

Exposure Draft

November 6, 2012

Comments due: January 31, 2013

Professional Accountants in Business Committee

PAIB Strategy and Work Plan for 2013–2016





The mission of the International Federation of Accountants (IFAC) is to serve the public interest by: contributing to the development, adoption and implementation of high-quality international standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms, and to high-quality practices by professional accountants; promoting the value of professional accountants worldwide; speaking out on public interest issues where the accountancy profession's expertise is most relevant.

The Professional Accountants in Business (PAIB) Committee serves IFAC member bodies and professional accountants worldwide who work in commerce, industry, financial services, education, and the public and not-for-profit sectors. Its objectives are to promote and contribute to the value of professional accountants in business by increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and to support member organizations in enhancing the competence of their members to fulfill those roles. These objectives are achieved by facilitating the communication and sharing of good practices and ideas.

REQUEST FOR COMMENTS

The International Federation of Accountants (IFAC) presents the proposed *Professional Accountants in Business Strategy and Work Plan for 2013-2016* (the Plan) for public comment. The proposed Plan was prepared by the IFAC Professional Accountants in Business (PAIB) Committee. It may be modified in light of received comments before being presented in final form to the PAIB Committee in March 2013.

Respondents are asked to submit their comments electronically through the [Publications & Resources](#) section of the IFAC website, using the Submit Comment button. Please submit comments as both PDF and Word files. Additionally, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. **Responses should be sent by Thursday, January 31, 2013.**

GUIDE FOR RESPONDENTS

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

IFAC would particularly welcome feedback on (a) the strategic objectives and focus areas, and (b) the proposed projects and activities in the work plan, potential gaps, and priorities. Although the proposed strategy is for 2013-2016, the work plan activities are for 2013-2014 and will be updated in 2014.

Specific questions to guide the feedback of respondents include:

1. Do the proposed PAIB vision and objectives continue to reflect the best focus for IFAC to help its member organizations support their professional accountants in business and facilitate the profession's contribution to the development of sustainable organizations and financial markets and strong international economies (page 10)?
2. Do the six areas of focus continue to reflect the significant issues of importance to professional accountants in business in your jurisdiction (page 11)?
3. Do you agree with the proposed activities and projects on the work plan? Are there any gaps that would benefit from consideration at an international level? Are any important new developments missing? (Appendix 2)
4. Are there proposed projects on the work plan that you or your organization would be interested in being involved in at the task force level? In addition to the organizations listed on page 15 and 16, IFAC would be interested in receiving feedback regarding other organizations that IFAC could possibly build relationships with in the future.
5. How useful have the PAIB publications since 2010 been (available at <http://www.ifac.org/about-ifac/professional-accountants-business/publications-resources>)? What could the PAIB Committee do differently to increase the usefulness of its output and activities for member organizations?

PROFESSIONAL ACCOUNTANTS IN BUSINESS STRATEGY AND WORK PLAN FOR 2013–2016

CONTENTS

	Pages
Summary	5
1. Overview	8
2. Meeting the Needs of Society, Financial Markets, and Organizations	10
3. Vision and Strategic Objectives	10
4. Areas of Focus	11
5. Key Considerations in Developing and Executing the Strategic Plan	11
6. Communication Objectives	13
7. Outreach and Stakeholder Engagement	14
8. Resources	16

Appendix 1: Professional Accountants in Business (PAIB) Committee Terms of Reference

Appendix 2: Work Plan

Summary

The *Professional Accountants in Business Strategy and Work Plan for 2013–2016* (the Plan) provides IFAC members and others an opportunity to contribute to IFAC's direction and identify activities where IFAC might have the greatest impact and value for the largest number of members in helping them improve their support for, and engagement with, their professional accountant members working in commerce, industry, financial services, education, and the public and not-for-profit sectors (referred to as professional accountants in business). Input from IFAC member organizations and others on this draft will help IFAC finalize the strategy and work plan at the next meeting of the PAIB Committee in March 2013.

This Plan further develops the direction, vision and objectives for IFAC's engagement with professional accountants in business, set out in the previous strategy and work plan for 2010-2012.

The guiding vision is supported by two mutually reinforcing strategic objectives (see below) that address the needs and expectations of member organizations at various stages of development. This strategy is designed to provide a basis for IFAC to serve the professional accountants in business community at a global level and to provide an influential voice to this constituency.

Achieve global recognition of the contribution of professional accountants in business as partners in facilitating sustainable organizational success by:

- **increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and**
- **supporting member organizations in enhancing the competence of their members through development and sharing of good practices and ideas.**

Over the last two years, the PAIB Committee's activities have focused on delivering this vision and objective, starting with the 2011 publication [Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success](#), which provides IFAC and its members organizations and other interested parties with a common model for understanding and explaining how professional accountants drive sustainable organizational success. This has been used by many IFAC member organizations to help promote their members and has been translated into multiple languages.

The case study publication [Integrating Governance for Sustainable Success](#) continues to reinforce the role of professional accountants in business play in integrating governance, strategy, and sustainability into the way their organizations are managed as a means of achieving sustainable organizational success. The 2011 edition of the [IFAC Sustainability Framework](#) supports accountants as they embed sustainability factors into their organization's strategies, operations, and reporting. The Framework was followed up with an investigation of investor demand for environmental, social, and governance (ESG) disclosures to provide understanding of ESG metrics and indicators sought by investors and how they consider the financial implications and monetization of these factors ([Investor Demand for Environmental, Social, and Governance Disclosures: Implications for Professional Accountants in Business](#)).

In 2012, international principles of good practice have been developed to promote emerging thinking in the areas of internal control and business reporting processes. All IFAC PAIB publications are available at www.ifac.org/publications-resources.

In terms of working collaboratively, IFAC continues to play a central role in the development of the International Integrated Reporting Council and its Integrated Reporting Framework as well as further developing relationships with issuers of standards, frameworks, and guidelines for internal control and

enterprise risk management, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and International Standards Organization (ISO).

The proposed work plan for 2013-2014 continue to support the profession by anticipating the needs of organizations and, thus, enable professional accountants in business to, ultimately, contribute to their sustainable success.

The range of proposed projects and activities continue to cover six topics: roles, domain and competency of professional accountants in business; governance and ethics; risk management and internal control; sustainability; financial and performance management; and business reporting.

The Plan was developed in tandem with the overall *IFAC Strategic Plan for 2013–2016* and *IFAC Operational Plan for 2013*, so as to ensure that they complement each other.¹ IFAC's objectives relating to professional accountants in business are incorporated into IFAC's vision: *Recognition of the global accountancy profession as a valued leader in the development of strong and sustainable organizations, financial markets, and economies*. The outcomes IFAC seeks to achieve as set out in its strategic plan help to frame the selection of PAIB-related activities.

2013-14 Work Plan Highlights

The key proposed work plan activities in Appendix 2 supporting the delivery of the vision and strategic objectives are summarized in the table below.

Target Outcomes for IFAC	Service Delivery by PAIB Committee
Global recognition of the contribution of professional accountants in business and enhancing the level of competence within the accountancy profession	Promoting the need for professionalism in the role of the senior financial officer/chief financial officer (CFO) and investigating the future roles and expectations of professional accountants in business
Strong organizational governance and management structures	Continuing to provide leadership to the profession on how professional accountants in business can contribute to improving governance in organizations Facilitating greater global consistency and convergence of governance, risk management, and internal control guidelines, and providing guidance on how risk management and internal control can be better integrated into an overall governance system

¹ To be issued after the IFAC Council meeting on November 14-15, 2012.

Target Outcomes for IFAC	Service Delivery by PAIB Committee
Strong ethical behaviors demonstrated by professional accountants	Supporting the International Ethics Standards Board for Accountants' review of Section C of the <i>Code of Ethics for Professional Accountants</i> , which is specifically focused on professional accountants in business
Enhanced credibility of and accessibility to financial and non-financial information Provision of high-quality performance information High-quality financial management and reporting practices by organizations	Focusing on the profession's role in supporting accounting for sustainability and embedding sustainability considerations into decision-making Supporting the development of the Integrated Reporting Framework and providing a preparer's perspective to facilitate the implementation of integrated reporting; supporting the IIRC's technical projects through collaboration Facilitating the important role of professional accountants in business in improving the quality of business reporting practices Defining the term "business model" from a performance management perspective to aid strategic and operational decision making and the role of professional accountants in business

A survey of IFAC member organizations and selected other stakeholders will be conducted in 2014 to help assess performance against the Plan and to secure additional input.

1. Overview

This strategy and work plan sets out IFAC's vision, strategic direction, and corresponding work plan in relation to professional accountants in business for the period 2013–2016. Prepared by the PAIB Committee (see [Appendix 1](#) for terms of reference), the strategy is cast within the context of the current, and anticipated, environment and perceived needs of organizations in general. It sets the direction and priorities of IFAC's services that are relevant to professional accountants in business.

The activities defined in the strategy, particularly those that enhance the profile of professional accountants in business and provide an influential voice for them, require close collaboration across IFAC's activity areas and with external stakeholders.

Who are Professional Accountants in Business and Where Do They Work?

The roles of professional accountants are diverse and often not uniformly understood, particularly how they serve the public interest and contribute to sustainable organizational success. IFAC uses the expression "professional accountants in business" to refer to all those members of the profession who work in commerce, industry, financial services, education, and the public and not-for-profit sectors. They are a very diverse constituency representing over half of the global profession and can be found working as employees, consultants, and self-employed owner-managers or advisers.

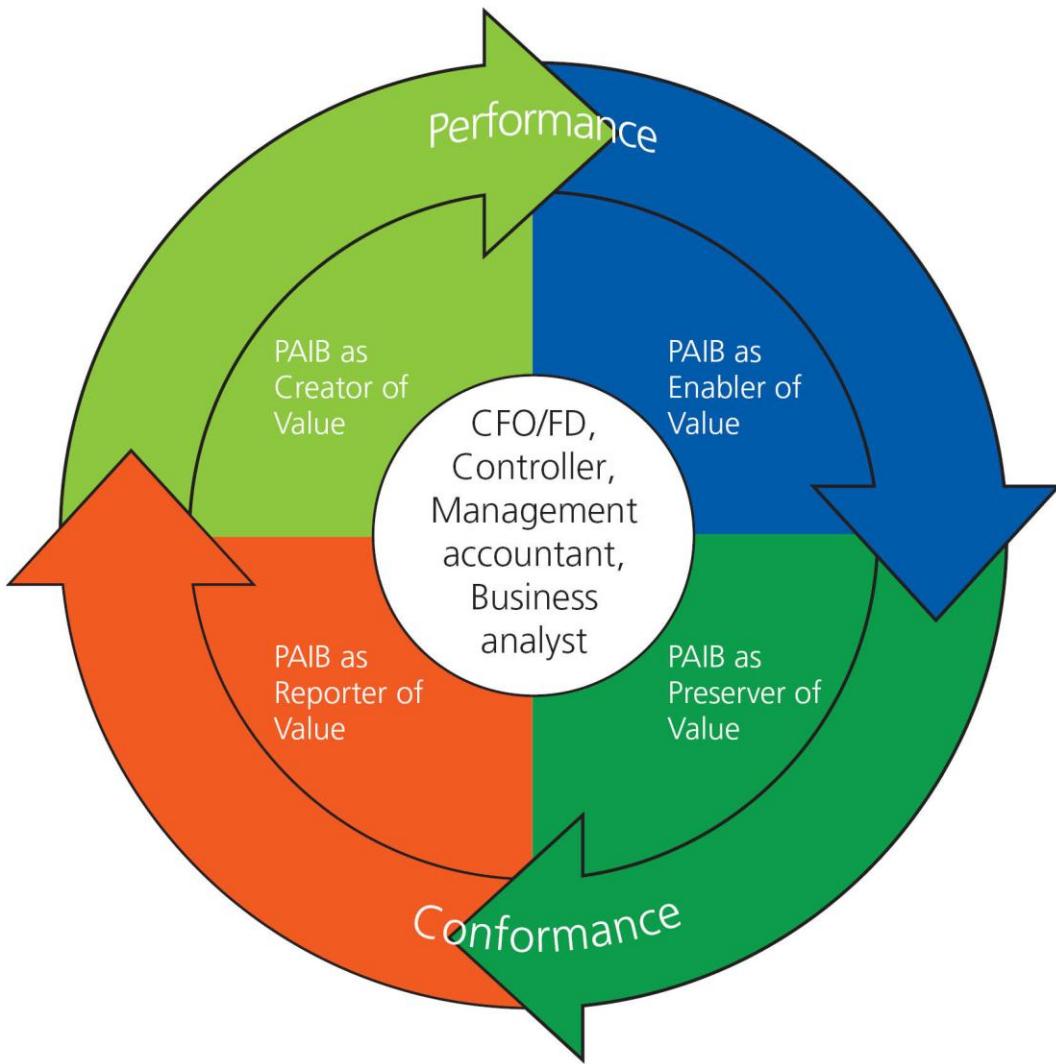
Professional accountants are recognized by different designations around the world—for example, Chartered Accountant (CA) or Certified Public Accountant (CPA), Certified Accountant, Chartered or Certified Management Accountant (CMA), Expert Comptable, or Contador Publico. The brand values associated with these designations are promoted by IFAC's individual member organizations. Depending on the route they have taken, professional accountants in business may have trained and qualified while working in public accounting and, later in their career, moved to work for an organization. Others, typically known as "management accountants," have trained and qualified within a corporate or public sector environment.

Professional accountants support their organizations in a wide range of job functions at various levels.

- Leadership/management: chief executive officer (CEO); chief financial officer (CFO) / financial director (FD); chief operating officer; director of governance or operations; treasurer
- Operational: business unit controller; financial or performance analyst; cost accountant; resources manager; business support manager; systems analyst
- Management control: business assurance manager; risk manager; compliance manager; internal auditor
- Accounting and stakeholder communications: group controller; head of reporting; investor relations manager; financial or management accountant

In their various roles, professional accountants in business provide stewardship of financial and non-financial performance information, which ensures compliance with financial reporting standards, risk and internal control requirements, and other regulatory, legal, and market requirements. In a business partnering role, they focus on supporting strategy development and execution and facilitating sustainable value creation.

The PAIB Committee's 2011 publication, [Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success](#), provides IFAC and its members organizations with a common model for understanding and explaining how professional accountants drive sustainable organizational success. It promotes the diverse contribution of professional accountants in business and categorizes their roles as creators, enablers, preservers, and reporters of sustainable value.



2. Meeting the Needs of Society, Financial Markets, and Organizations

Significant macroeconomic and societal challenges are leading more organizations to pursue sustainable value creation, taking into account both the need for compliance and the need to remain competitive within an increasingly global economy. Organizations need to consider how their activities can have a long-term positive impact on society and how this is intrinsically linked to their own sustainable success.

There are strong interconnections between financial, economic, environmental, and social sustainability, which organizations need to recognize in the way they are managed and report. Exclusive focus on achieving short- and medium-term financial performance goals does not always contribute to managing an organization in a sustainable way. Ensuring that organizations pursue sustainable business models will require a broader longer-term focus that connects ESG performance to financial performance.

Sustainable economies will be fostered by organizations that direct their strategies and operations to achieve economic, environmental, and social performance. The PAIB Committee believes that this requires longer-term thinking and that sustainable organizational success will be aided by integrating governance and sustainability factors into the development of an organization's strategy, operations, and reporting. This plan, therefore, considers the creation of value leading to delivery of sustainable organizational success as the focal point for understanding the areas of competence expected from professional accountants in business. In turn this will guide the global accountancy profession in providing relevant education, training, and development for its members.

3. Vision and Strategic Objectives

The vision and supporting strategic objectives provide focus and context to the work plan and respond to the need to deliver sustainable organizational success.

Achieve global recognition of the contribution of professional accountants in business as partners in facilitating sustainable organizational success by:

- increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and
- supporting member organizations in enhancing the competence of their members through development and sharing of good practices and ideas.

This vision is a key component within IFAC's wider vision, which recognizes the global accountancy profession as "a valued leader in the development of strong and sustainable organizations, financial markets, and economies." In addition to achieving global recognition of the contribution of professional accountants, the outcomes that IFAC seeks to achieve in relation to professional accountants in business include:

- enhanced level of competence within the accountancy profession;
- strong organizational governance and management structures;
- enhanced credibility of and accessibility to financial and non-financial information;
- strong ethical behaviors demonstrated by professional accountants;
- provision of high-quality performance information; and
- high-quality financial management and reporting practices by organizations.

The strategic objectives focus on enhancing the profile, influence, and relevance of professional accountants in business. They recognize that many professional accountants are in positions of strategic and functional leadership or are otherwise well placed to collaborate with colleagues in other disciplines to create sustainable success for their organizations.

Pursuing this vision successfully requires action by the profession to both improve the *perception* of the contribution being promoted and, for the message to be credible, ensure that the underlying *reality* matches the perception. IFAC and its member organizations will have to influence key stakeholders to associate professional accountants in business not only with relevant expert competence but with high-quality personal and organizational performance outcomes. The stakeholders that IFAC and its members should seek to influence include regulators, standard setters, opinion formers, and, in particular, all organizations that employ professional accountants in business. This cannot happen unless IFAC member organizations with professional accountants in business also take steps to ensure that those accountants are supported, directly or indirectly, in achieving and maintaining the necessary competence in a changing world.

4. Areas of Focus

The key theme supporting the strategy is professional accountants in business facilitating integrated governance, thinking and management, and reporting in organizations. Professional accountants in business have an important role to play in both enabling integrated reporting within organizations and facilitating integrated governance and thinking. Building on the case study publication [Integrating Governance for Sustainable Success](#), the profession's overarching aim should be to reinforce the role professional accountants in business play in integrating governance, strategy, and sustainability into the way their organizations are managed as a means of achieving sustainable organizational success.

Six areas of strategic importance to the PAIB constituency have been identified in the previous work plan:

- roles, domain, and competency of professional accountants;
- governance and ethics;
- risk management and control;
- sustainability and corporate responsibility;
- financial and performance management; and
- business reporting.

The projects and activities being proposed in these areas are listed in [Appendix 2](#). Operationally, projects are managed by PAIB Committee task forces in each of these areas.

A Review of International Good Practice Guidance

To help ensure that the program of International Good Practice Guidance (IGPG) continues to support the strategic objectives, a review and assessment of the program of IGPG will be conducted in 2013. The review will consider whether the IGPGs could be better positioned as statements of principles in support of the profession more generally rather than as guidance for professional accountants in business. Statements of principles are an effective method of distilling and communicating positions regarding policy and good practice across jurisdictions and to various stakeholders, and, as such, can be refocused to help deliver the IFAC objective on speaking out on public interest issues.

5. Key Considerations in Developing and Executing the Strategic Plan

In developing this strategy and work plan, and ultimately planning for its execution, the PAIB Committee is cognizant of the need to balance the differing needs and expectations of various IFAC member organizations. There can be contrasting expectations between, for example, those members in developed and developing or emerging economies and between larger organizations with extensive resources and smaller ones with more limited resources. However, the committee recognizes that the sheer diversity of the PAIB constituency makes supporting them challenging for all types of professional accountancy organization (PAOs).

The significant differences between developing and developed economies were highlighted in IFAC's 2011 [Fifth Annual Global Leadership Survey](#), which suggested that respondents from developing economies are looking to IFAC to help them provide education and guidance to their members. In contrast, responses from PAOs in more developed countries suggest greater concerns for the more far-reaching issues of the global economy, regulatory convergence, and integrated reporting and sustainability. Therefore, more-developed member organizations typically take a broader view of IFAC's role: one that promotes responsible, trusted services, in part through effective international standards, and acts and speaks out on behalf of the profession.

The two mutually-reinforcing strategic objectives address the needs and expectations of IFAC member organizations at various stages of development. To fulfill these objectives, the committee evaluates international projects and activities in the work plan using the following criteria.

- Does it develop what professional accountants in business do, and will need to be able to do, and informs stakeholders, such as employers, clients, and regulators, of expectations relating to the contribution of professional accountants in business?
- Does it identify and respond to emerging threats and opportunities for professional accountants in business as they fulfill their roles?
- Is it useable by IFAC member organizations in developing support for their PAIB members?

These characteristics are applied as filters in the selection and prioritization of activities and all projects identified in the proposed work plan in [Appendix 2](#) have been judged to contribute to all three. The committee is currently reviewing its project selection criteria to improve the sensitivity with which projects can be ranked.

By reflecting a diverse selection of its member organizations on the PAIB Committee, IFAC facilitates shared learning across national boundaries on the structures and approaches for supporting professional accountants in business. The committee also encourages collaboration on projects with member organizations and others as a means to a) generate a greater level of interest in a specific topic or project, and b) develop a project with shared resources and expertise.

Measuring Success of the Strategy and Work Plan

Measuring the impact of this strategy and work plan is important, not the least because it informs and improves the development of future strategy and work plans and ensures that the maximum value is extracted from limited resources.

The measurement of the PAIB Committee's service delivery against its plan is part of the performance management process within IFAC. An IFAC service delivery plan and performance dashboard showing the committee's progress against its work plan is presented to the IFAC Board every quarter, with a final

service delivery report submitted to IFAC Council at its annual meeting. The chair of the PAIB Committee formally reports to the IFAC Board annually.

However, this reporting focuses on outputs rather than the impact of these outputs and whether they are effective in achieving the aforementioned vision and strategic objectives. Measuring the impact of this strategy and work plan is not straightforward because understanding IFAC's influence on enhancing the recognition of the professional accountants in business brand and perceived relevance is inherently complex. Many factors impact the stated vision and strategic objectives and many of these are outside IFAC's control. For example, success at promoting global recognition of professional accountants in business will depend on the collective efforts of IFAC member organizations and other bodies and individuals.

Notwithstanding these difficulties, various steps will be taken to help measure success in achieving the vision and strategic objectives.

- Measure the satisfaction of IFAC member organizations by eliciting feedback through periodic surveys. Specific professional accountants in business-related surveys of members can help establish whether IFAC and the committee achieved appropriate coverage of topics and issues, succeeded in the vision and strategic objectives set out above, and raised members' awareness and use of PAIB Committee publications and their capability and willingness to support professional accountants in business. More general IFAC surveys, such as the Annual Global Leadership Survey, can be used to assess the perceived importance to members of dealing with issues related to professional accountants in business.
- Measure website download statistics for publications and translation and reproduction statistics for publications.
- Measure the use IFAC member organizations make of professional accountants in business-related resources.

6. Communication Objectives

The main communications objectives supporting the delivery of the strategy and work plan are to:

- promote the various roles that professional accountants play in contributing to the development of sustainable organizations and financial markets and strong international economies;
- create awareness among IFAC member organizations and other key stakeholders of services provided by IFAC and its members that are relevant to professional accountants in business; and
- share information and knowledge with and among IFAC member organizations, recognized regional organizations, acknowledged accountancy groupings, and other key stakeholders and, where necessary, encourage them to engage with their professional accountant in business members.

To deliver on these communications objectives, IFAC aims to influence stakeholders with a perspective wider than a single jurisdiction, such as international regulators, international standard setters, and key international expert groups (influencing national or state regulators is assumed to be a matter for member organizations within the jurisdiction concerned).

Increasing the awareness of the roles of professional accountants in driving sustainable organizational success will require IFAC and its member organizations to influence the employers of professional accountants, governments, and regulators and provide evidence that their professional accountants have the competency and expertise to enhance the effective functioning of organizations.

IFAC will proactively support its members in communicating IFAC activities and outputs to professional accountants and other stakeholders by providing member communications support materials for critical projects, which may include news releases, articles, presentation materials, and frequently asked questions.

IFAC also strives to make its publications widely available by enabling individuals to freely download them from its [website](#) and permitting interested parties to reproduce and translate them. IFAC has developed two policy statements to facilitate the reproduction and translation of its publications, which are available at www.ifac.org/Translations. IFAC's key communications channels are:

- Media relations
 - Press releases
 - Providing bylined articles for member journals and trade publications on select issues
- IFAC Website
 - Promoting materials and resources related to professional accountants in business at www.ifac.org/PAIB
- Newsletters
 - Dedicated *PAIB eNews* (8-12 times a year)
 - Articles in each *IFAC News* (3-4 times a year)
 - Articles in *IFAC Monthly Update*
- Online commentary for articles, blogs, LinkedIn forums, Twitter feeds, etc.

7. Outreach and Stakeholder Engagement

Every year, the PAIB Committee will review its strategy and work plan and consider the various projects and activities proposed by its task forces and the IFAC member organizations and update the work plan accordingly. The PAIB Committee establishes its priorities taking into account feedback received through the IFAC Board, recommendations from IFAC member organizations, and comments arising from wider stakeholder engagement through this strategic planning process.

Ongoing feedback on the strategy and work plan and its implementation will be sought through wider IFAC channels, such as the annual Chief Executives' Strategic Forum.

The PAIB Committee encourages outreach via hosted PAIB Committee meetings and joint forums/seminars; consultation on the strategy and work plan prior to final publication; representative activities of the chair, committee members, and IFAC's officers; and external participation in the committee and its task forces. Some of the organizations with whom IFAC has a Memorandum of Understanding, such as the Prince of Wales' Accounting for Sustainability Project, have been brought into a relevant task force.

In addition to nominations for PAIB Committee membership, IFAC member organizations are also invited, through the annual call for nominations to international standard-setting boards and IFAC committees, to submit names of individuals who would be willing to participate as a member of a PAIB Committee task force. Task force meetings are held virtually.

Engaging those countries in which professional accountants in business are not considered members of the profession

The PAIB Committee continues to consider the structure of the profession in countries where individuals who are not members of PAOs perform the roles of professional accountants in business, as is the case in parts of Europe and Asia. Where a need is identified, the committee will assess whether it can provide support to IFAC member organizations in these jurisdictions to help them exploit opportunities for, or otherwise engage with, professional accountants in business. If the opportunity arises, the committee may engage with professional organizations that sponsor roles in the domain of managerial accountancy with a view to exploring any areas of potential collaboration.

The PAIB Committee's collaboration with other IFAC activity areas

The PAIB Committee liaises with the various standard-setting boards and IFAC committees on matters relevant to achieving the strategic objectives.

- International Auditing and Assurance Standards Board: auditing and assurance relating to integrated reporting and narrative reporting, and the IAASB's initiative on improving the auditor's report
- International Accounting Education Standards Board: development of standards and guidance relating to the competency of professional accountants in business
- International Ethics Standards Board for Accountants: providing input to proposed revisions to the *Code of Ethics for Professional Accountants*, developing additional guidance to support implementation of the Code, and promoting professional ethics
- PAO Development Committee: facilitating the development of PAOs and support for member organizations in support of their PAIB members. This might involve supporting the PAO Development Committee in facilitating mentoring between PAOs and advising them on approaches to training and supporting professional accountants in business.
- Public Policy and Regulation: providing input into policy responses that incorporate professional accountant in business issues, such as the IFAC response to the European Commission's Green Paper, the EU Corporate Governance Framework, the development of submissions to the Group of Twenty, and the proposed public policy position on Foundations of Good Governance, Risk Management, and Internal Control.
- Small and Medium Practices (SMP) Committee: exchanging ideas and jointly considering how each committee's respective work plan and activities address the needs of small- and medium-sized entities (SMEs) vis-à-vis the role of professional accountants in business and SMPs. There is a growing liaison between the PAIB and SMP Committees on the needs of SMEs and how professional accountants can better serve them, particularly in the areas of governance, ethics, and sustainability. An example is the special edition joint eNews in September, *The Role of Professional Accountants in the Sustainability of Small Businesses*.

Collaboration with others

IFAC collaborates with external thought-leadership groups and organizations where there is a mutual benefit to pooling expertise and resources. Staff actively engages with:

- the International Integrated Reporting Council (IIRC);

- the Global Reporting Initiative (GRI);
- the Prince of Wales' Accounting for Sustainability (A4S) Project;
- the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the International Organization for Standardization (ISO) project group on risk management;
- the Association of Corporate Treasurers (ACT);
- the Institute of Internal Auditors (IIA);
- the Climate Disclosure Standards Board (CDSB); and
- the Consortium of Advanced Management—International (CAM-I).

As a co-founder of the IIRC, IFAC proactively supports its further development, including development of an Integrated Reporting Framework. In addition to membership of the IIRC and chairing the IIRC Working Group, IFAC provides staff support for the development of the Framework, which is included in this work plan.

8. Resources

Specific budget considerations for the professional accountants in business program activities are included in the overall IFAC budget considerations, as outlined in the Strategic Plan for 2013-2016 and related Operational Plans. The PAIB activity area is supported by two IFAC staff based in New York and one staff member seconded to the IIRC in London.

Appendix 1: PAIB Committee Terms of Reference

Vision and Purpose

The PAIB Committee provides advice on relevant issues pertaining to professional accountants in business and the business environment in which they work, and the perspectives of their sponsoring organization(s). Professional accountants in business are employees, consultants, and self-employed owner-managers or advisers in commerce, industry, financial services, education, and the public and not-for-profit sectors.

The IFAC PAIB vision recognizes the global accountancy profession as a valued leader in the development of strong and sustainable organizations, financial markets and economies:

Global recognition of professional accountants as business leaders and strategic partners in building long-term sustainable organizational success.

Objectives

The PAIB Committee recommends IFAC activities that achieve the following strategic objective:

To promote and contribute to the value of professional accountants in business.

To achieve this objective, its activities focus on:

1. Increasing awareness of the important roles professional accountants play in creating, enabling, preserving, and reporting value for organizations and their stakeholders; and
2. Supporting member organizations in enhancing the competence of their members to fulfill those roles. This is achieved by facilitating the communication and sharing of good practices and ideas.

Publications

To fulfill the strategic objective the PAIB Committee develops the following:

- *International Good Practice Guidance (IGPG)*: These publications foster a common and consistent approach to the work of professional accountants in areas of international and strategic importance; they focus on the role of professional accountants in business and emphasize evaluation and improvement of the areas of international and strategic importance.
- *Information Papers and Special Reports*: These provide a detailed investigation into a particular subject of relevance to professional accountants in business, and sometimes include an interview-based approach.
- *Consultation or Discussion Papers*: These seek comments from interested parties on the issues described, or promote discussion on issues affecting professional accountants in business.
- *Web-based resource centers*: These centers synthesize and highlight key issues and considerations for professional accountants in business and facilitate the sharing of member body and other resources and information.
- *Forums and roundtables of experts and interested parties*: These discuss key trends, issues, and emerging themes, their impact on the global profession, and how best to respond to and support the profession.

All of the PAIB Committee's publications are written in the English language.

Scope of Activities

The PAIB Committee develops and implements a PAIB strategy and work plan which is submitted to the IFAC Board for approval.

The PAIB Committee establishes delivery-focused task forces, chaired by a PAIB Committee member, that cover the specific topic areas that have been deemed priority areas of focus in the strategy and work plan. The PAIB Committee approves publications developed by the task forces.

Expert participation in task forces may be drawn from outside the PAIB Committee for example from member organizations or non-IFAC sources (e.g., universities, consultants, accountancy firms, and other PAIBs).

Chair

The appointment and terms of service of the PAIB Committee chair is in accordance with the IFAC Constitution and Bylaws.

Membership

The PAIB Committee will consist of up to 18 members whose appointment and terms of service shall be in accordance with the IFAC Constitution and Bylaws. The appointment of Technical Advisors shall also be in accordance with the IFAC Constitution and Bylaws allowing one Technical Advisor to accompany a member to a meeting.

The Nominating Committee selection process considers factors including recent and up-to-date knowledge of practice, geographic representation, sector of the accounting profession, size of organization, and level of economic development.

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

Observers may from time to time attend and participate at meetings, or parts thereof, subject to the approval of the chair. Observers may be allowed to speak, at the Chair's discretion, but have no voting privileges.

Meeting Procedures

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

Each member of the committee will be allowed one vote. A member has the right to appoint a proxy in writing. (A proxy may be given to the Chair or another member of the committee, but not to a technical advisor.) The affirmative vote of at least two-thirds of members present at a meeting in person, or by simultaneous telecommunications link or by proxy, is required to approve all actions or submissions of the committee.

The committee can also use ballots where it is considered appropriate and necessary. The results of the ballot will be included in the minutes of the next full meeting.

Other

The IFAC Board will review the terms of reference of the PAIB Committee every three years. The Nominating Committee reviews the performance of volunteers on IFAC boards and committees through the annual Board and Committee Performance Program.

Appendix 2: Work Plan

The proposed work plan is organized by strategic themes and covers 2013-14. Many of the areas of activity and proposed projects cover multiple topic areas.

Feedback on the proposed projects below and suggestions for other projects is welcomed as part of a response to this consultation.

OUTCOMES	SERVICE DESCRIPTION	2013-14 PROPOSED PROJECT ACTIVITIES
Global recognition of the contribution of professional accountants in business and enhancing the level of competence within the accountancy profession	Building on Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success, which was published in August 2011.	Various members have so far localized these publications with their own branding, using either the full version and/or the employer-focused brochure, to promote professional accountants in business in their jurisdictions. Continuing support will be provided for IFAC member organizations wishing to use the publications.
	Developing a statement on the role of the senior financial officer/CFO	A project to develop a statement of principles on the role of senior financial officers. The principles would highlight the fundamental importance of senior finance roles, their duties and responsibilities, and required skills and qualities. A principles-based approach would help the profession promote, to regulators and employers, the importance of a professional accountant performing senior finance roles. It will also provide input to the work of the IAESB that might consider an activity in the area of defining minimum competence of senior finance officers at a later stage. It could also support member body efforts to provide relevant qualifications and post-qualification educational services.
	Forward looking paper on future roles and expectations of professional accountants in business	Develop a leadership paper on the future roles and expectations of senior financial officers and professional accountants in business in 2020/2025 focusing on their roles in leadership teams and the opportunities and challenges. This will be undertaken in the context of the relevant work of IFAC members and others, and the key themes that might be explored, such as understanding and balancing the tensions between “partner” and “steward;” the need for broad-based experience at the same time as having deep specialist knowledge; and the impact of changing organizational structures, such as outsourcing, on the development of professional accountants in business and their contribution to organizations.

OUTCOMES	SERVICE DESCRIPTION	2013-14 PROPOSED PROJECT ACTIVITIES
		Investigate the development of a project on the need for professional accountants in business to manage transition in their careers. Transition can be considered from various perspectives, for example, from public practice to working in business or the public sector, or moving into more senior and leadership roles.
	Supporting the International Accounting Education Standards Board (IAESB)	Working in support of the IAESB to consider the development of competency requirements for professional accountants in business in International Education Standards.
Strong organizational governance and management structures	Continuing to provide the profession a framework of fundamental principles on how professional accountants in business contribute to evaluating and improving governance in organizations	A review and update of the 2009 International Good Practice Guidance on <i>Evaluating and Improving Governance in Organizations</i> . This will inform IFAC's public policy positions in relation to governance, risk, and internal control, and will help to identify various aspects of governance and the role of professional accountants in business that needs further investigation and the involvement of the global profession.
	Establishing an International Public Sector Governance Framework	Completion and subsequent dissemination and promotion of the international public sector governance framework that is being developed in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the World Bank, scheduled to be issued in 2013. Facilitating adoption and implementation of the public sector governance framework also through the work of public policy and regulation.
	Further developing relationships with national and international issuers of standards, frameworks, and guidelines for internal control and enterprise risk management	Since the IFAC's 2011 survey on risk and control practices confirmed that the COSO Internal Control Framework and the ISO 31000 Risk Standard are among the most important guidelines in this area, and that there is a desire for international convergence, the committee has set on a path of facilitating global alignment of risk management and internal control guidance, standards, and frameworks. Further involvement in both COSO and ISO project working groups is planned as a major part of the work plan. IFAC will continue a proactive and open dialogue with both ISO and COSO and further consider how to best reconcile different risk and control definitions and concepts in various guidelines.

OUTCOMES	SERVICE DESCRIPTION	2013-14 PROPOSED PROJECT ACTIVITIES
	Providing principles to the profession on the need for integrating governance, risk, and internal control	Providing leadership on how risk management and internal control systems can be better integrated into an overall governance system. In practice, these systems are often managed in a disjointed and unconnected way and, as part of facilitating convergence, high-level guidance is needed on how this integration can take place in practice. Principles-based guidance can demonstrate the benefits of better integration of risk management and internal control, including behavioral and cultural aspects, into the overall governance system of an organization and provide information on how such integration can be accomplished.
	Providing a high-level comparison of the various risk management and internal control guidelines (e.g., COSO and ISO), highlighting commonalities and differences, particularly focused on concepts and terminology	A briefing will compare the various risk management and internal control standards and guidelines and identify the most important differences in terms and concepts—such as risk, internal control, materiality, inherent risk, residual risk, risk appetite, and risk tolerance—and subsequently discuss how they are used in the various guidelines highlighting commonalities and differences.
Strong ethical behaviors demonstrated by professional accountants	Supporting the International Ethics Standards Board for Accountants (IESBA) in evaluating and improving the <i>Code of Ethics for Professional Accountants</i> , specifically in relation to professional accountants in business	Through direct participation in its project group, and proactively providing a professional accountants in business perspective, supporting the IESBA review of section C of the <i>Code of Ethics for Professional Accountants</i> , specifically focused on professional accountants in business. The committee will also respond to specific IESBA consultations relating to professional accountants in business. Further activities to promote the role of professional accountants in facilitating ethical organizations are being considered, including bringing together the various ethical guidance and support made available to professional accountants in business from IFAC member organizations. These discussions can also build on the 2007 IGPG, <i>Defining and Developing an Effective Code of Conduct for Organizations</i> .
Enhanced credibility of and accessibility to financial and non-financial	Developing the IFAC Sustainability Framework to further promote and encourage integrated thinking and management	Representing the roles and competency of professional accountants in various aspects and areas of integrating sustainability into organizations will involve continuing the development of the Sustainability Framework (last revised in 2011) to highlight how to account for sustainability in support of integrated management and reporting. Importantly, it will involve identifying ways to

OUTCOMES	SERVICE DESCRIPTION	2013-14 PROPOSED PROJECT ACTIVITIES
information Provision of high-quality performance		promote the specific ways professional accountants can work with their organizations to bring together financial, economic, environmental, and social performance.
information High-quality financial management and reporting practices by organizations	Updating and progressing the Memorandum of Understanding (MoU) with the Prince of Wales' Accounting for Sustainability (A4S) Project	Key areas of coverage of the MoU will be reviewed and updated and continue to support the work stream to facilitate the integration of sustainability factors into project and investment appraisal (capital budgeting). As part of the Accounting Bodies Network work program, IFAC will support a project to develop educational materials and guidance that target IFAC member organizations for the training and support of accountants at both a pre-and post-qualification levels. Other aspects of the A4S work program being supported include the A4S/IFAC community website and the continuation of the CPA Australia-led empirical research to obtain first-hand insights on current approaches to incorporating sustainability issues into investment decisions among large corporates.
	IFAC will continue its central role in the development of the International Integrated Reporting Council and its integrated reporting framework.	Collaboration with and support of the IIRC is covered in the MoU between IFAC and the IIRC and involves a secondment of one full-time equivalent technical staff member to the IIRC secretariat and supporting specific technical projects to facilitate the development of the IIRC's Integrated Reporting Framework. IFAC also has representation on the Council and provides the chair of its Working Group, Following the PAIB Committee's response to the IIRC's initial (2011) Discussion Paper, <i>Towards Integrated Reporting: Communicating Value in the 21st Century</i> , the committee will continue to provide the IIRC with a practical preparer's perspective of integrated reporting and, where useful, provide guidance on preparing for the implementation of integrated reporting. In 2012, a technical collaborative project for the IIRC, led by PwC, the Chartered Institute of Management Accountants (CIMA), and IFAC, focused on understanding and articulating business models. The term "business model" is increasingly used to describe how an organization creates sustainable and market value, and will form a significant part of an integrated reporting framework.

OUTCOMES	SERVICE DESCRIPTION	2013-14 PROPOSED PROJECT ACTIVITIES
		The PAIB Committee intends to further investigate the management aspects of supporting business model understanding. A project will focus on defining and understanding the business model from a performance management perspective to aid strategic and operational decision making and consider the role of professional accountants in business.
	Influencing effective business reporting practices	<p>High-quality reporting practices are fundamental to sustainable organizations, markets and economies, and the role of professional accountants in business in preparation of internal and external business reports is often overlooked and poorly understood. Therefore, the committee will continue to contribute to improving the quality of business reporting practices and increasing awareness of the important role of accountants. Following the publication of the IGPG <i>Eleven Principles for Effective Business Reporting Processes</i>, additional guidance will be considered to support the implementation of sound and integrated reporting practices, focusing primarily on the necessary processes to support effective reporting and disclosure and the implementation of an integrated reporting framework. Guidance on the use of non-GAAP measures in business reporting is also being considered.</p> <p>Additional collaborative activities to support integrated reporting will be continued, including with the Climate Disclosure Standards Board and the Global Reporting Initiative.</p>

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

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

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

Copyright © November 2012 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work to achieve maximum exposure and feedback provided that each copy bears the following credit line: "*Copyright © November 2012 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Permission is granted to make copies of this work to achieve maximum exposure and feedback.*"

Published by:





International
Federation
of Accountants

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