

IFAC Stakeholder Report 5-8 November 2024, Paris

Prepared by the Chief Executive (CE)

This meeting report is issued to all members to provide a timely overview of matters discussed, implications to CAPA and any actions arising. All information is deemed confidential and distribution is limited within CAPA and its members (see CAPA policy 1.7 for further details). Any views expressed by the preparer may not necessarily reflect the official views of CAPA.

Overall Summary

This was the first Council and Board meeting for the IFAC CEO, Lee White. Some new strategies shared and new approaches being applied – it did feel like a new way of doing things. It was therefore very good to hear them first-hand, and witness the new approaches, which included much open discussion and openness to input and ideas.

Attending the Council and Board is always made more worthwhile when other meetings are held alongside, and two important meetings were held prior where CAPA has an important role to play – in relation to Accounting Technicians (AT) and IFAC Network Partners (INPs). Further, such visits allow for excellent networking, and some indication of opportunities or ideas arising are provided in this report.

The following provides details regarding each activity.

1. AT Community of Practice (CoP) meeting – 5 November

Chaired by Sarah Beale, CEO AAT. Organisations represented included:

- IFAC, CAPA, PAFA
- In-person - AAT (UK); AAT (Sri Lanka); IPA (Australia); SAICA (South Africa); Cayman Islands
- Virtual – various, including ICAP (Pakistan) and ACCA

Discussed ‘the suggested next steps’ as set out in the [CAPA Call to Action](#), and discussions focused on:

- I. **Awareness** – 2 levels in play
 - a. globally and regionally – recognition in the profession. IFAC, CAPA and PAFA could work in this space. Included defining the role of IFAC.
 - b. nationally – recognition in the market, stakeholders, employers, etc. PAOs are better placed to consider this.
- II. **Benchmarking** – to focus on stocktaking of the various education programs, to understand rather than benchmark the programs. This would be a first step towards considering any aspects of benchmarking or standardisation
- III. **Program introduction** – to understand the processes followed, for example based on lived experiences in South Africa and Pakistan.

Each of the above led to a stream of work, allocated to participants, each requiring a concept note prior to commencing. CAPA has a role to play in item 1a above. And related to this, it was noted that IFAC need not necessarily produce new advocacy material if existing material (e.g. from CAPA) can be repackaged and repurposed.

IFAC CEO had joined the meeting and showed enthusiasm for the topic, noting that as part of the new IFAC Member Value Proposition, ATs are a good fit in terms of connecting the profession. It also addresses

supply of accountants, raising quality, and needs of the public sector. I suggested a need to get this on the IFAC Board agenda.

It was also suggested the CoP could benefit by including someone from the IFAC education panel (IPAE).

Action: To liaise with IFAC and PAFA in considering further global and regional efforts to enhancing the recognition of ATs, and preparing a related concept note before commencing.

2. IFAC Network Partner meeting – 5 November

Involved CAPA, Accountancy Europe, SAFA (South Asia), FIDEF (French speaking countries), PAFA (Africa), FCM (Mediterranean), ICAC (Caribbean), ABWA (West Africa), and AFA (Southeast Asia).

Positioned as a stakeholder conversation. Included introductory comments and thoughts from Lee White, IFAC CEO, including:

- IFAC strategy and member value proposition
- IFAC representation on the ground in the regions – and what the changes to the operating model could look like, recognising limited resources throughout, and ability to ensure good work is shared effectively with members in each region.

Some INPs shared their focus areas. CAPA shared its past and current priorities, including work on ATs and the public sector, both with a view to encouraging PAOs to consider associated opportunities. Noted new strategy with introduction of ARACC to focus on more standard related matters, and the expanded focus of MDC.

IFAC CEO commented on ideas for a new operating model, including a more decentralised approach with IFAC staff situated in the regions. I indicated support for change that extracted the best from available resources for the good of the global profession, noting we were more aligned to IFAC in recent times. Noted changes may also address challenges arising from time differences, with a need to run activities out of different locations. Asian PAOs often suffer from this currently. How the CEO's ideas will be implemented in practice is still to be considered. Structural change may also allow for benefits in branding and raising the profile of the profession.

'IFAC Connect' was also discussed – the term used for events, often held regionally, that bring together key players, especially PAOs and the Forum of Firms, e.g. the Singapore event attended by the CAPA Board in April. In planning to extend this concept, both PAFA and CAPA raised a potential concern in terms of competing with their own events (members only have so much budget to attend regional events) and therefore any IFAC Connect events should be carefully coordinated with the INPs.

It was noted that the INP Framework (the basis for the original MoUs between INPs and IFAC), introduced a few years ago, will be reviewed in 2025. Ideally, this will be coordinated with any new regional operating model.

It is clear the IFAC CEO is keen for IFAC to engage with INPs – it allows IFAC to obtain member feedback and hence assess success of the IFAC member value proposition.

3. IFAC Council Meeting – 6 November

Highlights:

1. **Welcome:** Asmaa Resmouki, President welcomed all to her last Council meeting as President.
2. **IFAC Leadership:** Jean Bouquot from France, and Taryn Rulton from Australia were both approved as President and Deputy President respectively.
3. **Other nominations** recommended for Board, Nominating Committee, Advisory Groups and IPSAS Board were all approved.
4. **Lee White, IFAC CEO** presented his report, including the proposed strategic plan for 2025 (later approved), the member value proposition, and the operating model. Latter included focus on use of technology and a more decentralised approach. WCOA – discussed the revised approach and sought expressions of interest. Acknowledged two CEO retirements: Barry Melancon (AICPA) and Olivier Boutellis (Accountancy Europe), and noted the contribution of CPA Ireland since the inception of IFAC, as that organisation now blends into CA Ireland.
5. **2025 budget**, including fees, was approved – diversification of funding sources is still a challenge, however a challenge IFAC is taking on.
6. **New members** – 3 new Members and 4 new Associates approved, with the latter including one from Asia Pacific – the Institute of Chartered Accountants of the Maldives.
7. **IPSASB.** Ian Caruthers, Chair provided an update on the work of the Board.
8. **IFAC Global Leadership Award** – two recipients this year: Sheila Fraser, Former Auditor-General of Canada; and Andreas Bergmann, former IPSASB Chair.
9. **President Farewell** – Asmaa gave a farewell address.

4. IFAC Thought Leadership Session – 6 & 7 November

Themed 'Better Together', the two days certainly involved speakers from many stakeholders. Holding the session together with the Forum of Firms provided some of this opportunity. This Council meeting did seem to have a more 'open' feel, with a wide range of topics canvassed.

Highlights:

1. **Session 1 – Member Value Proposition (MVP).** Lee White (IFAC) and Joan Curry (Ireland) explored the IFAC MVP. CPA Canada discussed their work on an MVP. For those with MVPs, those in the audience were challenged to consider if their MVPs are clear and concise, and understood by their members.

Action: CAPA to consider whether the current VP (ours is a member and stakeholder VP) remains fit for purpose. (One suggestion given to me is that members value the fact that we challenge them e.g. to consider ATs, public sector).

2. **Session 2 – Artificial Intelligence and the Accountancy profession.**

Part 1- Hisashi Sato (CEO, JICPA-Japan) and Iota Nassr (OECD) considered challenges and opportunities, largely with a focus on audit.

Part 2 – KPMG case study, demonstrating some innovation in audit approaches. A focus on audit may be appropriate given the potential reputational risks to the profession arising from AI related risks, however a broader discussion could have been useful.

This probably reflects that IFAC and PAOs have not addressed this topic sufficiently at this stage.

3. **Session 3 – Global Standard Setters** – messages from the Chairs:

- a. IOSCO – emphasised working at speed with sustainability standards
- b. ISSB – emphasised the many players and linkages required to succeed
- c. IAASB – similar comments
- d. IESBA – emphasised the agnostic approach is not an endorsement that others outside the accountancy profession undertake audit work – but that if others are allowed by regulators, etc to undertake the work, then the ethics standard must apply.

The agnostic nature of ethics standards was perhaps the main talking point. To be effective, such providers also need to be regulated to ensure the standards are being applied. The solution would appear to be that if oversight is not possible, then such providers should not be allowed to provide such services.

4. **Session 4 - Sustainability Reporting in the European Union** – speakers from European Commission and EFRAG. Noted standard being created for SMEs. Question from India emphasised challenges for SMPs to be able to service clients in this area. Became clear the pressure to measure and report in Europe is significant – other parts of the world are not feeling the same pressure.

5. **Session 5 – Sustainability Reporting and Assurance** – speakers came from Accountancy Europe, OECD, Shell/ACCA, Amazon, Forum of Firms/Deloitte, and PwC. The sense I got was that preparers are overwhelmed by what is needed – the buy-in is there, but the deadlines in some countries are approaching quickly. The same applied to the auditors – financial reporting and auditing regimes evolved over many decades (includes mature audit committees, regulatory frameworks, etc) – but for sustainability, all happening in a very short timeframe. An extra layer of complexity with sustainability is the obtaining and reliance on information from others in the supply chain.

6. **Session 6 - Sustainability: Role of Education and Capacity Building** – it would seem that Accountancy Europe has **some good materials and discussions on their website which could be useful to review and for some members in our region to learn from.**

7. **Keynote – Former President of European Central Bank** – very well received presentation, with comments on:

- a. Global Economy – growth about 3.2% for next few years, a slowdown from the past
- b. Productivity – growth not making sense given advances in technology
- c. Risks – wars; protectionism; debts levels
- d. Inflation – green economy will be one factor keeping inflation generally higher

8. **Session 7 - MOSAIC and collaboration for capacity building** – involved Chair of IFAC PAODAG and representative from The Global Fund (a fund focused on health diseases, including AIDs). Call out to PAOs to consider role in improving Public Financial Management.

9. **Session 8 – Fighting Economic Crime** – speakers from FATF, BDO, OECD and International Bar Association (IBA). One takeaway coming from the IBA was the desire to establish bi-lateral relationships with PAOs at the national level. Within the room, only a few indicated they have this. **CAPA members may wish to be proactive in this area.**

5. IFAC Board Meeting – 8 November

Highlights:

1. **Welcome:** New Board members welcomed
2. **Nominations:** Call for Nominations for 2026, and recommendations for 2025 composition of IFAC Board sub-committees, both approved.
3. **2025 IFAC Council meeting location:** Agreed in principle, however, to discuss with Forum of Firms since aim is to align with their meeting.
4. **Governance:** Proposed revisions to Conflict of Interest policy and Board Terms of Reference discussed.
5. **2025 budget,** including fees, was approved – diversification of funding sources is still a challenge, however a challenge IFAC is taking on. A question was raised about dealing with PAOs that cannot afford the fees, and the approach taken (e.g. possible suspension), given the desire to encourage them to succeed and therefore remain a member.
6. **PAO DAG:** Group Chair presented on their work. Reference was made to strategic planning workshops in Africa and MENA regions. The CEO of PAFA (Africa) informed the Board that they have development partner funding support to use the CAPA Maturity Model across nearly 25 PAOs – a project that will continue for at least 3 years. This acknowledgement of CAPA and the Maturity Model was very satisfying. Canadian Board member questioned if PAO DAG has KPIs and tracks outcomes from their work.
7. **KPIs and Risks:** It was proposed IFAC will have a limited number of KPIs and articulated risks. In my personal view this makes sense, and the first draft appeared to be a significant improvement on the past. Nonetheless, there were significant discussions, and further work will likely be required to get these 'right'.
8. **Private Equity (PE) Investment in the accountancy profession:** – IFAC has established a PE Taskforce to stay across the subject. 3 recent trends (3'Ts'): (1) Talent - decline in student interest; (2) Technology – concern it will make accounting obsolete; (3) Transformation – technology is speeding up change. PE will not take over the profession, but PE does provide capital for investment, and investors with cash (pension funds, etc) are turning to the accountancy profession. They see them as dealing with people with competence and integrity, etc. And the younger generation are wanting the opportunity to succeed early. PE provides that accelerating opportunity. 4-5 of top 10 firms in UK now have some PE. Grant Thornton have used it to move towards being the first global firm. The risk is that the firms take decisions based on economics (the profit motive) due to pressure from the PE firm for a financial return. The counter argument put forth (by the PE representative) is that integrity will always outweigh economics. Message was also to pick the PE partner that suits your business.
9. **International Panel on Accountancy Education:** Revised Terms of Reference approved – limiting the number of members coming from outside the PAOs or Forum of Firms (not to exceed 25%). Bruce Vivien also updated the Board on the IES revision process.

6. Other Interactions during the visit

- ICAN (Nepal) CEO – to follow up on governance matters of mutual interest
- Maldives representatives – expressed interest and now pursuing CAPA membership following admission to IFAC
- ICMAP (Pakistan) representatives – to discuss planned 2025 activities in Jubilee year
- IPA (Australia), John Edwards – to discuss involvement in South Pacific
- Josephine Phan– to meet for first time. She is new IFAC Board member from CPA Australia and based in KL, Malaysia for part of year
- Lei Yan (used the name Stone) – to meet for first time. He is new IFAC Board member from CICPA (China)
- CPA Australia CEO – to offer to speak to CPA Australia Board if required, following remarks that the Board often unaware of regional and global work (how their fees are used)
- CPA Ireland CEO – to make e-introduction to an ex-colleague specialising in PAOs measuring and reporting on their sustainability efforts.