

IFAC

SMP

Working Party

Report of the SMP Working Party

November 2001

*An Assessment of International Needs
and Analysis of the Activities Offered
within Seven Member Bodies*

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of Accountants



The mission of IFAC is the worldwide development and enhancement of an accountancy profession with harmonized standards, able to provide services of consistently high quality in the public interest.

This report was prepared by the Small and Medium Sized Practice Working Party of the International Federation of Accountants (IFAC).

The report describes the programs some IFAC member bodies are currently offering their Small and Medium Sized Practitioners (SMPs) followed by recommendations for how IFAC might effectively support the needs of SMPs in the global context.

The description of the national initiatives may also prove helpful to other SMP group and national member bodies in considering how to broaden their support for accountants operating in the SMP environment.

The SMP working party welcomes any comments you may have on the report, both in terms of feedback and in terms of its future activities. Comments received will be reviewed by the working party and may influence further activities. Comments should be sent to:

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PREFACE

Small and medium-sized practices (SMPs) have always had – and will continue to have – a significant share of the professional services market of many countries. Although SMPs offer a wide variety of services overall, because of their size, most limit their offerings to only a few, thus defining their unique position in the marketplace by what they do. Because our profession serves a variety of “publics” (for example, government, the courts, private and public enterprises), all of whom demand a long list of both traditional and non-traditional professional services, it is time to put more emphasis on developing the strengths of SMPs in the global professional community.

The growing SMP involvement in a wide range of professional activities, and the particular contribution of SMPs to the development of professional standards and rules, has prompted the governing bodies of many accounting organizations to reconsider their position on SMPs. Recognizing that SMP needs differ from those of the large multinational firms, several accounting bodies have begun to establish clear guidelines and take concrete actions aimed at specifically benefiting their SMP members.

In 2000, the IFAC Board created a Working Party to identify the types of support some national accounting bodies are giving their member SMPs, with the goal of learning how IFAC, in turn, might support SMPs at the international level. This report describes the programs some member bodies are currently offering their SMPs, followed by recommendations for how IFAC might effectively support the needs of SMPs in the global context. The description of the national initiatives may also prove helpful to other SMP groups and national member bodies in considering how to broaden their support for accountants operating in the SMP environment.

The Working Party wishes to acknowledge the work of Noemi di Segni of Consiglio Nazionale Dottori Commercialisti, Italy (CNDC) and Stephen Spector of the Certified General Accountants Association of Canada (CGA-Canada) for their work in drafting this paper.

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**AN ASSESSMENT OF INTERNATIONAL NEEDS AND ANALYSIS OF THE
ACTIVITIES OFFERED WITHIN SEVEN MEMBER BODIES**

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REASONS TO DEAL WITH SMPs AT THE INTERNATIONAL LEVEL

As national bodies become more aware of their SMP constituents and their needs, at least some of those bodies have been taking actions and developing programs to help SMPs play a more effective role in the domestic marketplace. But, to deal with the presence and needs of SMPs on an international scale, it is first necessary to determine just where they fit into the global picture.

Like the large firms, SMPs no longer operate only in their domestic jurisdictions. Many of the services they render are to cross-border clients, and they do this by establishing various structures and/or agreements with pertinent professionals in other countries.

Because many SMPs are already engaged in this type of international activity, and there is a growing movement toward globalization, the group as a whole needs support in enhancing their international presence.

Consequently, even though most SMPs operate in only one jurisdiction, they could well benefit from a series of coherent and concrete activities aimed at helping them become more internationally oriented practices.

To further this aim, IFAC undertook an analysis of programs and initiatives currently in place at the American Institute of Certified Public Accountants (AICPA) in the United States of America; CGA-Canada in Canada; the Consiglio Nazionale Dottori Commercialisti [CNDC] and the Consiglio Nazionale Ragionieri e Periti Commerciali [CNRPC] in Italy; the Institute of Certified Public Accountants of Israel (ICPAI) in Israel; the Institute of Chartered Accountants of India (ICAI) in India; and the Association of Chartered and Certified Accountants (ACCA) in the United Kingdom. This report identifies some common themes and differences among those programs and then makes recommendations on what actions should be considered at the international level.

ANALYSIS OF PROJECTS AND ACTIVITIES WITHIN MEMBER BODIES

This report is based on information received from some of IFAC's member bodies in the United States of America, Canada, Italy, Israel and the United Kingdom. The information has been grouped into five main areas of initiatives currently in place to support member SMPs:

- Quality Enhancement
- Service to Members
- Participation of SMPs in Standard Setting
- Innovative Service Areas
- Advocacy and Alliances

The report reviews each of these areas in turn.

QUALITY ENHANCEMENT

The notion of “quality” takes into account both professional activities (i.e., ensuring that any services provided to the public meet quality standards) and the qualification curriculum (both before and after registration with the professional body). In this broad sense, quality has a direct impact on the protection of the interests of different stakeholders, especially the public interest. Quality enhancement is being achieved by programs and activities in five main areas:

- development of standards for quality assurance as well as a quality control system;
- quality in practice management;
- quality of education;
- continuous learning; and
- codes of ethics.

1. Development of standards for quality assurance as well as a quality control system. Here, the objective is to ensure that members carrying out professional engagements meet quality standards. To that end, some national bodies require members practicing public accounting to undergo periodic peer review. Among the programs in place:

- CGA-Canada requires any members who have never been in public practice, or have not been in practice for a number of years, to meet various “entry to public practice requirements.” These requirements include attendance at a multi-day seminar that prepares individuals for practice. The seminar addresses practice management, practice standards and other issues. In addition, individuals may have to complete courses in taxation and accounting and/or assurance standards.
- Both Canada and the United States have a peer review requirement for certain firms which involves a review of the firm’s system carried out by a peer firm. The objectives of the reviews are to provide the reviewer with a reasonable basis for determining whether — for the period under review —the reviewed firm (1) has designed a system of quality control for its accounting and auditing practice in accordance with appropriate quality control standards, and (2) is complying with those quality control policies and procedures in a way that will provide the firm with reasonable assurance of conforming with professional standards. In addition, the US also has two types of peer reviews with different objectives for firms that do not perform audits. For complete information on the US peer review program, please visit the AICPA web site at www.aicpa.org.
- The ACCA actually goes beyond the minimum requirements. All accounting bodies in the United Kingdom must monitor Registered Auditors and provide annual reports to the Department of Trade & Industry. The ACCA, however, monitors all its practicing certificate holders, not just registered auditors. The ACCA believes this action will better protect the interests of clients and the public as well as assist certificate holders in developing their practices.

2. Quality in Practice Management. The goal here is to ensure quality in a firm's organization and internal procedures, with the aim of increasing efficiency and guaranteeing reliable service. In this area, the use of technology has become an important concern for both the privacy and security of information exchanged between firms and their clients or between clients and public authorities. Quality in practice management encompasses both quality standards for practice management and quality control issues related to a firm's strategic planning.

2.1 *Setting and promoting quality standards* for the best management of the firm is the first priority in this area. This should include standards governing information technology devices such as electronic signatures and information systems. Some examples of action taken:

- In Italy, the CNDC has entered into an agreement with a certification authority that allows members to use electronic signatures by means of a special "smart card." This device ensures the integrity of all documents and data transmitted to clients or public authorities. Further, the data integrity is secured by an encryption algorithm that is even stronger than the one requested by the EU directive on electronic signatures. The smart card has already been tested for the transmission of tax declarations to the Ministry of Finance and of audited financial statements to the Registry of Italian Enterprises. Using it, therefore, permits a firm to increase the quality and timeliness of services rendered to clients.
- The ICAI issues accounting/auditing standards in India. The auditing standards of the ICAI are focussed to achieve the desired level of quality, independence integrity and objectivity for the members in handling audit assignments. The code of conduct of the ICAI addresses the ethical issues involved in the profession. The disciplinary mechanism that has evolved is one of the most rigorous.
- For its part, the ACCA launched a program called *Quality Checked Seal*. The seal is what is called a "kitemark" awarded to UK member firms that have demonstrated they adhere to "best practices." "Best practices" are assessed by means of mandatory quality assurance visits to these firms. Any firms requiring it will be given advice on how to raise standards by implementing procedures that constitute "best practice." Such advice will, however, be of a consultative nature, and firms may choose to ignore it if they do not wish to participate in the *Quality Checked Seal* scheme.
- The AICPA takes a broader perspective. Its Management of an Accounting Practice (MAP) Committee issues advice spanning the gamut from staffing (attracting and retaining) to succession planning to partner compensation and review to how firm services are priced.

2.2 *Addressing quality control issues* related to the strategic planning of the firm. Programs in place in this area include:

- The Private Company Practice Section (PCPS) section of the AICPA has created a new service called *Strategic Review* for its member SMPs. *Strategic Review* objectives are to assist firms in evaluating their ability to accommodate changes in the accounting profession; to add value to the peer review process by incorporating an additional assessment of the firm's strategic planning capabilities and readiness; and to establish a new consulting service that CPA firms can offer others. Another objective of the review is to uncover gaps between what an SMP says is important strategically and what it does — is it following through on its strategic plan? The PCPS believes SMPs can use this service to develop a process for planning and implementing change in their practices.
 - The ACCA sponsors a Practice Visiting Service whereby consultants can offer guidance to SMPs wishing to enhance procedures — in essence, an independent peer review of strategy and procedures.
3. Quality of education. Here, the objective is to have stringent pre-qualification training and registration requirements in place to assure the public that the standard of care it will receive from SMPs meets a minimum level of competence. National bodies do this by continually revising their entry standards and registration requirements.

3.1 *Many professional accounting organizations continually revise their standards on access to the profession*. Issues considered include matching university curricula, an appropriate training period and content, examinations, etc.

- In Italy, both the CNDC and the CNRPC are recommending changes to the legislation governing the profession's entry requirements. They call for accreditation to be based on a special university curriculum of three to five years and following that, a three-year training period. The goal is to enable candidates to obtain the professional background necessary at the university stage, with a curriculum that reflects and matches the professional services sector. Universities that choose to establish a course of studies acceptable to the professional bodies would be able to offer their students special opportunities, such as exemptions from written examinations at the State level which is usually required to be registered with CNDC or CNR. Through convention between local branches and Universities students can apply for a special training program which will award them credits that will also be recognized for their academic curricula. The two institutes' proposal for simplifying the state examination mechanism would permit candidates to register with their chosen professional body and follow a defined set of professional activities in accordance with their personal curriculum.
- The AICPA has been working with state CPA societies to standardize the parameters for entry to the profession. For example, all candidates who wish to become a CPA must (1) complete a program of study in accounting at a college or university — the AICPA recommends at least 150 hours of study; (2) pass the Uniform CPA Examination, which will be graded by the AICPA; and (3) obtain professional work experience in public accounting prior to certification.

- The UK situation is also changing. For instance, the ACCA's new practical training requirement for membership is competence-based and reflects the broader role of the modern accountant in public practice. To qualify as professional accountants, ACCA students must, in addition to passing the body's qualifying examinations, obtain a minimum of three years' supervised relevant practical experience and achieve competence in a range of skills and activities.
- The ICAI carefully reviews the course curriculum for the Chartered Accountancy Programmes from time to time. It has taken initiatives to introduce new concepts in its course to meet the changing expectations of the society. Recently the ICAI has proposed and implemented a new curriculum introducing new papers on Information Technology and amending the syllabus of other papers by introducing concepts like environment/ energy audit, audit in computerised environment, comparing the concepts of US GAAP and IAS with Indian standards etc. Pre-qualification training has also been restructured under the new curriculum to ensure the qualities and standards that the clients may receive from the fresh chartered accountants, meeting the minimum level of competence. Computer training for a period of 6 months has also been made mandatory for the students under the Chartered Accountancy Course.

3.2 *Registration requirements for firms.* As a further mechanism to protect stakeholders — especially the public — practitioners are often required to register with their member body before they are permitted to engage in public practice.

- In the United States, in response to the federal government's call for increased regulation of the accounting profession, the AICPA established the Private Company Practice Section (PCPS) in 1977. The purpose of this body is to represent small and medium-sized firms who want to follow standards of good practice and quality care but do not want to subject themselves to the rigors of review by the Securities and Exchange Commission. Membership in this body was and is voluntary. In recent years, the PCPS has reduced its emphasis on self-regulation because the AICPA now requires all of its member firms to undergo a practice monitoring process called peer review.
- In Canada, all members who are practicing as Certified General Accountants must be registered with their provincial association. To be registered as a member engaged in the practice of public accounting," ... that should be clear. Then maybe say "candidates have to meet a number of rules and requirements. For example, a member seeking to register must have a minimum of three years experience in a professional accounting firm as an employee (member or student) within the previous five years from the date of application. The member must also complete a *Public Practice Firm Information* form and return it to the appropriate CGA office with payment of the annual fee. In addition, the candidate must provide evidence of professional liability insurance having the minimum policy amount and requirements specified by the Association.

- ACCA members who perform work under ACCA's definition of public practice are required to hold an ACCA Practicing Certificate, or demonstrate that they are already regulated by a recognized body or authority in their country of residence. The ACCA issues three types of Practicing Certificates in the UK (Audit, General Practice and Accounting & Consultancy), which recognize the changing nature of work undertaken in public practice. Candidates applying for a Practicing Certificate (Audit) or (General Practice) must complete at least three years' training in an Approved Training Practice (ATP) under the supervision of an appropriately qualified principal, and pass an Orientation Course & Test.
4. Continuous learning. Most professional accounting organizations now require some form of obligatory post-qualification (typically called continuing professional) education as a condition of remaining a member in good standing. In support of this goal, they have developed appropriate programs and delivery structures. Among the programs of the participating bodies:
- The CNDC, in partnership with a software house, has developed and made available a computer-based distance education course on the introduction of the Euro. The goal is to adapt this delivery method to other courses offered by the CNDC. As well, multi-conference facilities are used for seminars, transmitted directly from the CNDC offices to different local chapters, to update or debate professional issues.
 - The AICPA publishes books and produces conferences to help members learn about the changing professional environment in the areas of standards, tax, financial planning, practice management and technology. PCPS members can purchase, at a reduced rate, products pertaining to practice management, including publications, networking meetings and conferences.
 - As well, AICPA members in public practice must take 120 hours of continuing professional education (CPE) activities over a three-year period, with a minimum of 20 hours per year. The reporting period begins the calendar year after joining the AICPA. Programs contributing to a member's professional competence must be formal ones, although no specific subject areas are required. Examples of qualifying programs are in-house training courses, trade association conferences or college and university classes. As well, the AICPA offers continuous learning through various means: conferences, distance learning and in-firm training sessions in various subject areas. For example, the AICPA offers about 60 conferences per year on various topics, such as accounting and auditing, taxation, newly developed services, business valuation, technology, and on specific industries, such as health care, auto dealers and real estate. Members report compliance when paying dues, and they bear the primary responsibility for documenting their compliance with CPE requirements.

- The CPE Committee of ICAI organise various seminars programmes, workshops, conferences, discussions, meetings all over the country to equip the individual members with the latest developments in the accountancy profession. Every effort is made members throughout the country at minimum cost through the network of the ICAI's branches and study circles. The seminars stress the need of improving the quality of services to be rendered by the chartered accountants. The CPE committee of the Institute publish various background materials for distribution in seminars and otherwise for reference of the members on contemporary issues. Besides the three regular Post Qualification Course, the committee has introduced a new course on Information Systems Audit and in the process of introducing specialisation course on Insurance, Computer Assisted Audit Techniques etc. The ICAI is a founder member of the South Federation of Accountants (SAFA) and represents more than 85% of the professional members in the South Asian Region. It has originated the idea of establishing centres of excellence in the SAFA. The ICAI has taken the initiative to organise various CPE. programmes under the aegis of the education, examination, training and the CPE Committee of the SAFA. The idea is to share the experiences and the expertise available in different countries for the benefit of individual members.
 - CGA-Canada's provincial affiliates offer conferences and day seminars across the country, typically covering technical issues and updates. Focused conferences, such as a four-day tax program called *Tax in Focus*, which covers significant tax rules pertaining to small and medium-sized enterprises (SMEs), address certain topics in greater depth. CGA-Canada also provides training opportunities for all members in soft skills areas, such as leadership and personal development, as well as distance education courses on a number of topics. Recently, the body has focused attention on providing more Web-based training materials.
 - ACCA members in public practice must meet extensive annual Continuing Professional Education requirements. For example, holders of UK Practising Certificates must take at least 35 hours per year of continuing professional development, of which at least 21 hours must be spent on acceptable structured courses. To that end, the ACCA offers a wide range of conferences, courses and publications. The topics cover both core competencies and a wide range of business and management skills, in the financial area and beyond.
 - ICPAI has established a national and regional system of stand-alone training sessions, seminars, courses and conferences, all of which address various professional aspects. In addition, the ICPAI has created a professional curriculum that caters to the unique needs of SMPs unable to afford maintaining their own training systems. Finally, the ICPAI has initiated and subsidizes professional training courses to expand the service areas SMPs offer. Examples of these courses include training in arbitration and alternative conflict resolution, receivership and financial management.
5. Codes of ethics. All professional accountants must comply with either the IFAC Code of Ethics or one instituted by their local body. These codes regularly undergo changes or updates to enhance, strengthen, clarify or revamp certain basic principles, such as those

relating to independence, fees and advertising. The participating bodies have taken the following steps in this area:

- The CNDC and CNRPC adopted their ethics codes in 1987 and 1999, respectively. In December 1999, two rules regarding advertising and minimum tariffs were modified to reflect anti-trust legislation and European Community perspectives. Further, in 2000, a special national committee reviewed both entire ethics codes, introducing significant new rules covering areas of professional practice where no provisions were applicable before. In particular, new rules now apply to the relationship between professionals and trainees in a firm and to professionals who serve in institutional roles and positions within or outside of the profession. Recognizing the impact of technology, provision has been made for the possibility of advertising professional services on, or even providing services directly through, the Internet.
- ACCA's ethical guidance is spelled out in its *Rules of Professional Conduct*. This document is circulated automatically to all ACCA Practising Certificate holders each January. The guidance is designed to ensure that practitioners "carry out their professional work with due skill, care and diligence." Areas covered include: integrity, objectivity and independence; advertising, publicity and obtaining professional work; changes in professional appointments and fees.
- CGA-Canada's *Code of Ethics and Rules of Professional Conduct*, which underwent a major updating in 1996, has been adopted by all provincial and territorial associations. Minor modifications are required from time to time to reflect provincial differences in law or practice. Most recently, provisions were introduced relating to specialization.
- The AICPA's *Code of Professional Conduct* sets out principles and rules of conduct that all members must follow in the execution of their professional responsibilities. The AICPA also has a Professional Ethics Executive Committee, which promulgates technical standards under the rules. The AICPA's bylaws require that members adhere to those rules. The AICPA bylaws also authorize the Professional Ethics Executive Committee to enforce those rules through its Joint Ethics Enforcement Program, a co-operative effort between the AICPA and all but a few of the State CPA Societies to investigate alleged violations of the *Code of Professional Conduct*.

SERVICES TO MEMBERS

One of the most important function of a professional accounting body is to provide a wide range of services to help members carry out their day-to-day activities. The discussion of these services often overlaps the quality enhancement dimension since many of the services are intended to help members meet the “quality” component of their practice or job function. The discussion of services will cover 12 specific areas:

- courses and training;
- publications aimed at clients;
- publications aimed at members;
- research;
- technical aid;
- access to databases;
- Web-related services;
- networking support;
- library and bibliographic support;
- answering professional questions;
- member discounts;
- international activity.

1. Courses and training, provided directly or via distance-education facilities, and conferences and seminars at national or local levels. Although traditionally these offerings have focused on technical areas (accounting and reporting, auditing techniques, tax regulations), more and more the range of coverage has expanded to update members about trends in new services (management, financial markets and services to SMEs) as well as help them develop their “soft skills” areas.

- CGA-Canada has offered several “Practice Management” conferences focusing on trends in public accounting, new services, firm management and marketing, and client relationships. In addition, specialty conferences have addressed specific areas of practice, such as providing controller services to SMEs and consulting services.
- The CNDC and CNRPC have recently adopted new rules regarding continuous learning and education. Together they established an independent foundation within the last two years to provide courses and training to the members of both bodies. As well, the local branches of the two national bodies offer trainees courses approved by either national council. These courses address technical issues and are integrated into the practical training acquired in firms.

- The AICPA provides training for its members, utilizing formats as varied as self-study videos, distance learning on the Internet, conferences and seminars and in-firm training. Subjects cover a broad range of topics, including accounting, auditing and tax; practice management; consulting; industry specificity (such as governmental services, financial services, real estate, health care, auto dealers); and staffing. In addition, the AICPA offers 30-40 conferences each year, including semi-annual industry conferences, a controllers' workshop and other offerings to industry members. Many of the courses developed by the AICPA are distributed or sold to state CPA societies who, in turn, offer them to their members.
 - ACCA provides courses to help practitioners diversify the services offered to clients. *ACCA Business Navigator*, *ACCA Business Turnaround* and *ACCA Business Assurance* products are supported by courses. In addition, a course on managing change and implementing new services is provided to practitioners. ACCA has recently launched ACCAdemy.com, a new online training service providing interactive CPD courses. A recent addition to this portfolio of courses is “ Added value Professional Services”.
2. Brochures, publications or newsletters aimed at clients. Many firms (usually the large, multinational ones) give their clients information on a variety of issues relevant to their operations. SMPs are usually not able to provide this service, mainly because of the expense involved. Some accounting bodies, however, step in to help their SMPs fulfill this need.
- The ICPAI has a department that prepares brochures for clients. Small and medium-sized practices can purchase an annual subscription, which allows them to distribute the material prepared by the ICPAI but printed on their own letterhead.
 - Similarly, CGA-Canada and its affiliates have developed a series of brochures that run the gamut from *The ABCs of Accounting* to *Personal Tax Planning*. Practitioners can order these booklets for distribution to their clients.
 - The AICPA publishes two newsletters geared to clients: the *CPA Client Bulletin*, published monthly, and the *CPA Client Tax Letter*, published quarterly.
 - The ACCA has developed a series of small business booklets specifically designed for practitioners to distribute to existing or potential clients. Topics addressed include: *Keeping it in the Family — Your Guide to Effective Succession Planning*; *Keeping Afloat — Your Guide to Avoiding Business Failure*; *Prompt Payment — Your Guide to Getting Paid on Time*; and *Why Audit Matters — Your Guide to the Benefits of the Audit*.
3. Brochures, publications or newsletters aimed at members. Many accounting organizations distribute newsletters and other publications aimed at keeping their members up to date on issues of interest in a variety of sectors. For SMP members, these newsletters offer access to research that, individually, they likely could not acquire.

- For example, CGA-Canada offers a series of newsletters aimed at practitioners, including *Tax and Law Update* and one covering practice management issues.
 - The PCPS not only publishes a regular newsletter, *The Practicing CPA*, but also communicates to its members through periodic “postcards” targeted to specific topics of concern, faxes to relay urgent messages, as well as video and e-mail. Also, the PCPS conducted a best practices study of audit efficiency for non-profit organizations, which concluded that there was no magic to audit efficiency, just good planning. A booklet, *Smarter Audits*, was produced to assist members in implementing the study’s suggestions. On a broader scale, the AICPA publishes several newsletters for its members, such as the *CPA Letter*, sent to every AICPA member 10 times annually; the *Information Technology Update*; the *CPA Consultant*; and the *CPA Expert*. In addition, several other publications are designed to provide information for a particular practice segment or industry. For example, the *Tax Section Bulletin* is aimed at those whose preferred area of practice is tax.
 - ACCA publishes a number of booklets that provide an overview of areas of concern to those in practice. Booklets currently available include: *Audit Matters*; *E-commerce – Business issues for Practitioners*; and *The Euro – Are Your Clients Ready*. New titles scheduled for release soon include limited liability partnerships and value-added pricing.
 - ICPAI offers professional publications on a regular basis. These publications are intended mainly for SMPs that do not develop their own independent publications. A booklet called “The CPA” is published every two months and includes articles and professional answers on topics such as auditing and accounting issues. ICPAI also issues monthly publications on current issues like tax matters and the Profession in Israel.
4. Research activity. Many publications issued by accounting bodies are based on scholarly research and address both technical issues and trends in economic developments. Efforts in this area include:
- The PCPS conducts research on behalf of its members and reports to them information relating to pertinent trends in the marketplace. With this goal in mind, the PCPS recently conducted a poll of small business owners. The objective was to determine what types of services business decision-makers want their accounting firms to provide. At the same time, PCPS surveyed its members, asking them to look back five years and forward five years and indicate the changes in the types of services they planned to offer in the future compared with the services they previously offered. The findings of those two research efforts were published in the *Millennium Report*, which also makes recommendations on how to best use the information the research produced.
 - The ACCA has an active research programme, A substantial part of it is directed towards the commissioning of research projects that have SMEs and SMPs as their core focus. Research into the products SMPs should deliver and the attitudes of the market place are key to ACCA’s research programme. Recent projects include research into the criteria

used in lending to SMEs and the role of the accountant as adviser to small business on e-commerce issues.

- CGA-Canada developed a series of publications addressing the application of GAAP in specific industries or subject areas. One recent study addressed the rules related to the disclosure of financial instruments. Other topics include an introduction to accounting by (and for) construction contractors and a discussion of the accounting requirements for not-for-profit entities.
 - The ICPAI has launched a study examining the structure of small and medium-sized practices to identify how they differ from larger firms and how those difference affect the provision of various professional services. With the data at hand, the ICPAI can extend assistance to practices that require such services.
 - The research committee of the ICAI undertakes various research projects on emerging issues. Various industries specific researches on accounting, auditing and systems related issues provide insight about various aspects of professional interest to the individual members for providing better services to the clients. Recent projects include accounting for hospitals, dot-com companies, educational institutions, hotels etc. These projects provide knowledge to the members as well as the enterprises themselves about various techniques and procedures to be evolved in those particular industries.
5. Technical aid by providing models or examples. A major part of the support national accounting bodies give their SMPs is in the area of technical or practice aids, which can take various forms.
- CGA-Canada produces a number of technical aids or tools for public practice firms. These aids serve two purposes: (1) they establish or demonstrate standards of practice and (2) they provide practitioners with models or examples they can use in their day-to-day work. The most significant publication is the *Public Practice Manual*, which provides practitioners with various forms, checklists, guidelines and other resources for use in the firm. The *PPM* is now being replaced by a CD-ROM version that makes it easier for practitioners to utilize the tools and customize them for their particular needs. In addition, through the electronic version, CGA-Canada can easily update information or advise practitioners of issues as they arise.
 - The *ACCA Auditing Handbook* and *ACCA Accounting Handbook*, which are published annually (but only if changes have occurred since the previous edition), contain all the UK auditing and accounting standards. Practitioners may obtain one free copy of each publication on request.
 - The PCPS's Technical Issues Committee (TIC) represents members on task forces established by the AICPA's standard-setting bodies. Its job is to provide input to the standard setters on issues that affect SMPs and their small business clients. The TIC notifies PCPS members of its projects via a regular newsletter, the *TIC Alert*. Furthermore, the TIC's comment letters to standard setters can be viewed on the PCPS

Web site. Also, toward the end of every calendar year, the AICPA produces two key technical aids: the *Compilation and Review Alert* and the *Audit Risk Alert*, which complement the guidance provided in many of the body's Audit and Accounting Guides by describing current economic, regulatory and professional developments that can have a significant impact on engagements.

- A special committee within ICPAI compiles checklist and instructions to assist practitioners in areas such as: inventory observation; safekeeping of audit working papers (including their distribution in accordance with government requirements); conduct vis-à-vis tax authorities. In addition, members can receive assistance with the settlement of fees and with the development and maintenance of the forms and working papers for audit peer review.
6. Access to databases. Unlike the large, multinational accounting firms, SMPs typically lack the resources necessary to develop and maintain extensive databases of information useful in the provision of services rendered to SME clients. By filling this gap, national accounting bodies help to level the playing field — the competitive advantage gained by the large firms is reduced or eliminated. In this regard, the ICPAI has been very active in providing assistance. It has established an *Information Center* to give SMP members access to professional material not readily available to them. Specifically, the ICPAI has created a series of *professional indices* on professional topics that the body has dealt with in some way or that were discussed in various ICPAI publications. It has also created a series of *electronic databases* that, among other things, will include standards, sample reports and professional articles.
 7. Web-related services for members, such as Intranets Portals or Web links. The increasing pervasiveness of the Internet and the literal explosion of Internet-related tools have prompted many organizations to offer powerful new services to SMP firms. For example:
 - ACCA's SMP members use the World Wide Web to draw down training modules and advice, purchase products and services through B2B (Business to Business) services, use ACCA-sponsored e-commerce services such as off-site data storage, or even engage ACCA design services to develop their own Internet presence. The ACCA is also developing a specialist small business site to give specialist advice and to help SMEs find SMP practitioners in their area who have the specialties most suited to their needs. The ACCA is also producing help for members involved in giving e-business advice to clients. The body has organized a number of training courses on this topic, and is also about to provide checklists on all aspects of conducting successful e-business that practitioners can work through with clients.
 - In the United States, the PCPS has a presence on the AICPA Web site. That Web site contains a sortable database the public can use to locate CPA firms anywhere within the United States. As well, the AICPA launched the CPA2biz portal in June 2001 to meet the demands of CPAs in both public practice and industry. Accessed through cpa2biz.com, the portal provides useful content for practitioners as well as business tools and software applications. Visitors to the site can purchase AICPA products and publications and

register for conferences, as well as buy products and services from other organizations and businesses. On-line applications to join the AICPA and state CPA societies are also available. The site contains links to state CPA societies, who are partners in the portal. The AICPA Web site and cpa2biz portal function as the main sources for delivering benefits to members.

- The ICPAI has established a Web site and server in its offices. The server allows members to receive e-mail through ICPAI, as well as maintain their own WWW homepage on a cost-recovery basis. This is especially helpful for small and medium-sized practices.
 - The ICAI has provided web links for members to various important sites through its own website. The networking support given by the ICAI to the members meets the common needs of SMPs which otherwise would have remained unfulfilled due to cost considerations.
 - CGA-Canada has established a Web site that is an information resource database complete with article summaries and Web-links to the original material.
8. Networking support. The best method of learning is to talk to peers. Although different size SMPs have different needs, they also have common needs that are often unfulfilled due to cost considerations. The most difficult task is to establish an effective network of peers who can be called upon when the need arises. The respondent bodies have implemented several different efforts:
- The PCPS has organized networking groups for both medium and large member firms. Each group has an informal system whereby members can assist one another by exchanging common goals, concerns and objectives. Meetings are held twice each year. Each group plans its own agenda according to the needs of the members. Members participate in statistical surveys that help identify key financial benchmarks that firms can use to manage their practices. The benefits of the networking groups are many: they provide professional networking and relationship-building opportunities for member firms; they provide for the dissemination of high-quality, thought-provoking and timely information; and, perhaps most important, they facilitate discussion of critical issues facing each member, including an opportunity to seek guidance and suggestions for improvement.
 - CGA-Canada's provincial affiliates, using teleconferencing facilities, offer an opportunity for practitioners to share ideas and concerns. Every six weeks, practitioners are expected to participate in discussions and be prepared to share their experiences in implementing new ideas or programs.
 - The ICPAI publishes *Between Members* every two weeks, containing member requests for contact or merger opportunities with practices of similar, smaller or larger practices. Also, the ICPAI facilitates bidding on engagements by encouraging ad-hoc collaborations among practices winning engagements requiring more staff than they have available.

Further, the ICPAI routinely publishes information on tenders in which SMPs can participate. Finally, the ICPAI intends to launch an Internet contact mechanism for members and as well as a high-level networking structure that would function as a de-facto communication center.

- All ACCA members working in public practice in the UK are automatically enrolled in the *ACCA Practitioners' Network*, unless they opt not to be. Members receive the free, quarterly newsletter *In Practice*, which provides concise technical information. To further encourage networking, the ACCA has established *ACCA Communities*, a free Internet service aimed at promoting the exchange of knowledge between ACCA, its members and students and their business contacts. *ACCA Communities* allows members to set up or participate in virtual groups. Do date, there is an *ACCA Practitioners' Network Community* and other communities on technical subjects.
9. Library and bibliographic support. Many accounting bodies maintain a library that can be accessed by SMP members. For instance, recognizing that SMPs do not keep or have access to large archives of printed material, the ICPAI maintains a rich professional library available for member use. The service is provided free of charge. The long-range goal is to expand the volume of information accessible from the ICPAI library using the institute's Web-site. The AICPA library, which is housed by the University of Mississippi, is accessible by email at aicpalib@olemiss.edu. Many of Canada's provincial CGA associations also maintain libraries accessible to members. The ICAI offers various newsletters, journals, background materials to its members as a means of remaining update on issues of interest to the members in different sectors. The list of priced publications of the ICAI are available to the individual members through web-site as well as at various branches located in the country. In addition, separate Libraries are maintained at the branches that may be referred by the members from time to time. These facilities offer the opportunities for SMPs to access research that they likely could not acquire through otherwise.
10. Answering questions or providing interpretations to problems posed by members or local chapters. The basis for the provision of these services is, once again, the lack of resources typically available to individual SMP firms. While the multinational firms can rely on economies of scale, SMP firms cannot support in-house research divisions. These services, again, help minimize the competitive disadvantage faced by SMP firms. These information services might be permanent but non-authoritative (such as CGA-Canada's *Technical Advisory Bureau*), or they may be available for a limited time period (e.g., to address issues related to the introduction of the euro).
- The CNCD offers *Direct-line* as a service to its local chapters, providing information on legal issues or interpretation of law provisions that directly affect members. The CNCD also has a *Help Desk* service, which gives advice free of charge to all interested members through e-mail submissions and the publication of FAQ columns on the CNDC Web site.
 - The AICPA has a technical A&A hotline and an ethics hotline to assist members with interpretation of standards and related questions.

- The ICPAI has established a committee of accounting and auditing experts who provide answers to members on questions of principle. The committee provides, in effect, a pre-ruling, which undergoes an in-depth approval process in ICPAI's professional committees, even if it is not a binding directive. ICPAI also publishes *Window to Public Practice*, which answers members' questions pertaining to practice issues — accounting, audit, ethics and other daily matters — by reference to current standards. ICPAI also has established a committee to address taxation questions. Answers are published monthly and are not reviewed by the ICPAI tax committee. Lastly, Israel has established a *hot line* whereby a group of member consultants provide timely responses to urgent questions. A wide range of issues is addressed through this service, including taxation, finance, application of accounting and auditing rules, and more. This service is provided for a nominal fee paid directly to the consultants.
- The ACCA's *Technical Advisory Service* advises practitioners across the full range of technical and ethical issues. The telephone lines are staffed by qualified accountants with extensive experience in practice. The service is free of charge.
- The Expert advisory committee of the ICAI issues formal opinions on various issues particularly helping on those areas where there are no set standards available internationally. The committee provides logical well researched technical interpretation in case of complexities encountered in practical application of standards and statements. The system provides greater help to the SMPs in terms of solving their technical problems on various matters.

11. Member discounts. Individually, SMPs have little buying power. But, collectively, they represent a major client for a product or service provider, and accounting organizations have used their size to negotiate reduced or discounted prices for their SMP members. The most vivid example is the provision of professional liability insurance to practitioners. The objective is to indemnify any losses a client may have suffered as a result of an error or omission.

- In Canada, all public practitioners must carry professional liability insurance. To ensure access, CGA-Canada established a national liability insurance program, which provides quality coverage with affordable premiums.
- Similarly, the ICPAI created a professional liability insurance program and pricing system that allow SMPs to acquire professional liability policies at more affordable prices than if they were individually covered.
- The CNDC has, to reduce individual insurance fees, arranged for some insurance programs to be made available through the local chapters to all registered members.
- The ACCA has negotiated preferential rates or special schemes for its practitioners in the areas of: professional indemnity insurance, management indemnity insurance, directors' and officers' liability insurance, office insurance, tax fee protection insurance, insolvency practitioners' bonds, Web site design and directory advertising.

- There are many other areas where the institutes have been able to offer discounts to their SMP members:
 - The ACCA promotes the externally produced *Private Company Audit System and Company Accounts Disclosure Checklist* to its members at a 25% discount. This product was specifically designed with the smaller practitioner in mind. In the past, ACCA has, itself, produced sample tax engagement letters. ACCA members are also entitled to a 45% discount on the normal subscription for *Taxes - The Weekly Tax News*, a source of the latest UK tax information. Finally, the ACCA promotes two practice management publications (also published by an external organization) at discounted rates to members. The *General Practice Procedures Manual* provides, in one package, everything a practitioner needs to manage unregulated work in his/her practice. It is based on the experience of more than 2,500 accountancy firms and has been specifically re-written for ACCA practitioners. *Professional Partnership: A Practitioner's Manual* provides guidance on risk management, financial planning, client service, time management and human resources.
 - The AICPA publishes books and produces conferences to help members learn about the changing professional environment in the areas of standards, tax, financial planning, practice management and technology. PCPS members can purchase products pertaining to practice management at a discount, thus obtaining a wealth of publications, networking meetings and conferences at a reduced rate.
 - CGA-Canada and its provincial affiliates have negotiated a number of discount arrangements with service providers to make available products spanning the gamut from cell phones to computer systems.
 - The ICPAI has arranged with “consumer-clubs” for the collective purchasing of office equipment, computer systems and similar products at special discounts to help practices and individual accountants who lack “consumer power.”
- a) For all professional development related seminars the ICAI provides discounted price for its SMPs. There is a proposal to introduce a system of credit cards for the members. Under the proposal the banks would share the annual fees with the institute which will be used by the Institute for the welfare activities of the members. Moreover, the Institute would negotiate with the banks to provide compulsory medical insurance to the credit card holder. In addition, there is a Chartered Accountants Benevolent Fund (CABF) under which, depending upon the financial position of the family, a fixed sum of money is paid to the family of a deceased member.

12. International activity. Another valuable service to SMP members is for accounting bodies to encourage and provide contact opportunities for recruiting, staff exchanges and alliances with foreign professionals or institutes.

- A PCPS task force recommended that, to facilitate strategic alliances and the development of the concept of an international firm “associate,” US CPAs expand their skills and training in international business etiquette and culture, as well as in technical areas such as international tax and doing business abroad. The PCPS also recommended

that a database be created of foreign firms interested in exchanging services with CPA firms. The benefits to foreign firms are significant: they would be included in the PCPS database, sortable by country, area of expertise and languages spoken. The firms would become associates of the largest group of US CPA firms and be entitled to PCPS firm discounts on publications and conferences as well as access to the members-only section of the Web site.

- Both the CNDC and CNRPC are working to develop structures to support professionals in cross-border activity. The main tool is a telemetric net between France, Italy and Spain by which SMPs can seek partners in other countries for professional assignments that require them. Another initiative is the exchange of trainees between countries, facilitated by an agreement among the professional bodies of Italy, France and Germany, which will provide the names of interested parties.
 - The ACCA's *International Small Business Forum* meets annually or biannually to provide a general framework for ACCA's global SME activity both for SMPs and SMEs. Consequently, ACCA's international centers are encouraged to establish their own small business programmes and/or committees where local resources and members' interests and commitment make this appropriate. In addition, an international staff meeting is held annually to discuss operational policy and to ensure that ACCA's global strategy is implemented consistently.
- b) The ICAI provides support to members by making available the foreign faculty for various seminars, chances to participate in the international study tours cum exposure programs at reduced cost. It also provide contact opportunities with foreign institutes and professional associations to the Indian members. In the process the ICAI has also built a professional relationship with the CNDC Italy and is currently working on increasing the opportunities for the professional of both the countries. The ICAI and the CNDC Italy have opened Italian and Indian Desks respectively under the charge of designated officers to respond to the queries of the members on professional and related issues. Various agreements entered into with the foreign accountancy institute provides for the building up of a platform for mutual cooperation and professional collaboration. The international affairs group of the ICAI also focus towards promoting the export of services by the Indian SMPs. It has kept a watch on the international professional developments and particularly in the opening up of the services sector.

PARTICIPATION OF SMPS IN STANDARD SETTING

This area focuses on two ways SMPs can contribute to a standard-setting regime that will take their special needs into account: (1) their presence on standard-setting committees and (2) their presence on governing bodies of the profession.

1. Presence of SMPs on standard-setting committees. One of the most crucial issues SMPs face is the need to ensure that the accounting standards applicable to their clients reflect the economic reality of the SME environment. At issue is the perception that, because the large

multinational accounting firms tend to dominate standard-setting committees, standard-setting regimes are biased toward large, multinational enterprises. One way to overcome this perception is to have SMP representatives on the committees that set accounting, auditing or practice standards. As well, SMPs must participate on committees that recommend standards of best practice in sectors such as insolvency procedures, auditing of public-sector entities and environmental issues.

- With that aim in mind, the AICPA established the Technical Issues Committee (TIC), which is responsible for reviewing and analyzing accounting and auditing exposure drafts from the point of view of small businesses and small practices, with the goal of minimizing the extensive financial statement disclosures otherwise required from these enterprises.
 - In the UK, accounting and auditing standards are set by bodies that are independent of the accountancy profession — the Accounting Standards Board and the Auditing Practices Board. The membership of these bodies is mixed, including representation from government and industry as well as the profession. The ACCA has two members from small or medium-sized practices on the Auditing Practices Board and the ACCA's Auditing Committee largely comprises small practitioners. SMPs are not represented on the Accounting Standards Board, but are seconded to join committees dealing with SME accounting issues, such as the Financial Reporting Standard for Smaller Entities (FRSSE).
2. Presence of SMPs on governing bodies. SMP representatives need to serve in positions of authority *within* national accounting organizations if there is to be a true appreciation of the differences in practice between large and small firms. Some countries have been aware of that fact and have encouraged their members to participate in governance at all levels.
- CGA-Canada's SMP members participate in all aspects of the governance of the association, serving on all national and provincial boards and committees. Both the 2000/2001 chairman and first vice-chairman are partners of SMP firms in different parts of the country. SMP practitioners tend to have high visibility within the association.
 - In the United States, SMP members are invited to serve on AICPA committees and to participate in various activities. The PCPS provides members for committees as appropriate.
 - In Israel, the perception of large-firm dominance changed after the nomination of a president who came from a medium-sized practice and when it became evident that small and medium-sized practices constituted a majority on the ICPAI's central committee. The ICPAI adopted a policy of approaching SMPs and inviting their representatives to partake in the institute's activities. Numerous committees have been established to address issues of concern mainly to SMPs, with SMP representatives naturally serving on these committees.

- The governing body of the ICAI is its Council comprising 30 members 24 are elected by the membership and the rest nominated by the Government of India. Most of the elected Council Members belong to the Small and Medium Practice Firms and thus the interests of SMPs are well represented. The accounting standards board of the ICAI consist of the members from Council. Under the accounting standards setting process the representatives from different educational, industrial, regulatory and government agencies participate.

INNOVATIVE AREAS

Perhaps the most challenging and exciting opportunities for SMPs lie in the search for new services that build on the public's reliance on professional's experience, methodology and ethics. SMP members can look to many new innovative and/or cutting-edge service areas to provide the potential of growing their practices and expanding range of services they offer (see examples below). Other services simply reflect a change in attitude. In the United States, for example, consulting services are viewed as non-traditional for practitioners, yet the CPA Vision Process identified them as one of the core services that CPAs can offer. Typical consulting services include strategic planning, strategic plan review, business valuation and human resources consulting. As well, security and privacy are key new consulting areas for practitioners worldwide as businesses become e-enabled. Other new service areas include:

1. Web TrustSM: Services that focus on providing assurance to consumers and regarding the systems in place for e-commerce. Webtrust assurance services enable consumers and businesses to purchase goods and services over the Internet with confidence that vendors' Web sites meet high standards of business practices disclosure, transaction integrity, and information protection.
2. SysTrust. This is an assurance service designed to increase the comfort of management, customers, and business partners with the systems that support a business or a particular activity. The practitioner provides an assurance service in which he or she evaluates and tests whether a system is reliable when measured against four essential reliability principles. A reliable system is one that is capable of operating without material error, fault, or failure during a specified period in a specified environment. The following four principles are used to evaluate whether a system is reliable:
 - *Availability*: The system is available for operation and use at times set forth in service-level statements or agreements.
 - *Security*: The system is protected against unauthorized physical and logical access.
 - *Integrity*: System processing is complete, accurate, timely, and authorized.
 - *Maintainability*: The system can be updated when required in a manner that continues to provide for system availability, security, and integrity.

3. Elder Care: A service emerging in the United States and Canada designed to provide assurance to family members that care goals are achieved for elderly family members who are no longer able to be totally independent. The accountant serves as a coordinator, relying on the expertise of other professionals, to arrive at the assurance that the quality of a service meets the criteria and goals set by the client. The accountant can also provide direct consulting services by planning how to best meet a client's needs.
4. Insolvency practice: Although insolvency is not a new field, and registered professionals have acted as trustees for many years, the growing complexity of insolvency procedures, due to the internationalization of enterprises and the global convergence of financial and capital markets, has prompted professional bodies to re-examine the involvement of the profession in this area. For instance, in Italy, not only do the institutes participate at an international level in the works of International Federation of Insolvency Professionals (INSOL), but a special project to define procedural standards in insolvency assignments was begun in 2000. The idea is to harmonize local procedures and reporting standards, together with representatives (judges) from all the courts based on the assignment of insolvency related tasks for professionals registered with a professional body. Also, because the country's insolvency legislation is currently being reformed, the institutes have developed a special course on insolvency procedures to "re-qualify" professionals in this area.
5. Environmental and Social Reporting: This is an area where the ACCA has been particularly active. It:
 - Created the UK Environmental Reporting Awards (ERA) in 1991 to identify and reward innovative attempts to communicate corporate environmental performance. The ERAs are now a major national initiative, reflecting the growth in corporate environmental reporting and increased demand from stakeholders for corporate environmental accountability. The award scheme is widely cited as having been influential in the development of best practice in environmental reporting — not only in the UK, but also internationally.
 - Was a co-founder and chair of the European Environmental Reporting Awards, which now has 14 European countries participating and has the support of the European Commission.
 - Runs the UK's Social Reporting Awards in association with *AccountAbility*.
 - Developed sustainability reporting (disclosure of environmental, social and economic performance information).
 - Has been a steering committee member of the Global Reporting Initiative (GRI) since its inception in 1997.

ADVOCACY AND ALLIANCES

This area comprises three key types of initiatives:

- contacts with public authorities, governmental agencies and regulators;
- advertising and promotion; and
- placement services.

1. Contacts with public authorities, governmental agencies and regulators. One of the most important actions a national body can take is to represent its members in a way that individual members cannot. For example, a national body can lobby governments in an attempt to change views and encourage legislation that meets the specific needs of its members. These efforts have far more weight than if a single member were to make similar requests. Meetings with parliamentary committees or submission of position papers can also help develop awareness of SMPs. Current actions by member bodies include:

- CGA-Canada acts as advocate for members and firms, either trying to bring about changes specifically related to the needs of members and firms or to provide input to public policy debate. The association regularly schedules meetings between various taxing authorities and public practitioners to exchange views and clarify needs. Often, the relationship between these parties has been adversarial, and these meetings provide a forum for free exchange. Also, the association makes formal representations to provincial and federal governments and agencies whose decisions have an impact on firms.
- The CNDC and CNRPC participate actively as political representatives and advocates of the Italian accounting profession by submitting proposed legislative amendments and comments on proposed law that is likely to influence the country's professional field. In the past three years, one of the most debated issues has been the composition and structure of professional firms (including majorities, legal form, liability and independence issues).
- The ACCA has been actively campaigning to defend SMP interests in the profession, for instance, in the reform of the audit function and in managing a monitoring regime aligned to the structure of SMPs.
- The PCPS expresses the needs of its member firms and their clients to the AICPA and its technical committees for consideration. At the national level, the AICPA has key contacts in, and liaises with, governmental agencies such as the General Accounting Office (GAO), the Securities and Exchange Commission (SEC), the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). In addition, the AICPA plays an active role in committees and task forces of the Internal Revenue Services (IRS).

- ICPAI has developed “contact committees” that remain in daily contact with numerous authorities, the tax authorities, Justice Department and the Knesset (Israeli Parliament) in particular. This includes active contact which deals in real time with problems encountered by members in their daily activities. As a result of the wide variety of topics addressed by these committees it has proved necessary to establish over 20 contact committees. Membership is drawn mainly from SMPs.
 - Beyond these functions, various accounting bodies have developed useful alliances with non-profit organizations, trade associations or business groups that are recipients of SMPs’ professional services.
 - The PCPS is developing programs to reach out to accounting educators to promote the opportunities for future accountants in SMPs. The PCPS is also working with other areas of the AICPA to communicate with students in high school and college to make them aware of the many opportunities in accounting.
 - The ACCA has encouraged close cooperation across the SME community so that it works together on campaigning on small business issues. It has forged alliances with major UK trade associations, the European Union of Craft, Small and Medium Sized Companies, senior parliamentary committees and many other senior opinion formers.
2. Advertising and promotion: One of the important functions of national bodies is to promote SMP members’ and firms’ skills, professional ethics and business acumen to the marketplace in general and to consumers in particular. The problem is, the whole area of professional advertising is in a state of flux. Some countries have blanket prohibition against advertising, so mechanisms must be put in place to assist SMPs which do not have the ability to draw upon international “brand name recognition.” Efforts here include:
- Even though Israeli law forbids accounting firms to advertise, the large firms seem to find ways of reaching the public. In light of this, the ICPAI launched an advertising and public relations program that refers the public to all accounting professionals operating in Israel. The program includes radio infomercials, broadcast across the country, which refer the public to accountants regardless of their geographical location and practice size, creating work opportunities for small and medium-sized practices.
 - The ACCA works with the UK Government Small Business Service to promote and strengthen the role of accountants in the development of that service. The ACCA supports a network of local volunteer Enterprise Liaison Officers, usually housed in ACCA’s local society offices, as the grassroots contact with government agencies. The ACCA supports these programs with relevant publications, courses and financial support. In addition, the ACCA provides a wide range of PR advice to help SMPs grow their practices, such as assistance in producing media releases and in developing contacts within the media. Individual ACCA SMP practitioners are encouraged to become media spokespeople in their area and, to that end, ACCA’s PR Department offers them practical media training.

- The AICPA sponsors an advertising campaign that promotes the profession as part of its image enhancement campaign. Over the next five years, the campaign will also be geared to attracting students to the CPA profession. The AICPA's Practice Monitoring Program and the PCPS both advertise in banking periodicals to draw attention to the peer review program.
3. Placement services. Many accounting bodies have established placement services to assist their members in finding work. Some of these are national in scope, whereas others remain focused on the local area. Initiatives here include:
- The ICPAI established an independent national unit, which includes a computerized database, to handle the placement of accountants of various ages and positions, including a special department for retired accountants. The unit maintains ongoing contact with firms and commercial companies.
 - In Canada, it is the provincial affiliates of CGA-Canada that offer this type of service, acting as a conduit between those seeking employment and those offering employment in the province.
 - The AICPA handles this service somewhat differently still – it has an affinity program with Robert Half, a national placement organization for CPAs in the United States and elsewhere.
 - The ICAI runs a system of organising campus interviews to provide opportunities for newly qualified chartered accountants to get proper placement. The rate of success has been constantly increasing with an increase in number of companies participating in the campus interviews and with the international companies starting to come to the institute to recruit the young professionals. In addition, the institute also maintain the database to act as a link between the companies and the candidates.

RECOMMENDATIONS FOR STRENGTHENING THE GLOBAL PRESENCE OF SMPS

The analysis of some of the SMP programs and assistance already in place in the accounting bodies who participated in IFAC's informal survey leads to four key recommendations for action IFAC might initiate if SMPs are to be better served at the international level. These recommendations are intended to serve as a starting point for a meaningful discussion of the types of assistance SMPs will require if they are to play a stronger role in the global marketplace.

1. **Develop an International Database.** We recommend a mechanism that will provide continuous updates and research on relevant professional issues worldwide. This database must provide a process for the efficient collection and organization of information on these issues and be easily accessible to all SPMs who need the information. Of course, the creation

and maintenance of the database will require financial and human resources and a way must be found to fund them.

2. **Establish Connections Between Practices.** We recommend the creation of an effective forum that SMPs can use to communicate with other SMPs, whether in the home country or internationally. We also recommend establishing a reliable network of international contacts that would facilitate the forming of strategic alliances. This would be particularly significant for SMPS serving cross-border clients as they often find it difficult to find reliable information about the situation in other markets. Typically, practices rarely share their experiences with others simply because there is no means to make such an exchange.
3. **Develop Innovative New Service Areas.** Specifically, this means helping SMPs develop and market new, leading-edge client services. With the increasing globalization of the world's economy, and the concomitant increase in cross-border transactions, clients are demanding more and more innovative services, such as providing assurance services in e-business, advice on risk management, strategic planning and more. These services all build on the trustworthiness and independence of accountants established through their years of traditional accounting, audit and tax work, but use these assets in new and different ways.
4. **Play a Strong Advocacy Role.** Establish a center for contact and regular liaison with regulators and political associations for the purpose of clarifying positions, presenting amendments to legislative proposals or seeking the support of particular projects.

These four recommendations can lead to various initiatives, much like some of those already underway in national jurisdictions. But the clear message is this: by identifying – and meeting – the emerging needs of SMPs in the international arena, the profession as whole will benefit. It will operate on a more level playing field competitively and, ultimately, that will lead to increased quality of services to the public.