

Maturity Model

for the development of Professional Accountancy Organisations



About CAPA

The Confederation of Asian and Pacific Accountants (CAPA) is recognised by the global accountancy profession, represented by the International Federation of Accountants (IFAC), as a regional organisation representing national accountancy organisations in Asia Pacific.

The mission of CAPA is to develop, coordinate and advance the accountancy profession in the region by: contributing to the formation and development of sustainable accounting organisations; facilitating relationships and sharing knowledge; promoting high-quality financial reporting; influencing the development of public sector financial management; influencing the development of efficient and effective capital markets; promoting the value of accountants; and providing input to, and supporting the global profession in, matters of public interest.

About PAODC

The Professional Accountancy Organisation Development Committee (PAODC) of CAPA is focused on the development of strong and sustainable professional accountancy organisations by identifying, developing and sharing relevant knowledge, tools and guidance.

This publication has been prepared by the PAODC to further these objectives. It may be downloaded from the CAPA website at: *www.capa.com.my*

Any comments on this publication should be directed to the CAPA Secretariat: *admin@capa.com.my*

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PREFACE

National professional accountancy organisations (PAOs) are integral to developing and maintaining a strong and sustainable accountancy profession that serves the public interest and contributes to the growth and stability of economies.

The purpose of this document is to assist in the development of PAOs, irrespective of their current stage of advancement.¹ It provides a roadmap for organisational growth based on the measurement and improvement of practices and processes.

For existing PAOs, this document can be used to identify "better practice" attributes: the attributes that tend to characterise highly relevant, sustainable organisations. For newly formed accountancy organisations, it can be used to identify the attributes needed to develop into a PAO.

¹ A number of other excellent resources are also available to assist in this objective. We recommend this document be considered alongside other publications of the International Federation of Accountants (IFAC), in particular the following:

• Guide to Establishing and Developing a Professional Accountancy Body

• Tools and Resources to Support the Development of the Accounting Profession

• Establishing Governance: A Guide for Professional Accountancy Organizations

he criteria for determining whether or not an accountancy organisation may be deemed "professional" are a matter of some discussion and debate. Not surprisingly, a substantial amount of literature exists to define a *profession, professionalism* and a *professional*.

A profession can be defined, for example, as an occupation "where a first degree followed by a period of further study or professional training is the normal entry route and where there is a professional body overseeing standards of entry."² However, not all professions require an initial degree qualification, as the professional qualification itself provides at least an equivalent level of achievement.³

For purposes here, a professional organisation is defined as one in which the members who hold a certification, license or other authorisation have also achieved a certain level of education – having passed an examination of professional competence, gained significant practical experience and been given access to continuing study. In addition, these members are subject to ethical guidelines and the enforcement of these guidelines.

For further clarification, see **Appendix A: 'What is a Profession?'** which lists Lord Henry Benson's nine "criteria for a group to be considered a profession,"⁴ established in 1992. Central to these criteria is the existence of a set of ethical rules and professional standards designed for the benefit of the public.

Among PAOs, we note that each will determine the specific criteria for its members in accordance with applicable legislation or regulations. Additionally, members of PAOs may operate at different levels of competency and with differing professional profiles.

2 Gateways to the Professions, Sir Alan Langlands, 2005

³ British Professions Today: The State of the Sector, Spada Limited, 2009

4 Criteria for a group to be considered a profession, Lord Henry Benson, 1992

Professional Accountancy Organisations (PAOs) are membership bodies comprised of individual professional accountants, auditors, and/or accounting technicians who perform a variety of roles in their accountancy field and adhere to high-quality standards of practice.⁵

The International Federation of Accountants, or IFAC, is a global organisation "dedicated to serving the public interest by strengthening the (accountancy) profession and contributing to the development of strong international economies."⁶ Its members are all PAOs with an interest in the international accountancy profession.

As a result, it is highly valuable to understand the criteria for achieving and maintaining IFAC membership when considering the path for the development and growth of a PAO.

These criteria⁷ include:

- The PAO is acknowledged, either by legal decree or by general consensus, as being a national PAO in good standing in the jurisdiction in which it operates. In case of acknowledgement of the foregoing by general consensus, evidence shall exist that such PAO has the support of the public and other key stakeholders.
- The PAO fulfills the requirements specified in the Statements of Membership Obligations (SMOs)⁸ approved by the Board, and demonstrates evidence of compliance as required by the Member Compliance Program.
- 3. The PAO demonstrates capacity to actively participate in the IFAC Member Compliance Program.⁹
- 4. The PAO is financially and operationally viable, and has an appropriate governance structure.
- 5. The PAO has an internal operating structure that provides for the support and regulation of its members.

⁵ Unearthing the Power of Professional Accountancy Organizations, IFAC

⁶ About IFAC – http://www.ifac.org/about-ifac/organization-overview/faq

⁷ IFAC Bylaws – https://www.ifac.org/sites/default/files/uploads/Gov/IFAC-Bylaws-Feb-2014.pdf

⁸ SMOs provide benchmarks to current and potential IFAC members to assist in ensuring high-quality, professional accounting performance.

⁹ The IFAC Member Compliance Program encourages continuous improvement and provides an opportunity for members to demonstrate their compliance with IFAC's SMOs, which cover member bodies' obligations to support the (a) adoption and implementation of international standards and other pronouncements issued by the international standard-setting boards (accounting, audit, public-sector accounting, ethics and education) and

⁽b) the establishment of quality-assurance review systems and investigation and disciplinary mechanisms.

3. THE MATURITY MODEL

o guide PAOs in their development, CAPA has designed "the maturity model," a framework created to help PAOs undertake an organisational self-assessment and identify opportunities for development and improvement (Exhibit 1).

The maturity model has been designed as a user-friendly, open approach to helping organisations identify their current state of development and create an action plan for achieving an appropriate level of maturity.

In building the maturity model, all accepted criteria for qualification as a PAO were taken into account, including the IFAC SMOs, as well as many other generally recognised criteria.



Exhibit 1: The Maturity Model

A. Sixteen Key Success Areas

The model comprises sixteen Key Success Areas (KSAs) across four broad characteristics, which are presented around the outside of the model as:

- 1. Sustainability
- 2. Relevance
- 3. Professionalism
- 4. Member Value

Each of these KSAs is considered important; however, the emphasis may vary based on the organisation concerned. For example, the extent of the organisation's focus on auditing, the public sector, small-to-medium practitioners, or accountants in business will dictate which KSAs are most beneficial to that organisation.

The application of the model by each organisation can therefore be tailored to suit the specific nature, focus or stage of development of that organisation.

For more information on each of these key factors, see the *Attribute Tables* section. There are a total of sixteen attribute tables, each corresponding to one KSA. These tables were created by bringing together a wide range of accountancy organisations to consider the KSAs, to identify important aspects of each, and to pinpoint the attributes most readily identifiable with, and necessary for, accountancy organisations at different stages of development or maturity. Note that these lists of attributes are not necessarily exhaustive and may therefore be viewed as examples.

Characteristic	Key Success Areas	Description
SUSTAINABILITY	Legal & Market Recognition	An acknowledged reason to exist
	Governance	Oversight, direction and control arrangements
	Funding & Business Model	A strategy and plans for long-term viability
	Infrastructure & Management	Appropriate systems, processes and people
RELEVANCE	Membership	Criteria for admission and levels of membership
	Member Involvement	Member needs and views understood
	Standards*	International technical standards adopted and implemented
	Public Interest	Generates benefits for all society
PROFESSIONALISM	Ethics*	Established standards of conduct for professionals
	Quality Assurance*	Standards for delivering services to the public
	Investigation & Discipline*	Maintains standards of membership
	Professional Qualification*	Established required-competency benchmark
MEMBER VALUE	Continuing Professional Development*	Supports member competency
	Member Services	Responds to member needs; provides value
	International Relationships	Internationally connected and continually improving
	Advocacy & Influence	Recognised voice on topics of relevance

* These KSAs link to IFAC's Statements of Membership Obligations (SMOs)

B. Five Levels of Maturity

As accountancy organisations grow and mature, they typically pass through five essential levels of development that can be characterised by attributes representing:

- 1. Ad hoc or no practices
- 2. Informal practices
- 3. Good practices
- 4. Strong practices
- 5. Best practices

An organisation recognised as having reached the level of "good practices" would be considered as a PAO, having met the minimum standards expected of a PAO. This level also equates to the PAO having a defined plan to address the requirements of the IFAC SMOs where the PAO has direct responsibility.¹⁰

Organisations are encouraged to strive to attain good practices as a minimum in all KSAs; however, we recognise there may be reasons why this may not be an objective in respect to every KSA. Further, achieving best practice may not always be an appropriate goal, given differing contextual or regulatory environments.

Nonetheless, while accountancy organisations vary significantly in size, age, focus, structure and responsibility, various attributes can be identified and associated with certain stages of development for each KSA. The assessment criteria in the table are used for all KSAs.

	1
Level of maturity	Ad hoc or no practices
Description, including link to SMO compliance where applies	There is no, or limited, recognition of the KSA. Where the assessment relates to an SMO, the organisation is not active in meeting requirements.

10 PAOs operate under different national legal and regulatory frameworks and the PAO may therefore have direct, shared or no responsibility for meeting the requirements of each SMO - see IFAC SMOs (revised November 2012)

2	3	4	5
Informal Practices	Good Practices	Strong Practices	Best Practices
Awareness of KSA and requirements exists. Reliance is placed on individuals to intuitively carry out activities that support this KSA. Where the assessment relates to an SMO, the organisation is considering how to address the requirements.	The KSA and requirements are understood, although with less understanding of best practice. Basic processes are in place to acknowledge requirements and deliver basic outcomes. Aim is to achieve minimum requirements. Where the assessment relates to an SMO, the PAO has a defined plan to address the requirements.	There is a full understanding of the KSA and benchmark requirement. The activities and outcomes are clearly defined and clearly owned. Standard processes are in place and are improved through internal review. Limited processes to enable continuous improvement to external best-practice levels are in place. Where the assessment relates to an SMO, the PAO is executing and implementing the requirements and reviews to apply improvements.	There is an advanced and forward- looking understanding of the KSA and benchmark requirement. Processes are leading-edge and based on external best practices. External experts are used to leverage expertise. Regular monitoring and self-assessment is in place as well as processes to adapt quickly to new practices and requirements. Where best practice relates to an SMO, the PAO is fully addressing it, with an ongoing commitment to continuous improvement.

The value of undertaking a self-assessment exercise will lie primarily in the discussions that follow.

he maturity model is designed to be used as a self-assessment tool, as diagrammed in Exhibit 2. CAPA strongly encourages accountancy organisations to use this model to help them understand their current stage of development and to consider future development opportunities. Using the attribute tables in the **Attribute Tables** section, organisations may plot the overall assessment for each KSA onto the diagram to indicate relative strengths and weaknesses.

See section *D: Guide to Undertaking a Self-Assessment* for an illustrated guide to the self-assessment process. Note that as the self-assessment effort progresses, organisations will likely find they are stronger in respect to some aspects of each KSA than others.

A. The Self-Assessment Process

As with any such process, the outcome of the self-assessment will depend on accuracy, integrity and fairness. We therefore recommend that the assessments be made by a relevant group of knowledgeable persons, perhaps including both management and independent members, and that processes be applied to ensure integrity. For example, the results may be presented to another group of stakeholders, such as the council or board, who will have ultimate responsibility for the outcome. Mechanisms to probe and challenge the assessments, including presentation of examples and evidence, should be applied at all times.



Exhibit 2: The Maturity Model - Self-Assessment

B. Outcome and Actions

The assessment for each aspect and each KSA overall will be subjective; however, the value of undertaking such an exercise will lie primarily in the discussions that take place regarding current and desirable positions. In addition, not all organisations will have the same ultimate goals, and therefore not all will aim for the same level of maturity. Rather, each should strive to be the best it can be within its own setting.

As to the overall picture thus created, it should reveal relative strengths and opportunities for improvement. For example, the organisation may be strong in terms of "relevance" but less strong in terms of "sustainability." Individual organisations will have to decide whether any particular areas are fundamental to their circumstances, in which case they would be expected to become the focus of attention. For example, sustainability is seen by many as a priority, since other activities are only possible if a solid foundation is in place. In addition, the governance KSA is often essential to establishing and maintaining credibility and a solid reputation.

Similarly, where membership of IFAC is a priority, then compliance with the SMOs will be a prerequisite.

C. Development Opportunities

The organisation should approach any development and improvement program in a strategic manner. In many cases this may lead to the development of a strategic plan or incorporation of specific development opportunities into existing plans.

As they consider potential opportunities, organisations should establish aspirations based on their unique mission, strategy, resources and contextual setting. These aspirations will reflect country-specific considerations such as size, culture and the political, legal, social and economic environment. Note the *Attribute Tables* may be used to gather ideas for future initiatives and to formulate more detailed action plans.

In addition, accountancy organisations are strongly encouraged to engage with governments, regulators, businesses, donor agencies and other key stakeholders in discussions regarding the maturity of the accountancy profession in the country concerned.¹¹ These stakeholders have a shared interest in the outcomes and many have roles to play in assisting the development of the accountancy profession.

Development and donor agencies in particular are often supportive of the development of the accountancy profession and inter alia, the role it plays in increasing the reliability of partner country systems.¹² Many of these agencies and organisations have developed other tools and techniques for considering the state of country systems or accounting and auditing at the country level.¹³ The maturity model complements these other tools and guidance materials, while having a specific focus on the entity established to represent the accountancy profession, whether that be a member-based association or a government-led organisation.

Member-based and government-led organisations have differing governance arrangements and will often have some other unique differences, particularly in overall role and responsibilities. The maturity model has been designed on a member-based organisation, and while the majority of the key success factors apply also to government-led organisations, application of the model should be adjusted to take into account the unique circumstances in any given situation.

11 Throughout this process, particularly in discussions involving stakeholders and other parties, the organisation will require extensive background information regarding the accountancy organisation and its roles and responsibilities. A questionnaire is provided in Appendix B for this purpose.

12 Unearthing the Power of Professional Accountancy Organizations, IFAC

- 13 Includes: Reports on the Observance of Standards and Codes, World Bank
 - PEFA Assessment Reports, Public Expenditure and Financial Accountability
 - Accounting Development Tool (ADT), United Nations Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

4. IMPLEMENTING THE MATURITY MODEL

D. Guide to Undertaking a Self-Assessment

On a periodic basis, organisations are encouraged to follow the four-step process represented in the following diagrams:

STEP 1: Assess the detailed aspects of each KSA

Using the attribute tables, consider current stage of organisational development.

Ethics - Establishing clear and appropriate standards of conduct.

Aspect	1	2	3	4	5
Law and regulation	Few or no legal or regulatory requirements	Limited engagement with government or regulators	Clear legal or regulatory requirements in place	Systematic monitoring and review of legal or regulatory requirements	The "go to" body for government or regulators when reviewing requirements
Awareness	No understanding of ethical requirements as a core attribute of a PAO	Some engagement with members	Members and staff understand the requirements	Engages in debate, with comments valued by key influencers as authoritative and constructive	Widespread public awareness that members are required to behave ethically
Implementation and reporting	No reaction to problems No commitment to developing and implementing ethical requirements	Plan of action under development	Buy-in by members to be compliant Implementation plan aligned with investigation and discipline framework	Effective implementation that encourages acting in the broader public interest where appropriate Discipline consistently applied and outcomes published	Recognised nationally and internationally as a role model Advisory helplines and support schemes in place Proactive and external review
Training	Few or no training opportunities	Training programme in development	Training programme in place	Training fully integrated into CPD programmes	High-quality training programme, regularly updated in the light of practical experience
SMO compliance ¹⁹	Not active	Considering how to address the requirements of SMO 4	Has a defined plan to address the requirements of SMO 4	Executing and implementing the requirements of SMO 4	Ongoing commitment to continuous improvement in addressing requirements of SMO 4

STEP 2: Assess each of the KSAs

Based on the specific assessments in Step 1, make an overall assessment for each of the KSAs and plot on the model (say level 2 for the Ethics example).



STEP 3: Consider the broad picture

Repeat steps 1 and 2 for all KSAs.



STEP 4: Develop an Action Plan

Using the Attribute Tables, consider future development initiatives.

Characteristic	Key Success Areas	Action Plan
SUSTAINABILITY	Legal & Market Recognition	
	Governance	
	Funding & Business Model	
	Infrastructure & Management	
RELEVANCE	Membership	
	Member Involvement	
	Standards*	
	Public Interest	
PROFESSIONALISM	Ethics*	
	Quality Assurance*	
	Investigation & Discipline*	
	Professional Qualification*	
MEMBER VALUE	Continuing Professional Development*	
MEMBER VALUE	Member Services	
	International Relationships	
	Advocacy & Influence	
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* These KSAs link to IFAC's Statements of Membership Obligations (SMOs)



The attributes included in the Attribute Tables are not necessarily exhaustive and should be viewed as examples

Legal & Market Recognition - Gaining a motive to establish, develop and maintain a PAO. The basis upon which the PAO exists and which establishes a clear mandate for it to operate.

Aspect	1	2	3	4	5
Recognition by the public and by the private sector	No, or limited, recognition of the need for a PAO	Group formed by committed professionals to identify market needs	Actively working to meet market needs	PAO and professional accountants recognised by peer organisations and market stakeholders	PAO and professional accountants recognised by the public as fulfilling a key societal role
Recognition by government or regulatory authorities	No engagement with government or regulatory authorities	Limited engagement with government or regulatory authorities	Formal government recognition, which over time will lead to statutory recognition Collaboration with government or regulatory authorities to develop regulation	Statutory recognition in legislation and/or charter. Established relationship with government or regulatory authorities	Planned, regular and effective liaison with government or regulatory authorities Legislation protects and supports professional accountants in providing wide range of services
External oversight	None	None	Limited government oversight of licensing and regulations	Oversight of licensing and code of conduct for members	Comprehensive oversight of the profession in place, including external review relating to governance, quality assurance (QA) and member licensing
Self-review	None	Governance structure and/or constitution without reference to external stakeholders	Governance structure or constitution established to support market needs	Strategic commitment to self-review and monitoring	Planned, regular and effective self-review and monitoring in place

Governance - Adhering to principles of good governance, including, where applicable, oversight mechanisms by which the PAO is directed, monitored and controlled.

Aspect	1	2	3	4	5
Constitution or charter	No formal constitution or charter	Informal governance documentation	Established governance documentation, example , constitution, by-laws, policies and procedures	Effective and complete governance documentation	Comprehensive framework, including ongoing review and self-assessment
Leadership or corporate governance	No established leadership or governance structure	Voluntary leadership with limited corporate governance administration	Established council or board Key stakeholders involved Leadership continuity and succession planning considered Established and effective secretariat	Separation of governance and management roles and accountabilities	Clear understanding of the distinction between volunteer and secretariat roles Effective review, performance monitoring and performance development in place Independent, public members involved in boards and committees
Member involvement	No membership structure or involvement	Limited member involvement beyond voluntary leadership	Members involved in representation, with formal nomination, reappointment and election procedures Members contribute to strategic development	Extensive committee structure with formal Terms of Reference	Board and committee performance review structure in place
Reporting	No annual reporting	Limited reporting, including financials	Formal reporting, including audited financial statements	Detailed financial and non- financial performance reporting	Formal audit and risk committee structure

Funding & Business Model - Establishing a viable, sustainable organisation able to achieve stated mission and objectives. Active attention to strategies and risks.

Aspect	1	2	3	4	5
Strategic planning	No business model or strategic plan	Short-term and informal approach Limited policy framework	Identified business objectives Strategic planning framework Operational plan supported by effective management systems and controls Consistency and continuity in strategic planning	Clearly articulated longer-term vision Strategic plan implemented and monitored Key risks identified and monitored Strategy considers wide membership admission to maximise revenue streams	Comprehensive strategic planning and risk management Performance monitored against strategy Extensive Board input to strategic direction
Finance	Ad hoc	Limited budgeting, revenue generation and cost control	Clear understanding of business cycle, cash flow and revenue Critical mass supporting sustainable revenue streams, in turn supporting minimum required resources Effective cost controls Effective internal controls	 Financially stable with: 1. Capital expenditure plan 2. Budget linked to performance indicators 3. Management accounting subject to detailed and regular overview 4. Internal audit 	Active management of capital investment Business model articulated and stress-tested Active and independent audit committee

Infrastructure & Management - Establishing the foundations for maintaining high quality, effective operations, whether resources are volunteer or paid.

Aspect	1	2	3	4	5
Organisational structure	No formal structure	Developing structure	Established governance and management structure	Fully resourced with experienced management	Management has extensive experience, including strong knowledge of the accounting profession and of managing a membership body Comprehensive management information strategy
Staff	Limited or no staff	Informal recruitment processes Staff have limited management experience	Established business plan in place, with the necessary staff resources Chief Executive Officer (CEO) in place	Empowered, non-volunteer CEO Robust HR systems in place, example, payroll, health and safety, recruitment, staff development, performance management, equal opportunities	Comprehensive team engagement strategy including internal communications framework
Facilities and systems	Limited or none	Established physical base Limited information, communications and technology (ICT) investment	Effective facilities and systems including ICT infrastructure and website in place Member database meets the needs of the organisation	Business support systems in place, example, performance indicators, business continuity, succession planning, insurance	Brand and Intellectual Property (IP) managed and protected E-learning and e-commerce platforms Sophisticated membership relationship and management systems

Membership - Generating a clear view of whom the organisation represents.

Aspect	1	2	3	4	5
Framework	Informal membership or association. No register but may keep an attendance list	Basic membership categories and register	Differential membership categories and register	Membership allows for accountants working in all sectors of the economy	Comprehensive membership categories and register
Basis for Admission	No formal admission criteria Informal application process No fee	Limited requirements for admission Link to academic programs Limited fees	Admission criteria includes education, examination and practical work experience Membership fee	Array of educational pathways Examination system includes wide range of elective subjects	Professional academic requirements embedded in undergraduate courses
Admission for members of other PAOs	Not considered	Ad hoc, inconsistent approach	Available to certain PAOs in specific, limited circumstances	Available to range of overseas qualified accountants via mutual recognition agreements	Comprehensive suite of mutual recognition agreements
Ongoing Membership Requirements ¹⁴ Links to <i>Continuing Professional</i> <i>Development (CPD)</i>	No requirements	CPD expected but not a requirement	CPD recognised as a requirement for ongoing membership Payment of membership fee by set deadlines	CPD is monitored and declarations by members required annually	CPD is monitored and enforced

14 CPD is the most common ongoing membership requirement, however there may be others requiring an annual declaration.

Member Involvement - Working to capture the members' needs, views and expertise to help meet the organisation's objectives.

Aspect	1	2	3	4	5
Involvement in governance	No member input in board or council governance No committee structures	Limited member involvement or input in governance Informal committee structure	Members involved in selection or appointment of directors or council members Basic committee structure exists	Clear governance policies, including specified member involvement in governance Committee structure exists covering all key governance activities	Well-developed and articulated governance policy Comprehensive selection or nomination committee policy and process based on merit
Member consultation	No member consultation mechanisms	Informal consultation of members	Limited member consultation Member input sought on strategic direction	Members regularly consulted on issues affecting the PAO or profession Members actively involved in shaping strategic direction of the PAO	Well-developed and articulated member engagement policy Comprehensive member involvement in all facets of the PAO Detailed consultation mechanisms Benchmarking of member involvement to best practice Member committees, discussion groups and chapters actively provide input into member advocacy
Members representing PAO externally	No involvement of members in representation	Limited member involvement in representing PAO	Members engaged in representing PAO in general public forums and events	Members actively involved with specific stakeholders	Members actively involved in representing the PAO with wide range of key stakeholders

Standards (IFRS, IPSAS, ISAs)¹⁵ - Adoption and implementation¹⁶ of core international reporting and audit standards upon which the profession is based and upon which services are delivered by members to meet public and stakeholder needs.

Aspect	1	2	3	4	5
Adoption and implementation of international standards	No objective or intention to develop, adopt or implement standards	Established objective to promote adoption and implementation of international standards	Adoption of international standards agreed and implementation plan in place	Adoption and implementation of international standards effected	Ongoing processes are in place to support adoption and implementation of international standards
Set, or contribute to, standard-setting (nationally or internationally) Note: the specific involvement will depend on the responsibilities, if any, the PAO has with respect to standard-setting	No authority to set standards or relationship with key stakeholders holding such authority	Initial relationship established with government to develop appropriate regulatory framework and standard- setting roles and authorities	Clear roles established with government, including authority for development of accounting and auditing standards	Works closely with regulators to develop and implement standards Monitors and influences standard-setter's work programs Engages in issues of applicability and practical challenges of implementation Established as legitimate spokesperson on standards	Provides professional practice standards for the conduct of its members Represents the needs of the profession to international standard-setting organisations Supports and influences standard-setter's activities, programs and pronouncements Regularly comments on international pronouncements
Guidance and education	No standards committee, staff or guidance available to members Not recognised as spokesperson or technical expert on professional standards	Committee established to review international standards in light of economic, legal and political environment	Review process in place for adoption of international standards Technical resources available to provide technical advice and guidance	Programs in place to train local practitioners on use of standards	Training and awareness programs in place to monitor ongoing application of standards
SMO compliance	Not active	Considering how to address the requirements of SMOs 3, 5 & 7	Has a defined plan to address the requirements of SMOs 3, 5 & 7	Executing and implementing the requirements of SMOs 3, 5 & 7	Ongoing commitment to continuous improvement in addressing requirements of SMOs 3, 5 & 7

¹⁵ Adoption and implementation of international standards will vary from country to country, and may include transition from a country's own developed standards and/or adoption of international standards.
16 Adoption is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimise differences between international and national standards. Implementation may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

Public Interest¹⁷ - Building the appropriate culture and other factors that enable the organisation to act in the public interest.

Aspect	1	2	3	4	5
Consideration of public interest by PAO	No consideration given to public interest in the organisation's actions, decisions or policies	Limited consideration given to public interest in the organisation's actions, decisions or policies Appreciation of requirements and acknowledgement of stakeholder expectations	Consideration given to public interest in the organisation's actions, decisions or policies	Advocates for consideration of the public interest in all matters Consults public representatives in the organisation's decisions, actions and policies	Involves public representatives in the organisation's decisions, actions and policies Maintains constructive dialogue with international organisations, governments, regulators, universities, and other finance industry stakeholders
PAO acts in the best interest of the public	Not specifically considered	Not specifically considered	Requirements promoted and taken into account informally or intuitively in decision- making processes	Advocate for adoption of high-quality international standards (education, ethics, etc.) Specifies appropriate educational requirements and qualifications for members	Works with the regulatory community and governments to develop and implement high- quality international standards Where authority rests with the PAO, regulations are clearly established
Members required to act in the public interest Links to <i>Ethics</i> and <i>Investigation & Discipline</i>	No requirement	No requirement	High level of member awareness on the importance of the public interest	Members required to apply high standards of ethical behaviour and professional judgment	Member actions contrary to public interest are addressed

17 IFAC defines the public interest as the net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy. See IFAC Policy Position Paper #5 – A Definition of the Public Interest

Ethics¹⁸ - Establishing clear and appropriate standards of conduct.

Aspect	1	2	3	4	5
Law and regulation	Few or no legal or regulatory requirements	Limited engagement with government or regulators	Clear legal or regulatory requirements in place	Systematic monitoring and review of legal or regulatory requirements	The "go to" body for government or regulators when reviewing requirements
Awareness	No understanding of ethical requirements as a core attribute of a PAO	Some engagement with members	Members and staff understand the requirements	Engages in debate, with comments valued by key influencers as authoritative and constructive	Widespread public awareness that members are required to behave ethically
Implementation and reporting	No reaction to problems No commitment to developing and implementing ethical requirements	Plan of action under development	Buy-in by members to be compliant Implementation plan aligned with investigation and discipline framework	Effective implementation that encourages acting in the broader public interest where appropriate Discipline consistently applied and outcomes published	Recognised nationally and internationally as a role model Advisory helplines and support schemes in place Proactive and external review
Training	Few or no training opportunities	Training programme in development	Training programme in place	Training fully integrated into CPD programmes	High-quality training programme, regularly updated in the light of practical experience
SMO compliance ¹⁹	Not active	Considering how to address the requirements of SMO 4	Has a defined plan to address the requirements of SMO 4	Executing and implementing the requirements of SMO 4	Ongoing commitment to continuous improvement in addressing requirements of SMO 4

 ¹⁸ Ethical requirements apply to the staff as well as to the members of PAOs. PAOs should comply with good practice in the way they are managed, governed, and financed. Their members should similarly comply with good practice in whichever sector or jurisdiction they work. It is assumed that even where ethical standards and codes are set by government, regulators, or other appointed authorities, the PAO will have a role in encouraging compliance by its members.
 19 SMO 4, International Ethics Standards Board for Accountants - *Code of Ethics for Professional Accountants*. Requires the adoption and implementation of the Code.

Quality Assurance (QA)²⁰ - Establishing standards and systems to monitor the quality of services provided by members to the public.

Aspect	1	2	3	4	5
Standards and guidance	None	Guidelines developed and issued	Minimum standards and requirements established at the levels of: • audit engagement • firm • body responsible for quality assurance review	Guidance to members Requirements in place across the full range of public accounting services	Regular review of standards and requirements Guidance to members regularly updated Advice structures in place, for example, helplines
Implementation and monitoring	None	No formal monitoring of compliance	QA programme based on periodic review cycle Necessary allocation of management resources	Dedicated management resources with necessary skills and competences Risk-based review cycle Transparent and documented policies and procedures	Regular review of QA programme to ensure compliance with external standards QA committee with balanced and independent representation Established cooperation with other oversight bodies or regulator
Reporting	None	None	Outcomes shared with members Outcomes used to inform development of guidance and CPD	Annual public reporting Outcomes embedded in CPD programmes Implementation of disciplinary procedures where there is non- compliance	Outcomes shared with and feedback sought from external stakeholders Mutual recognition programmes with other regulators
SMO compliance	Not active	Considering how to address the requirements of SMO 1	Has a defined plan to address the requirements of SMO 1	Executing and implementing the requirements of SMO 1	Ongoing commitment to continuous improvement in addressing requirements of SMO 1

20 SMO 1, Quality Assurance. Contains detailed requirements for the organisation and operation of quality assurance review systems.

THE ATTRIBUTE TABLES

Investigation & Discipline²¹ - Handling complaints about misconduct appropriately.

Aspect	1	2	3	4	5
Awareness and framework	None	Some recognition by members that they should be accountable Plan of action to introduce processes for dealing with complaints	Awareness by public and members of a documented complaints process Necessary allocation of resources Established investigation and discipline procedures in governance documents	Resources and expertise allocated to enable timely investigation and disciplinary action Clear distinction between investigation, disciplinary and appeals functions	Public and member awareness of comprehensive and effective procedures, which are publicly reported
Implementation and reporting	None	Limited disciplinary processes, but without reporting	Member involvement Reporting of outcomes to members	Formal nomination process for appointment to tribunals Appeals process Public reporting of outcomes Members required to self-report disciplinary offences	Independent tribunals comprising appropriate professional and legal expertise Detailed reporting Independent review of cases not proceeding after investigation
SMO compliance	Not active	Considering how to address the requirements of SMO 6	Has a defined plan to address the requirements of SMO 6	Executing and implementing the requirements of SMO 6	Ongoing commitment to continuous improvement in addressing requirements of SMO 6

21 SMO 6, Investigation and Discipline. Contains detailed requirements for the organisation and operation of investigation and disciplinary systems.

Professional Qualification (PQ)²² - Establishing the required competency benchmarks for professional or other qualifications.²³

Aspect	1	2	3	4	5
Policy & framework	No policy exists	PQ is linked to existing recognised education programs or overseas qualifications	Specific PQ established, largely technical-based, offering access to audit and practice	PQ is developed by the profession, meets market and academic requirements, is attractive to students Examinations include elective options	PQ relies on a competency-based model of certification
Requirements Education Experience & development	None	PQ based on completion of existing, possibly tertiary, education courses No experience requirement	PQ based on completion of education courses influenced (design and/or content) by the PAO, or specifically designed standalone programs Practical experience required, largely time-based rather than quality-based, but not monitored	PQ based on PAO-developed education programs, or assessed and approved tertiary education programs Practical experience requirements specify nature and time commitments, and are monitored	Competency requirements used to direct development of tertiary and PAO education programs, and include technical and non technical matters, example, leadership, professionalism Competencies assessed through examination and/or practical experience
Assessment of the qualification for both educational and practice requirements	None	Little transparency No external moderation; system open to abuse	Assessment integrated with curriculum and tuition: students, tutors and practice-experience supervisors understand what is expected; system security measures in place	Tuition providers, examiners and practice-experience supervisors subject to quality control; system is secure with low level of abuse	Transparent, robust, secure and trusted assessment, externally moderated and monitored, with high level of stakeholder confidence, a model for other qualification providers
Resources and support	None	Limited	Reliance on third parties to deliver education programs Students have access to curriculum supported by tuition and learning materials	PAO has the resources and experience to assess or develop programs, perhaps in partnership with third parties	PQ administered flexibly, including online capability PQ subject to regular review and revision in consultation with wide range of stakeholders
SMO compliance	Not active	Considering how to address the requirements of SMO 2	Has a defined plan to address the requirements of SMO 2	Executing and implementing the requirements of SMO 2	Ongoing commitment to continuous improvement in addressing requirements of SMO 2

22 SMO 2, International Education Standards (IESs) for Professional Accountants and other Pronouncements issued by the International Accounting Education Standards Board. A number of the IESs are applicable to PQ.

23 While this table focuses on the professional accounting qualification, it is recognised that organisations may also administer other qualifications, such as for accounting technicians. In this situation, the other qualification can be substituted for the professional qualification (PQ) and the attributes equally applied, as appropriate.

Continuing Professional Development (CPD) - Maintaining and enhancing member competencies to enable delivery of high-quality services to business, government and the public.

Aspect	1	2	3	4	5
Policy	No CPD system	CPD is voluntary	CPD policy established Policy not monitored Active promotion of CPD and its importance	Policy monitored	Policy monitored and non-compliance addressed via investigation and discipline
Staffing and oversight	Volunteer-led and sponsored	Limited staff focus	Specific staff focus	Dedicated staff established CPD committee involvement	Comprehensive reporting to board or council
Programs and delivery	Limited and ad hoc training courses Volunteer trainers	Informal planning and delivery of training program Program influenced by supply and not demand Training materials accessed from other PAOs Quality of training inconsistent and not measured Courses generally provided for free or nominal amount	Reasonable training program established Links established with universities and other training suppliers Some regular, competent presenters identified Course fees generally charged	Comprehensive training program Pool of competent trainers identified	Dynamic program: topics regularly evaluated and prioritised Trainer accreditation requirements implemented Online CPD to support extensive program Learning outcomes verified and measured
SMO compliance ²⁴	Not active	Considering how to address the requirements of SMO 2	Has a defined plan to address the requirements of SMO 2	Executing and implementing the requirements of SMO 2	Ongoing commitment to continuous improvement in addressing requirements of SMO 2

24 SMO 2, International Education Standards (IESs) for Professional Accountants and other Pronouncements issued by the International Accounting Education Standards Board. CPD is addressed in IES 7.

Member Services	 Satisfying the 	e needs of members	with highly	valued services.

Aspect	1	2	3	4	5
Vision	No vision or strategy	Limited vision or strategy	Established vision, but inconsistent buy-in	Unified vision for member services	Member-service focused culture, with ongoing investment and improvement
Approach	No specific activities or resources applied to understanding member needs	Annual member satisfaction survey Reactive approach Limited staff focus	Proactive approach in some areas Dedicated member- service staff	Consistent and integrated approach Member-experience metrics feeding top-level goals	Satisfaction surveys; complaint procedures; suggestion schemes Core "member experience" team established and advising on strategies
Services provided	No networking events No tools, resources, or technical assistance No library No newsletter	Annual conference or networking event Very limited technical assistance Occasional newsletter Fairly static website	Library facilities Several conferences or networking events Limited technical assistance, for example, email and hotline Regular newsletter Functional website regularly maintained	Specialised, targeted conferences program Technical assistance department Newsletters targeted to specific member groups Member-focused discounts or loyalty programs	 Web events, CPD and conferences Career resources (from student to executive) Resource-rich research, guidance and other materials Online library Full technical assistance, including technical hotline Multiple contact channels with high use of technology: email, web, magazine, podcast, etc. Extended loyalty programs (for example, branded credit cards) Non-technical support services, for example, counselling, mentoring, business and personal development

THE ATTRIBUTE TABLES

International Relationships - Collaborating with others in the interest of advancing the successful development of the organisation, including accessing educational programs, CPD and other resources.

Aspect	1	2	3	4	5
Resources	No particular focus	Reliance on specific individuals working in ad hoc manner	Staff with defined international-relations role	Staff with dedicated international-relations role	Dedicated international-relations function Involvement of experts, advisors and/or established committee Secondment of staff to other professional organisations
Scope or Activities	No, or minimal, communication and collaboration with others	Aware of the importance of collaborating with others; seeks some relationships	Limited international objectives or goals established	International objectives and goals implemented and monitored	Comprehensive international strategy established Mentoring provided to developing PAOs
Outcomes	No established relationship with any accounting groups	Member of accounting groups or regional accounting organisations, but no involvement in activities	Member of regional and/or international accounting organisations, with limited involvement Links established with limited number of other PAOs	Active participation in regional and/or international accounting organisations Partnering with PAOs established	Strong influence in regional and/or international accounting organisations and their key sub-committees Recognised by broad range of international "institutional" organisations

Advocacy & Influence²⁵ - Developing the means by which the PAO effects change to meet the needs of members, stakeholders and the public.

Aspect	1	2	3	4	5
Resources	No resources to engage in debates	Volunteer-led resources	Resources established to monitor issues	Dedicated staff resources and capability for research	Dedicated staff resources Deep cadre of spokespersons established
Scope or Activities	Little or no activity	Ad hoc monitoring of issues affecting the profession Comment sporadic and reactive	Key relationships established with key influencers and relevant stakeholders, including universities Comment limited to particular topics	Comprehensive, systematic monitoring of issues Comment takes account of the broader public interest as well as the narrower interests of members Effective media management	The "go to" body for government, regulatory authorities and think tanks Engages in wide range of economic, business, and social matters
Outcomes	Not recognised	Key influencers pay little attention Not seen as adding value to the debate	Comment valued by key influencers Recognised as a legitimate commentator	Comment issued early enough to influence outcomes Comment valued by key influencers as authoritative and constructive Regarded highly by the business community	 Value recognised by regional and global influencers as well as at a national level Recognised as: 1. significant player in shaping societal debates and policies 2. speaking in the public interest 3. thought leader

²⁵ Advocacy and influence work is aimed at a range of key influencers in business, government and regulatory authorities. The aspirations of individual PAOs will be affected by the nature of their relationship with government, which varies from jurisdiction to jurisdiction. Some PAOs are independent of government, some are part of government, and some have a dual role that entails fulfilling regulatory responsibilities on behalf of government as well as operating as an independent membership organisation.

APPENDICES

A profession may be defined as a group of individuals who adhere to ethical standards and uphold themselves as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who exercise this knowledge and these skills in the interest of others.

It is inherent in the definition of a profession that a code of ethics governs the activities of each professional. Such codes require behaviour and practice beyond the personal legal and moral obligations of an individual. They define and demand high standards of behaviour in respect to the services provided to the public and in dealing with professional colleagues. Further, these codes are enforced by the profession and are acknowledged and accepted by the community.

Lord Benson's Criteria for the Professions²⁶

- 1. The profession must be controlled by a governing body, which in professional matters directs the behaviour of its members. For their part the members have a responsibility to subordinate their selfish private interests in favour of support for the governing body.
- 2. The governing body must set adequate standards of education as a condition of entry and thereafter ensure that students obtain an acceptable standard of professional competence. Training and education do not stop at qualification. They must continue throughout the member's professional life.
- 3. The governing body must set the ethical rules and professional standards that are to be observed by the members. They should be higher than those established by the general law.
- 4. The rules and standards enforced by the governing body should be designed for the benefit of the public and not for the private advantage of the members.
- 5. The governing body must take disciplinary action, if necessary expulsion from membership, should the rules and standards it lays down not be observed, or should a member be guilty of bad professional work.

- 6. Work is often reserved to a profession by statute not because it was for the advantage of the member, but because of the protection of the public, it should be carried out only by persons with the requisite training, standards and disciplines.
- 7. The governing body must satisfy itself that there is fair and open competition in the practice of the profession so that the public are not at risk of being exploited. It follows that members in practice must give information to the public about their experience, competence, capacity to do the work and the fees payable.
- 8. The members of the profession, whether in practice or in employment, must be independent in thought and outlook. They must not allow themselves to be put under the control or dominance of any persons or organisation that could impair that independence.
- 9. In its specific field of learning, a profession must give leadership to the public it serves.

Responding to the series of questions in the questionnaire form on the right will provide insight into, and greater understanding of, an organisation's history and current operating environment. This information, together with self-assessments undertaken using the maturity model, will inform discussions and ideas for ongoing organisational development.

Questionnaire Form

The responses should provide such information as necessary to provide a reader with an understanding of the organisation and its roles and responsibilities in the accountancy profession of the country concerned.

IFAC member organisations will have some of this information readily available as it aligns with parts of the compliance-program submission requirements.

Note: A softcopy version of this form is available for download at *www.capa.com.my*, next to the softcopy version of this maturity model document.

The Organisation - Background, Roles and Responsibilities

1. Country	Year of information					
Profile	Country Population					
	Country's GDP per capita (US\$)					
	Estimated number of accountants in the country					
2. PAO Profile	Name					
	Year established					
	Board/Council – nature & size		7. L			
	Number of Employees					
3. Membership	Year of information	3.1 Gender				
Figures	Annual Fees per	Males				
	Full Member (US\$)	Females				
		Total				
	3.2 Membership Category	3.3 Employment Sector				
	Qualified (e.g. Chartered, Certified)	Public Practice				
	Accounting Technicians	Business & Industry				
	Book-keepers	Public Sector				
	Students and Associates	Academia	8. C A fo			
	Non-Practicing	Students	P			
	Others	Retired				
		Others				
	Total	Total	9. 0			
4. Legal Framework	Describe how the organisation is constituted, e.g., by legislative act, commercial code, voluntary effort or other means?					
5. Standard Setting	Describe any standards the PAO is responsible for setting					
	Describe any standards other bodies are responsible for setting					

6. Education	Describe any minimum requirements to become a member
	Is there a professional program and examination?
	Describe the roles of the PAO and any other involved bodies
7. Licensing	Describe any licenses needed by members to operate
	Is the PAO responsible?
	If not, who is responsible?
	What are the initial licensing requirements?
	What are the ongoing licensing requirements?
	Describe the monitoring and oversight
3. Quality Assurance for Public	Is the PAO responsible?
Practice	If not, who is responsible?
	Describe the nature of the program in place
9. Oversight	Do any oversight bodies exist? If so, who are they and what do they oversee?
	Is the PAO accountable to another entity?
10. Other Matters	Are there any other relevant matters that should be provided to describe the organisation's roles, background and responsibilities?

Abbreviations and Acronyms

ADT	Accounting Development Tool
CAPA	Confederation of Asian and Pacific Accountants
CEO	Chief Executive Officer
CPD	Continuing Professional Development
GDP	Gross Domestic Product
ЮТ	Information, Communications and Technology
IES	International Education Standards
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IP	Intellectual Property
IPSAS	International Public Sector Accountancy Standards
ISA	International Standards on Auditing
ISAR	International Standards of Accounting and Reporting
KSA	Key Success Area
PAO	Professional Accountancy Organisation
PAODC	Professional Accountancy Organisation Development Committee
PEFA	Public Expenditure and Financial Accountability
PQ	Professional Qualification
QA	Quality Assurance
SMO	Statement of Membership Obligation
US\$	United States Dollar

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