

December 2012

Small and Medium Practices Committee

Strategy and Work Plan, 2013–2016



This document was developed and approved by the SMP Committee of the International Federation of Accountants (IFAC).

The mission of the International Federation of Accountants (IFAC) 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, and to high-quality practices by professional accountants; promoting the value of professional accountants worldwide; speaking out on public interest issues where the accountancy profession's expertise is most relevant.

SMALL AND MEDIUM PRACTICES COMMITTEE
STRATEGY AND WORK PLAN, 2013–2016

CONTENTS

	Page
Executive Summary	4
Section 1 Introduction	8
Section 2 Strategy.....	10
Section 3 Work Plan for 2013	14

Executive Summary

Introduction

The SMP Committee's *Strategy and Work Plan for 2013–2016* outlines the committee's objectives, strategic plan, and key outputs. It highlights how the SMP Committee's planned activities align with and support IFAC's overall strategy and work plan to support the worldwide accountancy profession. While this document contains the SMP Committee's strategy for the four-year period 2013–2016, the work plan activities detailed are only for 2013. Work plans for the three subsequent years will be developed annually.

The SMP Committee works to raise the profile and build the capacity of SMPs globally, representing their interests to standard setters and regulators and developing tools and resources to promote their continued success. SMPs provide a wide variety of high-quality professional services to meet the needs of their clients who are primarily small- and medium-sized entities (SMEs). These services range from the more traditional services, such as audit, accounting, and tax, to value-adding business advisory services. In many—if not most—countries around the world, SMEs represent the vast majority of entities as well as the majority of private sector employment and Gross Domestic Product. This sector is key to driving economic growth and development and may hold the key to the global economic downturn. By supporting their SME clients, SMPs have a crucial role to play in contributing to the health of the global economy.

In planning its activities and allocation of resources, the committee conducts a systematic prioritization exercise based on the needs of IFAC member bodies weighed against the current and anticipated economic environment and capacity of IFAC. The needs of IFAC member bodies are taken into consideration via input from the annual SMP Forum, SMP Quick Poll, Global Leadership Survey, and other informal feedback. These are essentially the SMP Committee's market research.

In supporting SMPs through IFAC member bodies, it is important for the SMP Committee to understand the environmental factors that are influencing SMPs globally and to consider those factors in developing its strategy and work plan. For 2013, the committee has identified the following key environmental challenges: competitive and economic pressures, changing client needs, regulatory burdens, issues surrounding the effective adoption and implementation of international standards, and the challenges and opportunities related to the pace of technological changes. The activities outlined in this plan aim to help SMPs alleviate these challenges.

Additionally, the following principles guide the SMP Committee's prioritization of activities and allocation of resources: a member body focus, collaboration, wide communication, cost sharing, and action only when the committee is uniquely positioned to lead, facilitate, or collaborate.

Vision, Mission, and Objectives

The SMP Committee's vision and mission are aligned closely with those of IFAC (see Section 2). In achieving its mission, the SMP Committee seeks to influence various social and economic outcomes, through its four service areas: standards and guidance, adoption and implementation, development and quality, and speaking out. The outcomes that the committee seeks to influence are the same as those identified by IFAC in its strategy and work plan, thereby ensuring that the SMP Committee contributes directly to achieving IFAC's objectives. The services selected and outlined in this plan are those expected to have the greatest influence on these outcomes.

The chart below summarizes the SMP Committee’s vision, mission and key activities.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Vision</p>	<p style="text-align: center;">The SMP Committee is a valued contributor to helping IFAC member bodies develop their members’ small- and medium-sized practices</p>			
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Mission</p>	<p>Standards and Guidance— Contributing to the development of international standards and guidance that are stable, relevant, and can be applied in a manner proportionate to the size of an entity or practice.</p>	<p>Adoption and Implementation— Facilitating the adoption and implementation of high-quality international standards and guidance by SMPs and SMEs</p>	<p>Development and Quality— Building strength, competence, and relevance of SMPs through professional accountancy organizations and promoting the value of SMPs</p>	<p>Speaking Out— Speaking out on public interest issues of relevance to SMPs and SMEs</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Key Activities</p>	<ul style="list-style-type: none"> • Regularly monitor the activities of and provide input to relevant standard setters (especially IAASB, IESBA, and IASB) • Representation on the IAASB and IESBA Consultative Advisory Groups (CAGs) • Support for the IAASB’s Clarity ISA Implementation Monitoring project 	<p>To help member bodies support their SMP members, the SMP Committee will:</p> <ul style="list-style-type: none"> • Develop an implementation guide on review engagements (pending approval) • Facilitate and promote sharing of information, insights, and resources and tools on implementation of international standards • Develop additional materials to support use of SMP Committee’s implementation guides 	<ul style="list-style-type: none"> • Develop, maintain, and facilitate the sharing of guidance on practice management for SMPs including fourth edition of PM Guide (Dec 2013) and links to related resources • Develop, maintain, and facilitate sharing of guidance and tools for SMPs on providing business advice to SMEs, including checklists, videos, and links to related resources • SMP Forum in Kampala, Uganda (June 5, 2013) • Biannual polling of SMPs through member bodies • Regular speaking engagements, articles, and brochures to promote role and value of SMPs, especially in supporting SMEs. 	<p>To help ensure that regulation is stable, relevant, and proportional to SMPs/SMEs, the SMP Committee will:</p> <ul style="list-style-type: none"> • Regularly monitor and raise awareness of policy and regulation developments of most relevance to SMPs/SMEs • Provide input to IFAC’s policy-making processes and regulatory dialogue (PPRAG) on matters of SME and SMP interest, such as corporate governance, audit, and financial reporting

Strategy and Work Plan

The SMP Committee's activities are categorized according to IFAC's four service areas: standards and guidance, adoption and implementation, development and quality, and speaking out.

Standards and Guidance—The SMP Committee is dedicated to providing regular and timely input to the international standard-setting process in order to help ensure the stability, relevance, and proportionality of international standards to SMEs and SMPs.

The committee monitors the activities of the various standard setters, in particular the [International Auditing and Assurance Standards Board \(IAASB\)](#), [International Ethics Standards Board for Accountants \(IESBA\)](#), and [International Accounting Standards Board \(IASB\)](#), and submits comment letters at all key stages of the development process, from project proposal to draft exposure draft (ED) and, where appropriate, post exposure. The committee also provides input via staff and volunteer dialogue, presentations at respective meetings, and Consultative Advisory Group (CAG) and task force representation. A representative from the committee attends all [IAASB CAG meetings](#) and [IESBA CAG meetings](#), where the committee's comment letters are frequently included on the agenda.

Adoption and Implementation—SMPs typically lack in-house technical resources available at larger firms, so face challenges in efficiently and cost effectively implementing international standards to meet the assurance needs of their clients. Consistent application of international standards is crucial to the quality of audits and other assurance and related services that SMPs provide. To help SMPs develop their quality control systems and cost effectively and consistently implement the standards issued by the [IAASB](#), the SMP Committee has developed two implementation guides—the [Guide to Quality Control for Small- and Medium-Sized Practices \(QC Guide\)](#) and [Guide to Using International Standards on Auditing in the Audit of Small- and Medium-Sized Entities \(ISA Guide\)](#)—and a number of other related support materials, including articles, manuals, and PowerPoint slides.

Development and Quality—The SMP Committee works to develop the capacity and competence of SMPs through IFAC's member bodies. The provision of high-quality audit, assurance, and advisory services by SMPs is important to protecting the brand capital of professional accountants operating in SMPs and the reputation of the profession overall. As an extension, the committee conducts various initiatives to increase the recognition, global identity, and visibility of the value of SMPs, especially in supporting SMEs, including the value of audits for SMEs and the provision of broader business advisory services.

In this area, the committee develops resources and tools to help member bodies support the development of their SMP constituents in a variety of areas, especially practice management and business advisory. Examples of the committee's resources to support development and quality include the committee's [Guide to Practice Management for Small- and Medium-Sized Practices \(PM Guide\)](#), good practice checklists, and business advisory videos, articles, and case studies. To promote the role and value of SMPs, the committee engages in a number of activities regularly including speaking engagements by the chair, members, and staff; the annual IFAC SMP Forum; and the SMP Quick Poll. In 2013 the committee is planning to develop brochures to promote the value of SMPs to governments, regulators, and others.

Speaking Out—As “regulatory burden” has been identified as one of the main environmental challenges facing SMPs and their SME clients, the SMP Committee is committed to providing regular and timely input to IFAC's policy-making processes and regulatory dialogue to help ensure that global regulation is stable, relevant, and proportional to SMEs and SMPs. The committee provides this input primarily through IFAC's Public Policy and Regulatory Advisory Group (PPRAG) on public interest issues of most relevance to SMPs and SMEs as they arise.

Topics on which the committee has provided input include the revision of IFAC's Statements of Membership Obligations (SMOs) and IFAC's responses to the European Commission's Green Paper on audit policy and the International Accounting Standards Board (IASB)'s Request for Information (RFI) as part of its [Comprehensive Review of the IFRS for SMEs](#).¹ In 2013, the committee will continue to monitor the topics and issues that arise and provide input when appropriate.

In Conclusion

The SMP Committee's view is that a thriving SME sector bolsters economies locally and globally and is critical to promoting a stable, sustainable global financial infrastructure. Hence, it is in the public interest that the accountancy profession, and in particular SMPs, provide this sector with relevant and high-quality professional services from assurance to business advisory.

In 2013–2016, the SMP Committee will continue to monitor the global economic landscape and SMP environment to prioritize its activities and best serve SMPs around the world through IFAC's member bodies. The committee will work to ensure the needs of SMEs are considered by standard setters and regulators, produce guidance and support tools that will help SMPs compete with larger competitors, and raise awareness of the role and value of SMPs, especially in supporting SMEs, and the importance of the small business sector overall.

¹ See <http://www.iasplus.com/en/news/2012/june/iasb-publishes-request-for-information-comprehensive-review-of-the-ifs-for-smes>.

Section 1 Introduction

1.1 Background

This strategy and work plan sets out the vision, mission, and strategic direction of the IFAC SMP Committee for the period 2013–2016 and the work plan for 2013.² It represents a significant evolution of the previous *Strategy and Work Plan for 2011–2014*, designed to take account of the current and emerging challenges and opportunities facing SMPs globally. Ultimately, the strategy and work plan has been developed with the aim of supporting SMPs by helping member bodies enhance the competence, capacity, influence, profile, and relevance of SMPs. This document represents a roadmap to best position and equip SMPs to more effectively help SMEs efficiently comply with regulation and pursue sustainable growth. The work plan comprises those services that stand to have the greatest impact and value for the largest number of IFAC member bodies. This focus on member bodies extends to working closely with member bodies in the identification, development, and promotion of projects. With the continued support of, and working closely with, IFAC member bodies, regional organizations, and accountancy groupings the IFAC SMP Committee hopes to make a real and lasting difference to SMPs, and in turn their clients, globally.

1.2 About SMPs

The starting point for developing this strategy was to understand what is meant by SMPs. One can then establish what SMPs need in order to be effective and determine how IFAC can help them. Professional accountants working for or as SMPs represent a significant proportion of the combined membership of IFAC's member bodies. By SMP we essentially mean an accounting practice that exhibits one or more of the following characteristics: most of its fee income comes from SME clients; it relies on external sources, including those of a professional accountancy organization and/or an association, to supplement in-house technical resources; and it employs a relatively small number of professional staff. SMPs tend also to typically operate locally, offer fewer services, and share similar attributes to other small- and medium-sized entities (SMEs). The members of international mid-tier networks will likely share some if not all of these characteristics. Of course, what constitutes an SMP will vary from one jurisdiction to another: *SMP* is taken to be a relative rather than absolute concept, relative to the market in which the SMP operates.

Long-regarded as trusted and competent business advisers for their clients,³ SMPs provide high-quality professional services to meet a wide range of client needs. Their services range from the more traditional services, such as audit, accounting, and tax, to value-adding business advisory services. And, SMPs are able to provide these services in a customized and personal manner. For these reasons, SMEs have often turned to SMPs for a broad range of professional services. The case for supporting SMEs is compelling: SMEs account for the vast majority of businesses globally, and they account for the majority of private sector GDP, employment, and growth. Moreover, many consider SMEs to hold the key to the global economy's recovery from one of the deepest economic downturns in modern times. As such SMPs and SMEs make a crucial contribution to sustainable economic activity and are integral to the pursuit of the public interest.⁴

² Work plans for the three subsequent years will be developed annually based on a review of the environmental challenges and feedback from IFAC member bodies and SMP constituents on areas of need at that time. That said, many activities will be ongoing.

³ See www.ifac.org/publications-resources/role-small-and-medium-practices-providing-business-support-small-and-medium-s.

⁴ See IFAC Policy Position Paper (PPP) 5, *A Definition of the Public Interest* at www.ifac.org/publications-resources/definition-public-interest.

1.3 Development of Strategy and Work Plan

This strategy and work plan sets the direction and priorities of IFAC's services relevant to SMPs. It has been developed within the context of the current and anticipated environment and the perceived needs of IFAC member bodies seeking to support their SMP constituents and their clients. Development of the plan commenced with a comprehensive evaluation of the environment and perceived needs of IFAC member bodies. This evaluation was informed by relevant research, polls and surveys: the IFAC SMP Quick Poll,⁵ which generates results that are critical to IFAC and its member bodies gaining a deeper understanding of the challenges and opportunities faced by SMPs globally; and input from key stakeholders at the annual IFAC SMP Forum.⁶ The SMP Committee uses this information to conduct a systematic prioritization exercise to determine the selection of services and allocation of resources deemed to have the greatest influence on the desired outcomes in the context of the current environment.

The plan was developed in tandem with the overall IFAC Strategic Plan for 2013–2016,⁷ and IFAC Operational Plan for 2013,⁸ to ensure that they complement each other.⁹ While SMP-related activities of other parts of IFAC are not governed by this plan, the SMP Committee will monitor and input to the work of other IFAC groups. IFAC's success in supporting SMPs rests on close coordination and collaboration across IFAC's various activity areas.

⁵ See <http://www.ifac.org/news-events/2012-07/smp-quick-poll-reveals-accountants-and-their-small-business-clients-share-simila>.

⁶ See www.ifac.org/2013IFACSMPPForum.

⁷ See <http://www.ifac.org/publications-resources/ifac-strategic-plan>.

⁸ See <http://www.ifac.org/about-ifac/organization-overview/strategy-operation>.

⁹ See www.ifac.org/about-ifac/organization-overview/strategy-operation.

Section 2 Strategy

2.1 Purpose

In the pursuit of its mission and desired outcomes, the IFAC Board established the SMP Committee. It became a full standing committee of IFAC with 18 members in January 2006.¹⁰ The SMP Committee's Terms of Reference, approved by the IFAC Board,¹¹ are as follows:

The Small and Medium Practices (SMP) Committee is charged with identifying and representing the needs of its constituents and, where applicable, to give consideration to relevant issues pertaining to small- and medium-sized entities (SMEs). The constituents of the SMP Committee are small- and medium-sized practices (SMPs) who provide accounting, assurance, and business advisory services principally, but not exclusively, to clients who are SMEs.

2.2 Environmental Factors

The SMP Committee monitors the environment in which it operates, responds to opportunities, challenges and risks, and influences those outcomes relevant to its constituents through its strategic objectives and services. The SMP Committee's mission and services recognize that its constituents are faced with a number of environmental factors, the most significant ones described below. The next section sets out the SMP Committee's vision and mission which are intended to respond to these environmental factors and contribute toward achieving the desired outcomes.

- Competitive and Economic Pressures

SMPs continue to be confronted with acute competition from a variety of sources including other professions, accountants lacking a professional qualification, and larger practices. Furthermore, the IFAC SMP Quick Poll has identified fee pressure as one of the biggest challenges facing SMPs in 2012.¹² In some instances SMPs may be at a disadvantage. For example, some competitors may not be subject to an ethical code and public oversight that on the one hand places restrictions on what they can do and on the other hand enhances the quality of their services. Meanwhile other competitors may gain access to the benefits that come from economies of scale. On the other hand, SMPs have a strong reputation for being competent, trustworthy, and able to offer personalized services,¹³ and some technological advances, such as cloud computing and handheld devices, may give SMPs some of the same benefits of scale. If SMPs fail to address these pressures appropriately then SMPs may lose their ability to compete and suffer a loss in their market share, which, in turn, may reduce competition and choice in the market for professional services.

- Changing Client Needs

SMPs are faced with having to adapt to rapidly changing client needs and expectations. Increasingly SMEs look to their SMP as a one-stop shop for professional services, subject to compliance with relevant ethical requirements, spanning accounts preparation, tax, and business advice, the latter extending to advice on complying with non-financial regulation. As noted above, SMPs have a strong reputation, and

¹⁰ See www.ifac.org/SMP/CommitteeMembers.php for the list of members.

¹¹ See www.ifac.org/SMP/Committee.php

¹² See www.ifac.org/publications-resources/ifac-smp-quick-poll-may-june-2012. As with any poll that aggregates data across and makes generalizations for a number of jurisdictions, care should be taken when drawing conclusions about a particular jurisdiction. For example, while fee pressure was the top global issue it was not the top issue for North America.

¹³ See www.ifac.org/news-events/ifac-analysis-highlights-expanding-role-smpls-advising-sme-clients-0.

some technological advances stand to enable SMPs to offer a wide range of services, some new and some at a lower cost than previously. Our polling has revealed significant growth in the market for accounting and compilation services, business advisory and non-audit assurance services. If SMPs fail to adapt to changing client needs then SMPs may lose their ability to stay relevant and suffer a loss in their market share which, in turn, may reduce competition and choice in the market for professional services.

- Regulatory Burden

The burden of implementing regulation and standards tends to fall most heavily, in proportionate terms, on SMEs and SMPs. This burden, according to the SMP Quick Poll,¹⁴ is one of the biggest challenges facing both SMEs and SMPs and is largely the result of the complexity of and having to keep pace with changes to regulations and standards respectively. Taxation was cited as the type of regulation that presented both SMEs and SMPs with the greatest challenge. In its G-20 submissions, IFAC has repeatedly stressed the need to avoid excessive burden of financial regulation on SMEs as well as be aware of unintended consequences that are detrimental to this sector. While reduced regulation of SMEs is the key to recovery it is important that in their quest to cut “red tape” regulators, policy makers and others appreciate the value of financial reporting and assurance services. An appropriate regulatory burden should always be determined on the basis of the net benefits of regulation. Failure to apply this principle runs the general risk of having regulation that fails to support sustainable growth in the SME sector and, more specifically, the risk that the costs associated with SME financial reporting exceed the benefits. Such an outcome would not be in the public interest.

- Adoption and Implementation of International Standards

There is concern over the effective adoption and implementation of international standards dealing with audit, assurance, ethics and financial reporting by SMEs and SMPs. Currently SMPs and SMEs may be faced with having to implement a raft of new or revised standards including: the *International Financial Reporting Standard for Small and Medium-sized Entities* (IFRS for SMEs),¹⁵ and possibly implementation of full IFRS, depending on client needs; the redrafted International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC);¹⁶ and the IESBA *Code of Ethics for Professional Accountants* (the Code).¹⁷ or in some cases their national equivalents. Meanwhile, increasing numbers of SMEs are being exempted from audit requirements and the IAASB has responded decisively by revising its engagement standards to support suitable alternative services to audit for these SMEs. Sufficient representation of SMPs and SMEs on the international standard-setting boards combined with their effective engagement and participation in consultation exercises should help ensure the applicability of international standards as well as promote their adoption and efficient implementation. Lack of SMP and SME involvement in the standard-setting process, may lead to the proliferation of differential approaches and jurisdictions pursuing unilateral solutions resulting in diverging global practices. Related risks are poor implementation and costs associated with SME financial reporting exceeding the benefits.

- Technological Change

While technological change is nothing new, the pace of change and related challenges and opportunities are perhaps unprecedented. Cloud computing in particular is already having and will continue to have significant implications for SMPs. This presents both a challenge, in that clients can get access to

¹⁴ See www.ifac.org/publications-resources/ifac-smp-quick-poll-may-june-2012.

¹⁵ See www.iasb.org/Current+Projects/IASB+Projects/Small+and+Medium-sized+Entities/Small+and+Medium-sized+Entities.htm.

¹⁶ See <http://web.ifac.org/clarity-center/the-clarified-standards>.

¹⁷ See www.ethicsboard.org.

software enabling them to do certain basic accounting tasks, as well as an opportunity, in that SMPs can perform certain tasks from a remote location at lower cost, freeing up time to perform higher value-added services. The ability to exploit these technological changes will enable SMPs to serve their clients faster, more cost effectively and better, thereby enhancing their competitiveness and relevance to clients.

2.3 Vision and Mission

The SMP Committee's vision and mission, which are predicated on serving the public interest of which SMPs and SMEs form an integral and important part, are set out in the figure below. The vision and mission are intended to respond to the environmental factors described above. The SMP Committee seeks to achieve its mission by influencing various economic and social *outcomes*.¹⁸ The strategic planning process involves the selection of *services* (categorized into four service areas—standards and guidance, adoption and implementation, development and quality, and speaking out¹⁹) and allocation of resources that have the greatest influence on the outcomes in the context of the current environment. These services form the SMP Committee's service delivery and are described in **Section 3 Work Plan**.

Vision	The SMP Committee is a valued contributor to helping IFAC member bodies develop their members' small- and medium-sized practices			
Mission	<p>Standards and Guidance— Contributing to the development of international standards and guidance that are stable, relevant, and can be applied in a manner proportionate to the size of an entity or practice. (see Section 3.2)</p>	<p>Adoption and Implementation— Facilitating the adoption and implementation of high-quality international standards and guidance by SMPs and SMEs (see Section 3.3)</p>	<p>Development and Quality— Building strength, competence, and relevance of SMPs through professional accountancy organizations and promoting the value of SMPs (see Section 3.4)</p>	<p>Speaking Out— Speaking out on public interest issues of relevance to SMPs and SMEs (see Section 3.5)</p>
Outcomes	<ul style="list-style-type: none"> • Confidence in international standards • Adoption and effective implementation of high-quality international standards • Strong accounting firms and professional accountancy organizations • High-quality services by firms and practitioners • Integrated social, economic, and environmental reporting • Build capacity to increase the number of accountants worldwide • Global recognition of professional accountants as business leaders and strategic partners 			

¹⁸ These outcomes are as per the *IFAC Strategy for 2013–2016* (see page 10 at <http://www.ifac.org/publications-resources/ifac-strategic-plan>).

¹⁹ These service area categories are common across IFAC.

2.4 Operating Principles

The availability and efficient and effective use of resources, combined with the consent and support of member bodies will be crucial to the SMP Committee achieving its mission. Hence, the following operating principles are followed:

- **Member body focus:** Primarily help IFAC member bodies support their SMP members rather than help SMPs directly.
- **When to act:** Act only when uniquely positioned to lead, facilitate, or collaborate.
- **Collaboration:** Work in collaboration with member bodies and others to minimize duplication of effort and foster consistent high-quality solutions.
- **Catalyst:** Encourage others to work in support of SMPs and SMEs.
- **Communicate:** Communicate its work widely to all SMP stakeholders.
- **External funding:** Seek funds to support specific activities or events.

Section 3 Work Plan for 2013

3.1 Introduction

This section describes the SMP Committee's planned activities for 2013 categorized according to IFAC's four service areas—standards and guidance, adoption and implementation, development and quality, and speaking out. For each service area, a summary of the activities, together with indicative timing and nature of the output, is presented in a table.²⁰ Certain activities straddle more than one service area. In addition, some of the projects listed in the work plan have already commenced, some will not be completed until 2014 and beyond, and some, such as input to standard setting and IFAC public policy and regulation, will be ongoing.

3.2 Standards and Guidance

Service Description	Delivery Method	Timeframe
Input to international standard setting (IAASB, IESBA, IAESB, and IASB) on behalf of the SMP constituency (comment letters on agenda papers, EDs, and consultation papers)	Comment Letters & Other	Throughout 2013

The SMP Committee believes that the public interest will be best served by standards and guidance that are stable as well as relevant and proportional to SMEs and SMPs and accordingly contributes to this objective by inputting to their development. A stable platform will make it easier for SMPs and SMEs to keep up with changes in standards. The standards need to be relevant in so far as they are equally applicable and useful to SMPs and SMEs as they are to larger entities and practices. Standards should meet the test of being proportional in so far as they are capable of being cost effectively applied by SMPs and SMEs. The SMP Committee believes that the standard setters should have the interests of SMPs and SMEs at the forefront of their minds when developing new or revised standards.

Input to Standard Setters

Input is provided both to the International Accounting Standards Board (IASB) and the independent standard-setting boards supported by IFAC.²¹ The input takes many shapes and forms including staff and volunteer dialogue, comment letters (private, based on meeting agenda material, and public, based on exposure drafts and consultation papers), presentations at respective meetings, and CAG and task force representation. The focus is on being strategic and proactive—influencing the boards' agendas and decisions by inputting, and encouraging SMPs to input, to the development of the boards' strategies and work plans and making significant interventions at the early stages of new projects. The SMP Committee is also encouraging as far as practicable the use of impact analysis during the development phase and post-implementation reviews of new or revised standards to establish whether they had their desired effect or any unintended consequences and to take any actions where appropriate.

²⁰ The information in the tables is verbatim from the *IFAC Operational Plan 2013* at <http://www.ifac.org/about-ifac/organization-overview/strategy-operation>.

²¹ The IAASB, IESBA, the International Accounting Education Standards Board (IAESB), and the International Public Sector Accounting Standards Board (IPSASB).

Representation

The SMP Committee is committed to promoting increased participation of experienced and well-supported SMPs and other experts with knowledge on SMP and SME issues who can contribute positively and influentially to the standard-setting process. The IFAC Board initiated an SMP Activity Review that concluded in 2010 with a number of recommendations to enhance representation on these boards. The SMP Committee will continue to contribute toward their implementation including as follows: encouraging the boards to seek nominations from SMP representatives; stressing to IFAC member bodies and other stakeholders the need for high-quality SMP representatives with adequate technical support; providing ideas on how to boost the number of suitable candidates; and helping SMP representatives be more effective. The SMP Committee will also monitor the extent and effectiveness of SMP membership on these boards.

Engaging SMPs and SMEs

SMPs and SMEs, for various reasons including resource constraints and doubts over their ability to influence, often do not actively participate in the international standard-setting process. Consequently, the issues faced by SMPs and SMEs may not be sufficiently communicated to standard setters. Hence, the SMP Committee promotes their input—either directly or via member bodies, recognized regional organizations (ROs), and acknowledged accountancy groupings (AGs)—through IFAC-wide and SMP Committee communications vehicles including the SMP Committee’s Twitter handle, the annual SMP Forum,²² the SMP/SME Discussion Board,²³ and IFAC SMP Community.²⁴ The SMP Committee is also encouraging the independent standard-setting boards supported by IFAC to be more proactive and innovative when it comes to getting input from these constituencies.

IAASB

The SMP Committee supports the principle of a single set of auditing standards, and the view that ISAs are designed to be applied in a manner proportionate with the size and complexity of the entity, as espoused in the IFAC Revised Policy Position Paper 2, *A Single Set of Auditing Standards – Implications for Audits of Small- and Medium-sized Entities*.²⁵ Hence, close monitoring of their implementation, in particular to obtain evidence that SMPs have been able to apply them in a proportionate manner, should be a high priority for the IAASB. Key to the proportionate application will be the ability of SMPs to exercise their professional judgment in effectively identifying and applying those requirements which are relevant to their SME clients. This may demand additional guidance and/or changes to the requirements themselves. Accordingly, the SMP Committee is supporting the IAASB’s Clarity ISA Implementation Monitoring project. The SMP Committee will also focus its technical input to other projects of most relevance to SMEs and SMPs including: adoption and implementation support for the ISAs and the new review and compilation engagement standards;²⁶ impact analyses; revision of ISAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*; revision of ISRS 4400 *Engagements to Perform Agreed-Upon-Procedures Regarding Financial Information*; ISQC 1

²² See www.ifac.org/2013SMPForum

²³ See <https://www.ifac.org/smp/sme-discussion-board>.

²⁴ See www.linkedin.com/groups?home=&qid=4542841&trk=anet Ug_hm.

²⁵ See www.ifac.org/publications-resources/single-set-auditing-standards-audits-small-and-medium-sized-entities.

²⁶ For all current IAASB projects see www.ifac.org/IAASB/Projects.php#InProgress.

proportionality;²⁷ and auditor reporting. The SMP Committee will also continue to provide timely and substantive input to future IAASB strategy development.²⁸

IESBA

The SMP Committee is committed to helping ensure the Code is relevant to and capable of being cost effectively applied by SMPs and SMEs, and will therefore focus its technical input to IESBA projects of most relevance to SMEs and SMPs, including non-assurance services, redrafting the Code, reporting suspected illegal acts, and projects relating to the Board-approved recommendations of the SME/SMP Working Group.²⁹ The SMP Committee believes that the implementation of the Code presents peculiar challenges to SMPs and SMEs and accordingly, the SMP Committee supports the aforementioned recommendations arising from the SME/SMP Working Group. The SMP Committee believes that, among other things, the issue of cost effectiveness should be afforded a high priority when the post-implementation review of the Code is conducted. If certain aspects of the Code do not meet the cost-benefit test, the SMP Committee believes that the IESBA should be open to making the necessary changes to the Code, for example, by greater differentiation of requirements into those applicable for all entities/practices and those that only apply to public-interest entities/larger practices. The SMP Committee will also continue to make robust contributions during the development of the IESBA's future strategy and related work plans and to continue to advocate for improvements to processes such as impact analyses and implementation monitoring.

IASB

The SMP Committee will continue to help IFAC closely monitor the IFRS for SMEs, a standard issued in 2009 and recently updated following a review of its implementation. *SMO 7 – International Financial Reporting Standards* encourages IFAC member bodies to consider how they might use the standard.³⁰ The SMP Committee will continue to help raise awareness of this standard and the accompanying training materials. The SMP Committee participates in post-implementation monitoring, largely through representation on the IASB's SME Implementation Group, and continues to consider its suitability for small entities, especially micro-entities. Concern over suitability prompted IFAC to issue two research papers³¹ on the topic while the standard was under development. Finally, the SMP Committee will continue to encourage others to undertake research in this area as well as disseminate the findings.

Other

The SMP Committee tracks the work of and inputs to other IFAC groups where relevant including the IAESB, the IPSASB, the Professional Accountancy Organization Development Committee (PAODC), and the Professional Accountants in Business (PAIB) Committee. Opportunities to collaborate under this or one of the other service areas below are constantly being sought.

²⁷ This may be concluded in 2012.

²⁸ See www.iaasb.org.

²⁹ See www.ifac.org/sites/default/files/meetings/files/20120209-%20IESBA-Agenda%20Paper-7-A%20-%20SME_SMP%20Report.pdf.

³⁰ See <http://www.ifac.org/about-ifac/membership/compliance-program/statements-membership-obligations>.

³¹ See www.ifac.org/news-events/new-ifac-paper-examines-suitability-proposed-ifrs-smes-micro-entities.

3.3 Adoption and Implementation

Service Description	Delivery Method	Timeframe
Maintenance update of the <i>Guide to Using International Standards on Auditing in the Audits of Small & Medium-Sized Entities</i> (4 th Edition)	Guidance & Support Tools	Q1
Maintenance update of the <i>Guide to Quality Control for Small & Medium- Sized Practices</i> (4 th Edition) (if required)	Guidance & Support Tools	Q3
Develop guide on review engagements	Guidance & Support Tools	Q4
Update companion manual for implementation guides, Companion Manual - <i>Guide to Quality Control for SMPs/Guide to Using ISAs in the Audits of SMEs</i>	Guidance & Support Tools	Q3
Expand materials to support use by member bodies of ISA Guide for education & training, <i>Orientation Materials - ISA Guide</i> (working title)	Guidance & Support Tools	Q2
Expand materials to support use by member bodies of QC Guide for education & training, <i>Orientation Materials - QC Guide</i> (working title)	Guidance & Support Tools	Q2
Derivative tool to supplement the ISA Guide, <i>Proportionate Application of ISAs</i> (working title)	Guidance & Support Tools	Q2
Articles (2) for use by member bodies in promoting best practice by SMPs. <i>Applying ISAs/ISQC 1 Proportionately</i> (working title)	Articles	Q1, Q3

The SMP Committee, in collaboration with IFAC member bodies, develops or facilitates the development and sharing of guidance and other tools that support the implementation of international standards by SMPs. These guidance and tools are intended to help SMPs efficiently implement international standards such that they can provide high-quality assurance and related services in a cost-effective manner. This activity is important since the public interest can only properly be served when international standards are consistently and rigorously implemented. SMPs typically lack in-house technical resources and the economies of scale available to larger firms and so have a greater need for such support.

Implementation Guides

The SMP Committee has developed and regularly updates two non-authoritative implementation guides:³²

- *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities* (ISA Guide).³³ The first edition of this implementation guide, providing guidance on how to cost effectively apply ISAs in the audits of SMEs, was issued in 2007. The third edition, comprising two volumes, was issued in November 2011.

³² Non-authoritative is taken to mean non-mandatory.

³³ See www.ifac.org/publications-resources/guide-using-international-standards-auditing-audits-small-and-medium-sized-en.

- *Guide to Quality Control for Small- and Medium-Sized Practices (QC Guide)*.³⁴ The first edition of this implementation guide, providing guidance on how SMPs can cost effectively apply the redrafted ISQC 1, was issued in March 2009. The third edition was issued in August 2011.

Companion Manual

To help member bodies make the best use of the aforementioned guides, the SMP Committee has issued a companion manual, offering suggestions on how member bodies might use the guides and such as for Continuing Professional Development (CPD). Ancillary products are available including PowerPoint slide decks that member bodies may use to introduce the guides to their members. In this way, the SMP Committee assists member bodies in their compliance with IES 7 and IES 8.³⁵

IESBA

The recommendations from the IESBA SME/SMP Working Group included the need for resources to help SMPs implement the IESBA Code, especially the independence provisions. The SMP Committee will assist in their development if required. Some member bodies have issued case studies or illustrative scenarios to help guide members in applying parts of the Code.

Resources and Tools to Support Proportionate Application of ISAs and ISQC 1

The SMP Committee will promote the proportionate (cost-effective) application of ISAs via a suite of case studies/illustrative scenarios (including, where appropriate, checklists, decision trees, etc.) focusing on areas of difficulty identified through research (e.g., documentation, internal controls, and risk assessments) plus specifics identified from the IAASB's ISA Implementation Monitoring project. PowerPoint slide decks with speaking notes to further illustrate the concepts above, linking back to the ISA Guide and, perhaps, including "self-test" questions to reinforce knowledge, are also planned. A similar approach may be adopted for ISQC 1 with an emphasis on all assurance and related services. Where appropriate, the SMP Committee will coordinate with related IAASB projects to avoid duplication or incompatibility. These resources and tools will be designed for use by member bodies for the benefit of their members, possibly in "train the trainer" programs.

Articles Promoting Awareness and Cost-Effective Application of Standards

The SMP Committee promotes the awareness and cost-effective application of international standards through articles designed for use by member bodies in their journals and other communications vehicles. Past articles, typically used by at least 12-15 member bodies, have covered ISAs, ISQC 1, and ISRS 4410, Compilation Engagements.³⁶ In addition to sharing ideas, the articles help raise SMPs' awareness of relevant IFAC resources. More such articles will be issued as appropriate, possibly on ISA proportionality (see areas above) and agreed-upon procedures.

³⁴ See www.ifac.org/publications-resources/guide-quality-control-small-and-medium-sized-practices-third-edition-0.

³⁵ IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* requires member bodies to facilitate access to CPD opportunities and resources and IES 8, *Competence Requirements for Audit Professionals* fixes competence requirements for audit professionals (see www.iaesb.org).

³⁶ See "Implementation" at www.ifac.org/about-ifac/small-and-medium-practices-committee/smp-resources-and-tools.

Resources and Tools to Support Implementation of Reviews and Compilations

The SMP Committee will develop some resources and tools to support the implementation of the new review and compilation standards.³⁷ This may, depending on the expected take-up of ISRE 2400, take the form of *either* a substantial project such as a *Guide to Review Engagements* and/or related “train the trainer” materials *or* a more limited explanation of key concepts in the standards (e.g., via case studies, PowerPoint slide decks, etc.).

Other

The SMP Committee's activities in this area extend to supporting other adoption and implementation support activities across IFAC including: facilitating the translation, reproduction and adaptation of SMP Committee products; and assisting other IFAC groups in their adoption and implementation support activities, such as the independent standard setting boards' assessing the effective implementation of new international standards.

3.4 Development and Quality

Service Description	Delivery Method	Timeframe
Maintenance update of the Guide to Practice Management for Small- and Medium-Sized Practices (4e) (if required)	Guidance & Support Tools	Q4
Maintain IFAC SMP Committee Twitter handle @IFAC_SMP	Other	Throughout 2013
Update companion manual for PM Guide, Companion Manual - Guide to Practice Management for Small- and Medium-Sized Practices	Guidance & Support Tools	Q4
Ongoing improvements to SMP Committee website (links to resources, discussion board, speech/presentations, Forum etc.)	Other	Quarterly
Case studies (4 sets) on how member bodies support SMPs,	Articles	Quarterly
Articles (2) for use by member bodies in promoting best practice by SMPs in practice management/business advisory	Articles	Q1, Q3
Maintain online SMP Community (member body designated contacts) and supporting guidance. The IFAC SMP Community is a sub-group of IFAC's LinkedIn group.	Guidance & Support Tools	Throughout 2013
Expand collection of AV materials, sharing best practices from practitioners on practice management and business advisory services. Business Advisory/Practice Management Video/Podcast Library (working title)	Other	Q3
Expand suite of small business checklists for use by SMPs when promoting business advisory services. Good Practice	Guidance & Support Tools	Q2

³⁷ See www.ifac.org/news-events/2012-09/iaasb-continues-address-assurance-needs-smaller-entities-issues-revised-standard and <http://www.ifac.org/news-events/2012-03/iaasb-enhances-compilations-standard-addresses-sme-needs>.

Checklists for Small Business		
Host global event for SMP/SME representatives from IFAC member bodies (member body and/or RO/AG co-hosts). IFAC SMP Forum	Forum	Q2
Semi-annual polling of SMPs on opportunities and challenges facing them and their clients. IFAC SMP Quick Poll	Other	Q2, Q4

The SMP Committee's services in this area fall into two categories:

- Building capacity of SMPs through professional accountancy organizations

The SMP Committee, in collaboration with IFAC member bodies, develops or facilitates the development and sharing of practice and business development guidance and other tools, which are designed to help member bodies build the strength, competence, and relevance of their SMPs. This activity is important since it helps IFAC member bodies support their SMPs in the effective management of their practices and position and equip them to provide relevant and high-quality professional services, including business advisory, to their clients. SMPs lack in-house technical resources and the economies of scale available to larger firms and so have an acute need for such support. In addition, this activity helps reduce the duplication of effort by member bodies and helps foster consistent high-quality solutions through collaboration of experts from many member bodies.

Practice Management Guide

The SMP Committee has developed and regularly updates the *Guide to Practice Management for Small- and Medium-Sized Practices* (PM Guide).³⁸ The first edition of this eight-module good practice guide, designed to help SMPs better manage their practices, was issued in June 2010. The third edition was issued in December 2012. The SMP Committee will develop materials to help in member body use of the Guide.

The PM Guide and the aforementioned implementation guides were developed by member bodies that were commissioned by the SMP Committee. IFAC has full copyright ownership and the guides are available for free download from the IFAC website.³⁹ In addition, member bodies, firms, and others are free to use them as they wish—promote their use as is, use extracts, adapt, translate, and reproduce—subject to obtaining the necessary permission from IFAC. The guides have proven to be among IFAC's most popular publications as measured by downloads and number of reproductions, translations, and adaptations by member bodies and international accounting networks.⁴⁰

Companion Manual

To help member bodies make the best use of the PM Guide, the SMP Committee has issued a companion manual offering suggestions on how member bodies might use the guides such as for CPD. In this way, the SMP Committee assists member bodies in their compliance with IES 7.

³⁸ See www.ifac.org/about-ifac/small-and-medium-practices-committee/publications-resources.

³⁹ See www.ifac.org/publications-resources.

⁴⁰ See www.ifac.org/about-ifac/translations-permissions/translations-database.

Raising Awareness of SMP Role in Providing Business Advice

In 2010 the SMP Committee issued a paper summarizing the global evidence on the role of SMPs in providing business support to SMEs.⁴¹ This paper signified the first step in increasing general awareness amongst SMPs, SMEs, and others as to the different types of services SMPs can provide SMEs as well as how SMPs can position and equip themselves with the necessary competencies to provide high-quality business advice. Since then various mechanisms have been used to promote this emerging role of the SMP, including member body articles, presentations, and SMP Forum sessions. More recently some tools and resources have been developed to help SMPs build their capacity to provide business advisory services including checklists and videos (see below).

Good Practice Checklists for Small Business

The SMP Committee will extend its *Good Practice Checklist for Small Business*,⁴² possibly producing stand-alone checklists covering various types of business advice such as on sustainable business practice. The checklist can be used by both by small businesses, to determine what business advice they may need from an accountant, and/or by SMPs as a marketing/diagnostic tool to help determine what advice an SME client may need.

IFAC SMP Community

The SMP Committee's IFAC SMP Community,⁴³ a virtual members-only community on LinkedIn comprised of representatives from national SMP Committees or groups (essentially a database of SME/SMP contacts at IFAC member bodies), serves to engage and leverage the global community of SMPs. The community is used to garner feedback on projects, raise awareness of the committee activities, elicit ideas and contributions to projects, and possibly share some tools and resources. Supporting guidance will be developed to include how a member body can establish such a group, indicative Terms of Reference, and how the group might interact with the IFAC SMP Committee: this may include a few case studies, perhaps drawn from member bodies represented on the SMP Committee, and link with guidance issued by the PAODC.

Business Advisory/Practice Management Video/Podcast Library

The SMP Committee will create a video/podcast library that will include interviews of leading-edge practitioners on topical matters relating to practice management and business advisory. The library will be populated with videos produced by the SMP Committee (currently a series of videos featuring interviews with leading edge practitioners on how to develop a successful business advisory practice) and links to relevant and freely accessible videos produced by member bodies and others. The SMP Committee has decided to produce a limited number of videos/podcasts to generally promote and raise awareness of the main issues and to close any significant subject gaps.

⁴¹ See www.ifac.org/publications-resources/role-small-and-medium-practices-providing-business-support-small-and-medium-s.

⁴² See www.ifac.org/publications-resources/good-practice-checklist-small-business.

⁴³ See www.linkedin.com/groups?home=&qid=4542841&trk=anet_ug_hm (note open only to official nominees from IFAC member bodies).

Web-Based Resources

The SMP Committee's website houses a collection of resources and tools categorized into implementation guidance, practice management, and business advisory.⁴⁴ In addition to the aforementioned SMP Committee publications, these resources include: IFACnet—the search engine tailored for accountants on which the SMP Committee provides advice; relevant links to freely accessible implementation guidance resources, including those of the IAASB, IESBA, member bodies, and others; SMP eNews, a free quarterly electronic newsletter reporting on IFAC and other relevant news;⁴⁵ new free implementation guidance; and the SMP/SME Discussion Board, a platform for sharing views and ideas.

Facilitate Member Body Sharing of Information

The SMP Committee assists in the sharing of member body experiences, approaches, ideas, and information in various topic-specific areas using established media/events like eNews, Twitter, and the IFAC SMP Community. The concept was first trialed with ISA implementation⁴⁶: the SMP eNews included a link to a short paper profiling member body approaches to helping SMPs implement the ISAs. The concept will be extended to cover other topical issues. It is hoped that this initiative will foster a greater awareness of how other member bodies are supporting SMPs and may ultimately encourage collaboration between them on matters of common interest to avoid duplication of effort. The exchange of information will also serve as useful research, highlighting resources and tools best produced by the SMP Committee and/or identifying suitable material for the basis for an SMP Committee product.

- Promoting the value of SMPs

The SMP Committee enhances the global identity, visibility, and value-recognition of SMPs.

The SMP Committee's view is that a thriving SME sector is vital to job creation, social cohesion, innovation, and economic growth. In many—if not most—countries around the world, SMEs represent the vast majority of entities as well as the majority of private sector employment and Gross Domestic Product. The SME sector is seen as the key to sustainable economic recovery. The health of the SME sector is, therefore, a public interest priority. SMPs, through their provision of a range of high-quality professional services, play a key role in supporting the sustainable growth of SMEs. The SMP Committee believes this role needs to be publicly promoted and, furthermore, that its activities should increasingly focus on raising awareness of how SMPs can better support SMEs through an array of services from audit and assurance to business advice. This awareness raising needs to extend to communicating the value of SME audits.

Various activities will help achieve this objective including:

IFAC SMP Forum

The SMP Committee hosts an annual IFAC SMP Forum, usually co-hosted by a member body and RO/AG, to help identify and understand key issues, obtain input to its strategic development and work plan formulation; discuss work plan priorities and individual projects; and provide feedback to constituents on progress. Increasingly this event will be used as a forum for discussing SME regulation and to promote the visibility and voice of SMPs. The forum is aimed at representatives from member bodies, ROs, AGs, and other relevant international organizations such as the IASB, the **Intergovernmental Working Group**

⁴⁴ See <http://www.ifac.org/smp>.

⁴⁵ See <http://www.ifac.org/translations/database.php>.

⁴⁶ See <http://www.ifac.org/sites/default/files/uploads/SMPC/SMPC-IAASB-ISA-Clarity-Standards-Implementation-Support.pdf>.

of Experts on International Standards of Accounting and Reporting of the United Nations Conference for Trade and Development (UNCTAD-ISAR), the World Bank, the European Association of Craft, Small and Medium-sized Enterprises (UEAPME), other similar regional organizations, and the International Chamber of Commerce (ICC). After the events all speeches and presentations, together with pictures and summary article, are posted to the website.

SMP Quick Poll

With the aim of giving SMPs globally an opportunity to express their views about important trends and developments impacting them and their clients, the SMP Committee launched the IFAC SMP Quick Poll in January 2011. The latest poll, conducted in May-June 2012, was conducted in 15 languages and attracted 3,678 respondents.⁴⁷ IFAC member bodies and regional organizations assist in translating and promoting the poll and are supplied with raw data pertaining to their jurisdiction to use for their own purposes. The SMP Committee will continue to regularly poll SMPs, either on a semi-annual or annual basis and in as many languages as is practicable, and use the results to raise the profile, visibility, and voice of SMPs and SMEs and also to help inform the committee's strategy development and input to policy-making and regulation.

SMP Brochures

The SMP Committee will develop brochure(s) aimed at regulators, governments, and others including some of the key messages promoting SMPs.

Other Events

The SMP Committee will endeavor to assist member bodies and regional organizations in the running of ad-hoc events such as roundtables, practitioner's symposiums, and regional/national SMP forums, provided this can be done cost effectively. Assistance may take the form of promotion and/or co-branding, provision of advice on agenda, and supply of speakers.

3.5 Speaking Out

Service Description	Delivery Method	Timeframe
Presentations and speeches by chair/staff/members at various national & international forums, seminars and conferences	Conference	Throughout 2013
Participation in meetings with various SMP stakeholders, including regulators, oversight bodies, standards setters, professional organizations and firm representatives	Other	Throughout 2013
Build relationship(s) with key global and regional SME and SMP organizations	Other	Throughout 2013
Input to IFAC's public policy and regulation activities on behalf of SMPs and SMEs	Comment Letters & Other	Throughout 2013
Responses to public consultations on SMP/SME matters	Comment Letters & Other	Throughout 2013

⁴⁷ See www.ifac.org/news-events/2012-07/smp-quick-poll-reveals-accountants-and-their-small-business-clients-share-simila.

The SMP Committee inputs to IFAC's policy-making process and participates in its regulatory dialogue on public interest issues of most relevance to SMPs and SMEs so as to ensure that SMP and SME issues are fully considered. The SMP Committee recognizes that there are concerns, most notably echoed by respondents to the SMP Quick Poll, SMPs and SMEs are subject to disproportionate regulation that may stifle their ability to operate efficiently and grow. While reducing the regulation of SMEs is key to recovery, it is important that in their quest to cut 'red tape,' regulators, policy makers and others fully appreciate the value of financial reporting and assurance.

The SMP Committee speaks out on public interest issues of relevance to SMPs/SMEs via various activities including:

Presentations and Meetings

The committee chair, staff, and members will seek opportunities to present at significant national, regional and global conferences, seminars, and workshops across all major regions of the world in order to promote the work of the SMP Committee, enhance liaison with stakeholders, and obtain input to future work plans.

Relationships with Key Global and Regional SME and SMP Organizations

The SMP Committee will maintain ongoing dialogue with some of the aforementioned international organizations and other groups with whom IFAC does not have a formal relationship, such as the European Group of International Accounting Networks and Associations (EGIAN) and the European Federation of Accountants and Auditors for SMEs (EFAA), some of which may be invited to observe SMP Committee meetings. Ultimately the SMP Committee will seek to formalize relationships, possibly supported by an MOU, with appropriate global and regional SME and SMP organizations.

Input to IFAC's Public Policy and Regulation Activities

The SMP Committee plays an active role in IFAC's policy making and regulatory activities, through its input to the Public Policy and Regulatory Advisory Group (PPRAG), to help ensure that regulation is stable, and relevant and proportional to SMEs and SMPs. Regulation that is scalable from the bottom-up and principles based is likely to meet the test of being proportional and so capable of cost-effective application by SMPs and SMEs. Consequently, the SMP Committee seeks to work with the IFAC policy-making and regulatory department to emphasize the need for policy makers and regulators to have a keen awareness of the interests of SMEs and SMPs when developing or revising policy and regulation. An appropriate regulatory burden should always be determined on the basis of the net benefits of regulation while recognizing that for SMEs, these net benefits may be less evident owing to the relatively higher cost of compliance and lower impact on the wider public. The SMP Committee also promotes the need for policy-making processes to look to relevant and reliable evidence and where possible incorporate the use of impact analysis and post-implementation reviews to ensure regulation achieves its intended objectives without overburdening the SMP and SME sector or introducing unintended consequences.

Responses to Public Consultations on SMP/SME Matters

The SMP Committee also helps IFAC take a leadership position on public interest issues of particular relevance to SMEs and SMPs including SME financial reporting, proportionality of standards, etc. For example, the SMP Committee is leading IFAC's participation in the IASB's comprehensive review of the *IFRS for SMEs*, having led the drafting of the IFAC response to the *IFRS for SMEs Request for*

*Information*⁴⁸ and monitoring developments in the field of Integrated Reporting.⁴⁹ The annual SMP Forum helps provide ideas and input as well as serve as a vehicle for communicating IFAC policy as it relates to SMEs and SMPs.

3.6 Reporting and Communication

The SMP Committee has its own annual communications work plan which complements this strategy and work plan as well as supports the IFAC-wide communications objectives. In addition to reporting periodically to the IFAC Board the SMP Committee reports publicly on its activities at its SMP Forum. The SMP Committee communicates on a regular basis in a variety of ways. Much communication is directed at member bodies to help them communicate on our activities to their SMP members. The SMP Committee also communicates with other SMP/SME stakeholders about SMPs and its initiatives to help them and their clients. Communication activities include the following:

- Project-specific communication (press release, member body articles, etc.);⁵⁰
- Presentations by chair, staff, members, and technical advisers;⁵¹
- Articles/updates on SMP Committee’s activities (interviews, podcasts, videos, etc.);
- Leveraging IFAC communications vehicles, as well as its own, such as SMP eNews;⁵²
- SMP Committee Twitter handle;⁵³
- IFAC SMP Community;⁵⁴ and
- SMP/SME Discussion Board.⁵⁵

3.7 Work Plans for 2014–2016

The work plan for 2014 will be determined in mid-2013 based on a review of the environmental challenges and feedback from IFAC member bodies and SMP constituents on areas of need at that time. Similarly, the work plans for 2015 and 2016 will be determined in mid-2014 and mid-2015 respectively.

3.8 Project Development, Dissemination, and Derivative Products

In developing its publications and other project output, the SMP Committee consults at an early stage with IFAC member bodies, ROs, AGs,⁵⁶ and others, primarily via delegates at its annual SMP Forum. Project development is largely staff-driven with relevant task forces, which are populated with members and

⁴⁸ See <http://www.ifrs.org/IFRS-for-SMEs/Pages/Review2012.aspx> and <http://www.ifrs.org/IFRS-for-SMEs/comment-letter/Pages/default.aspx>.

⁴⁹ See <https://www.ifac.org/publications-resources/response-iircs-discussion-paper-towards-integrated-reporting>.

⁵⁰ See <http://www.ifac.org/about-ifac/small-and-medium-practices-committee/news-events>.

⁵¹ See <http://www.ifac.org/about-ifac/small-and-medium-practices-committee/news-events?news-type=27&source=37&date=&issues=43&x=50&y=5>.

⁵² See <http://www.ifac.org/about-ifac/small-and-medium-practices-committee/news-events?news-type=28&source=37&date=&issues=43&x=78&y=14>.

⁵³ See <http://www.ifac.org/about-ifac/small-and-medium-practices-committee/news-events?news-type=26&source=37&date=&issues=43&x=64&y=6>.

⁵⁴ See http://www.linkedin.com/groups?home=&gid=4542841&trk=anet_ug_hm

⁵⁵ See <https://www.ifac.org/smp/sme-discussion-board>

⁵⁶ See www.ifac.org/About/RegionalAccountancyOrgs.php.

occasionally other external experts where appropriate, responsible for project oversight, advice, and review of draft material. The SMP Committee also looks to IFAC member bodies, ROs, and AGs to communicate to their members about the SMP Committee activities and moreover, promotes and facilitates translations, reproductions, co-branding, and adaptations of its output to suit local needs. Often member bodies receive material 30 to 60 days prior to it being made public.

3.9 Performance Measurement

Measuring the impact of this strategy and work plan and the success in achieving the outcomes is important not least because it helps inform and improve the development of future strategy and work plans and helps ensure that the maximum value is extracted from limited resources. Ultimately, IFAC might implement some form of integrated reporting and this would demand measuring economic, social, and environmental impacts.

The measurement of the SMP Committee's service delivery against its work plan is already part of the performance management process within IFAC. An IFAC service delivery plan and performance dashboard showing the committee's progress against its planned work program is presented to the IFAC Board every quarter with a final service delivery report submitted to the IFAC Council once a year. The chair of the SMP Committee formally reports to the IFAC Board once a year. However, this reporting focuses on outputs rather than the impact of these outputs and whether they are effective in achieving the desired outcomes. Measuring the impact of the SMP Committee's activities is, for various reasons, inherently complex and subjective. Many different factors impact, for example, the development of SMPs and many of these are outside IFAC's control. For example, success at promoting the value recognition of SMPs will depend on the collective efforts of member bodies and others. Furthermore, there is no globally accepted definition of *SMP* and the classification is not universally understood or used.

Notwithstanding the difficulties in performance measurement, various steps are taken to help measure success in achieving the objectives as follows:

- Eliciting feedback from member bodies and other key stakeholders at the annual SMP Forum and through periodic surveys/polls (including the IFAC Global Leadership Survey);
- Collating download statistics for publications (and possibly estimates of downloads for translated and reproduced publications) and number of users of member body articles;
- Measuring website visitors (for example, unique page views); and
- Collating translation/reproduction statistics for publications.

This information, in some cases with data plotted over time to determine trends, will be reported on an annual basis.

Exposure Drafts, Consultation Papers, and other IFAC publications are published by, and copyright of, IFAC.

IFAC does not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The IFAC logo, 'International Federation of Accountants', and 'IFAC' are trademarks and service marks of IFAC.

Copyright © December 2012 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work provided that such copies are for use in academic classrooms or for personal use and are not sold or disseminated and provided that each copy bears the following credit line: *"Copyright © December 2012 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Contact permissions@ifac.org for permission to reproduce, store or transmit this document."* Otherwise, written permission from IFAC is required to reproduce, store, transmit, or make other similar uses of this document, except as permitted by law. Contact permissions@ifac.org.

ISBN: 978-1-60815-136-3

Published by:





**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