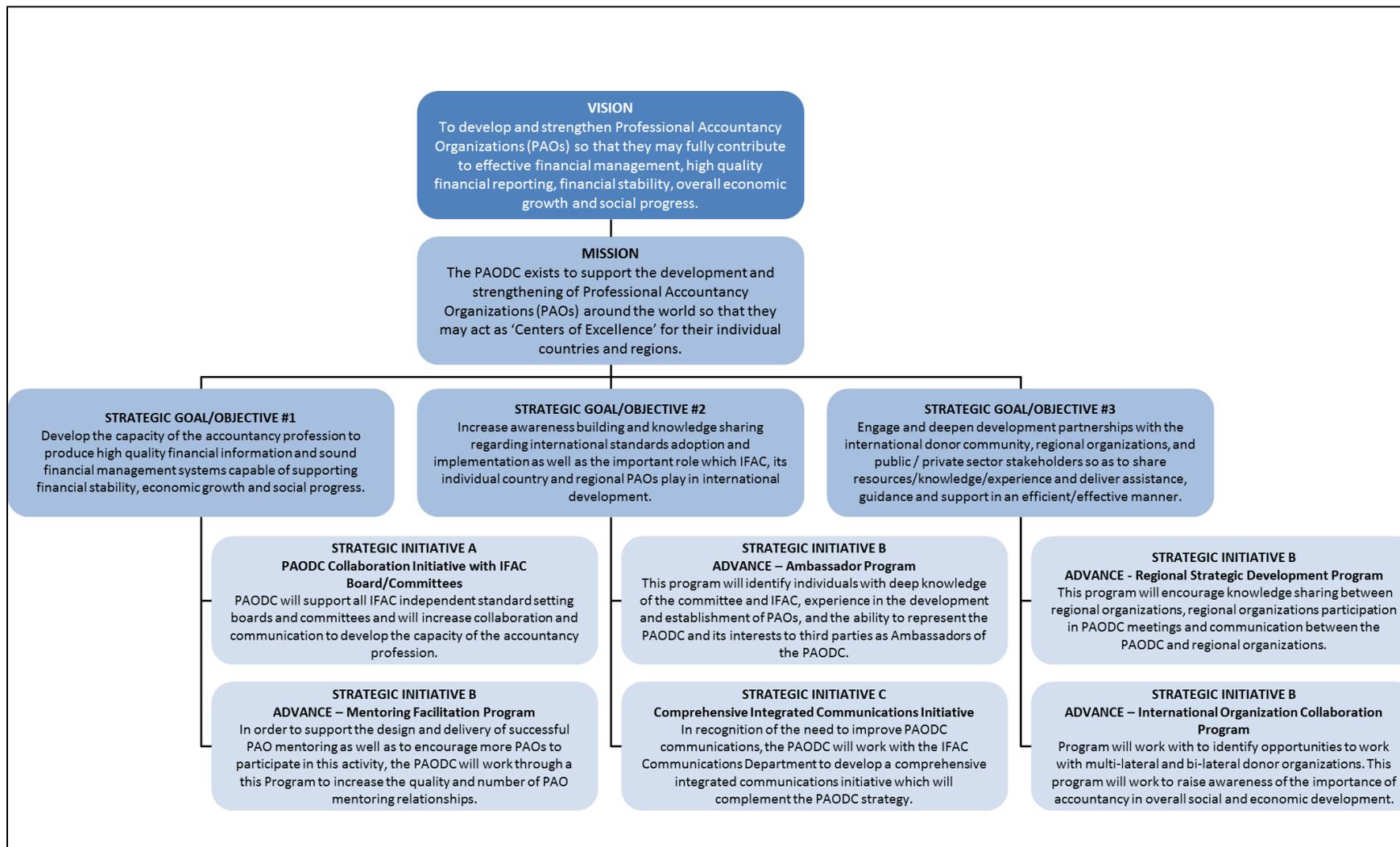
6. If no meaningful response is received within two months of the deadline, staff communicates the possibility of consideration for suspension from IFAC membership to the member or associate
7. CAP is advised of possible suspension
8. No earlier than two months after the deadline, if no meaningful communication is received, an official suspension warning letter is sent by the Director, Quality and Member Relations (QMR) – via email and in hard copy via courier –to advise non-respondent that:
 - (a) They failed to meet the allocated timeframe and have not provided any reasonable explanation for not meeting the deadline
 - (b) Suspension recommendation will be made to the next IFAC Board meeting
 - (c) The member or associate can avoid suspension by contacting the Compliance staff and providing a meaningful explanation of delay and/or evidence of progress made prior to the Board meeting that will consider the suspension recommendation
9. If no meaningful response is received, the Board considers suspension recommendation
10. If suspension is approved by the Board, the Director, QMR in an official letter advises the relevant member or associate about:
 - (a) The fact of suspension for failure to participate in the Member Body Compliance Program
 - (b) Steps that the suspended body needs to take to remove the suspension.

Expulsion consideration

11. According to the IFAC By-Laws members and associates are given at least 9 months to cure the suspension. During the suspension period:
 - (a) The staff proactively reaches out the non-respondent including seeking assistance from relevant RO or AG and other contacts that can assist in reaching out to the member or associate in question
 - (b) The CAP and staff considers whether expulsion recommendations should be made to the IFAC Board where the suspended body remains unresponsive
 - (c) The non-respondent is officially advised about the possibility of expulsion
 - (d) Expulsion recommendation is considered by the Board
 - (e) If approved, the Board makes expulsion recommendation to the IFAC Council
 - (f) The non-respondent is officially advised about expulsion recommendation being forwarded to the IFAC Council
 - (g) If no meaningful response is received, the Council considers the expulsion recommendation.
12. If the Council approves expulsion recommendation, relevant IFAC Constitution and By-Laws provisions apply.

13. Organization is advised about the expulsion from IFAC membership in an official letter and is encouraged to contact the Developing Nations Committee who can provide guidance and facilitate assistance in required developments.

Strategy and Work Plan Relational Chart





**International
Federation
of Accountants**

529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.ifac.org