

# Unity and singularity of the accountancy profession William NAHUM

# The accountancy profession

is practised under several forms, as :

- External auditor
- Independent public accountant
- Education and academics
- Public sector accountant
- Accountant in business (typically CFOs, accounting staff, cost accountants, internal auditors )

but is **unique**

# Specificities of the profession

- Single organisation as spokesman of the profession
- Service of the public interest
- Continuous enhancement of the quality

# A global organisation for the profession

## IFAC International Federation of Accountants :

- developing high-quality international standards,
- promoting strong ethical values,
- encouraging quality practice, and
- supporting the development of all sectors of the profession around the world

# IFAC

- Gathering 159 institutes on all the continents,
- Representing more than 2.5 million accountants
- Limits of representativity :
  - Several institutions of Western and Central Africa not yet members (applications planned)
- Leadership issues between different institutions in a same country

# Serving the public interest

Strengthening transparency and independent oversight with:

- Consultative advisory groups CAG for each standard setting boards
- Public Interest Oversight Board PIOB

Its objective is to increase the confidence of investors and others that the public interest activities of the IFAC - including the setting of standards by independent boards operating under the auspices of IFAC - are properly responsive to the public interest

## Enhancing the quality of the service delivered (compliance)

- The compliance programme consists on
- Comparing the current situation of members with the obligations they normally must fulfil
- Drawing up the differences between current situations and SMO
- Preparing action plans to suppress or reduce the gap
- Following up the achievement of the action plan

# SMO

- SMO 1 Quality assurance
- SMO 2 Education
- SMO 3 Audit and assurance standards
- SMO 4 Ethics
- SMO 5 Public sector accounting standards
- SMO 6 Discipline and sanctions
- SMO 7 Private sector accounting standards

# Threats over the profession

- Two gears profession
- Sustainability : how to finance SMO compliance supplementary costs
- Quality control implementation often difficult in developing nations
- IFAC/IFRS standards do not fit to SMPs
- Pressure of governments for or against adoption of IFRS for SMEs

# Two gears profession

- A risk for the SMP exists to be banished from the statutory audit market
- With the objective of improving the competitiveness of the enterprises the European Commission is willing to reduce drastically the administrative burdens by different measures, in particular by raising the statutory audit thresholds

## Two gears profession

- This would eliminate a great part of the statutory audit assignments conducted by the SMPs.
- Because of the complexity of the operations and the qualified staff necessary only large audit firms would have sufficient resources to perform remaining audit engagements.
- It would result a split in the profession between the firms specialised in audit and the others, principally SMP, practicing 2 activities more and more different

# Sustainability

- When implementing new procedures in order to comply with SMO, financial resources have to be raised by the member institutes for financing the improvements, especially quality control plans. In the developing nations principally these costs are financed by grants on a limited period from international donors.
- There are questions as the capacity of these institutes to find sufficient resources to remain compliant with SMO after receipt of the last grant

# Framework insufficiency

- When implementing a quality control system in developing nations, implementing an independent oversight body may be extremely difficult, due to the lack of independent qualified people.
- One solution may consist in building the oversight body with the existing qualified people, ie members of the tutela ministry
- Has such a degraded oversight the same value as the benchmark described in the IFAC literature

## Application material for SMP

- A frequent reproach made to IFAC standards is the fact that they have been designed for large groups, not for SMEs. An application guide will be issued later on, and sometimes a translation from english will be done.
- This can be the cause of break up of the accountancy profession and the efforts to promote the work of the shall be encouraged

# IFRS for SME

- In some countries the governments are reluctant to adopt the stand alone standard, because of the existence of national standards based on different framework
- If adopted the scope will deeply differ from a country to an other, the definition of SME being more political than economical

# What is the public interest

- The unity of the accountancy profession is based on the satisfaction of the PUBLIC INTEREST
- But does a clear definition of public interest exist ?
- IFAC has launched a survey for answering this crucial question