

IFAC Chief Executive's Forum 27 – 28 February 2023, New York

Prepared by the Chief Executive

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

Summary Comments

The Forum's theme was "Stronger Together – Working to Enhance the Attractiveness and Resilience of the Profession".

The IFAC meeting room was full, indicating a high level of in-person attendance with a few attending virtually. As always, it was an excellent opportunity to engage with IFAC staff, and following a 3-year hiatus in attending due to the pandemic, it was invaluable to re-engage with some previous contacts and meet some new contacts.

The agenda was wide ranging, reflecting IFAC's current and potential priorities. The purpose was to discuss and debate as opposed to reaching any conclusions. IFAC will be reflecting on the discussions in terms of 'where to from here'. It was fast-moving and engaging, and featured many panelists and presenters across all of the topics. The topics lend themselves easily for CAPA to also hold similar discussions in a Members Meeting, in order to consider from the perspective of Asia Pacific.

Highlights:

1. Challenges Facing the Profession Attracting and Retaining Talent (Panel session)

PwC Partner

- Interestingly PwC is now divided operationally into Trust Solutions (assurance, tax) and Consulting Solutions.
- View people retention as a pipeline with leaks and needing patches
- Jobs associated with technology, fintech or finance appear more attractive
- Cost and time required to undertake professional exams is not attractive
- Current generation want to 'work to live' - not 'live to work'
- Industry lacks access and diversity
- The brand needs addressing - so not still seen as 'bean counters' (including at universities)

Grant Thornton Audit Partner

- Need to stop looking back and start looking forward in what we do/how we are seen
- Shift focus to public interest and why we really exist, for e.g., what went wrong in crypto; ESG matters - these topics resonate with current generation
- Look to disrupt the way we have traditionally done things

UHY International Senior Manager (younger member of panel)

- Remote working is impeding career advancement – for e.g., young ones not witnessing partner interactions with CFOs in the audit room
- Looking for opportunities to bring back in-person contact

Accountancy Europe Chief Executive

- Sustainability is not (just) a service offering
- Diversity is more than gender
- We need to listen more - and change our language to reflect what is happening

IMA (USA PAO) Chief Executive

- We allow others to define us – we need to inspire more
- Hear a lot about standards and reporting – topics are not attractive
- Don't hear about what we doing to integrate strategy, in data analysis, etc
- It is a race for relevance
- We are a broad and beautiful profession

Audience Questions:

- Rob Whiteman, CIPFA - mature age students - are we doing enough?
- Marc - Belgium - need to focus on retention as much as attraction
- Michael Izza, ICAEW -
 - ✓ in UK, issue is not attraction of students, but retention in audit
 - ✓ in an IFAC meeting a few years ago, Susskind said profession will die - far from it
- Tanzania (virtual) - exams are tough, compensation is not commensurate
- Klaus (Germany) - retention also big issue - business models of firms need to change
- Other – are we actually keeping people out e.g. not enough access pathways, hard exams

Outcomes were later summarised and shared during the IFAC March 2023 Board meeting. Also noted in Board break-out session I attended:

- India – attracting well, has young demography, working towards professional multi-faceted brand and more contemporary program,
- Italy – profession not attractive, no status, but retention not an issue for those that joined
- Japan – will have attraction issue soon as older accountants retire
- Branding discussion – use Tik Tok, make sexy, use influencers

2. The Power of a Strong Brand for our Profession (led by Edelman)

- Brand goes back to cattle branding - knowing where something came from – a trust issue
- Associations – ask 'what are you in the business of, why do you exist'
- Edelman research indicates 'trust in professional services' has decreased
- Ask 'what is your reputation in the eyes of the public'

IFAC CEO suggested we need to position ourselves as the good guys, not the bad guys.

3. The Sustainability Opportunity (Panel session)

Challenges noted included:

- Advocating for an integrated mindset
- Adoption of ISSB global baseline
- Capacity Building - Jingdong Hua, Vice Chair ISSB noted this issue. At COP27 there was a call for partners in capacity building and PAFA signed up. IFAC research work on sustainability reporting and assurance will add data from 20 new countries to the existing 22 countries.
- High-quality assurance - (1) need a global baseline for assurance; (2) don't allow perfection be the enemy of the good in creating standards (though this was later challenged); and (3) needs collaboration with players such as IOSCO, IFIAR, IESBA, ISSB and IFAC.

4. Anti-Money Laundering Efforts (ICAEW and Caribbean Chief Executives)

Three key Financial Action Task Force (FATF) recommendations cited (and these apply to accountants):

- Undertake customer due diligence
- File suspicious transaction reports
- Establish supervisory organisations (may involve PAO)

Accountants will face much more supervision in future.

5. Emerging Areas of Assurance (Deloitte partner)

New laws and regulations, or heightened focus on existing areas, is driving assurance around many of the following areas:

- Crypto
- Cyber security
- Ethics programs
- Anti-Money Laundering
- Data privacy and integrity
- AI algorithms
- Cloud computing

Corporates will have to comply; firms can either consult or audit. Need audit standards to apply.

Questions raised:

- I. How can PAOs engage with stakeholders to ensure the value of professional accountants in providing assurance over emerging issues?
- II. How can PAOs engage with stakeholders to drive consistent use of IAAAB and IESBA standards for assurance over emerging areas?

Suggested solutions include:

- Manage the expectations
- Explain differences between professional accountants and other providers
- Engage early
- Advocate for legislation proportionate to risks
- Indicate benefits – e.g. access to foreign investment if global standards are used

6. Accounting Technicians (ATs) - Opening up the Pipeline (Panel session: CAPA, PAFA, AAT UK, ACCA – moderated by IFAC)

CAPA's work around ATs likely influenced the staging of this session. Our work was well referenced by IFAC and PAFA, and Sarah Beal, the AAT UK CEO had been involved in our Roundtables leading towards our latest work. The discussions involved all aspects covered in our work. The key message was that AT programs can be one way of opening-up and increasing access to the profession. The associated benefits to PAOs, businesses, governments, economies and society were highlighted.

The audience showed very good interest. The question remains as to whether PAOs will seize the potential opportunities and the global and regional bodies need to consider next steps.

7. Apprenticeships - Opening up the Pipeline (AICPA-CIMA led session)

- Registered apprenticeships growing in USA
- Employers highly satisfied with apprentices
- The AICPA Finance Business Partner Apprenticeship has been created – provides CGMA designation and membership

This area is found in some other jurisdictions, and in some, e.g. UK, ties closely to ATs.

8. PAIB as part of membership (Small panel session)

IFAC data suggests that in 25% of jurisdictions, the PAOs do not focus on Professional Accountants in Business (PAIB). And over one-third of PAOs focus only on Audit.

JICPA shared their journey to introduce PAIB in Japan, noting PAIB now represent about 10% of total membership - created over a 10-year period. A PAIB 'Council' oversees all PAIB related activities.

9. Education - coordinating with stakeholders (Educators and academic panel)

This session stressed the importance of working closely with academia.

10. Sustainability service providers (Panel session)

The session explored the role of accountants versus other service providers (consultants) in this space, particularly in providing assurance services.

- ISSA 5000 needs to be the global standard – PAOs should advocate for this
- Do not need International Organisation for Standardisation to build a separate standard – PAOs should resist any such development
- Sustainability reports were reviewed: 518 accountants vs 395 consultants involved
- Suggestion was made that the profession has often done a good job at keeping people (with certain backgrounds and skills) out – but maybe it is time to change
- Noted that in the UK it is expected the Stock Exchange listing rules will require all listed entities to file Net Zero action plans in 2024 - and these will need to be assured. This could become a global norm
- Some suggested PAOs should consider taking sustainability service providers into membership
- Issues were raised around being prepared for when something goes wrong – seen as inevitable, same as in financial reporting and assurance

Closing Remarks (IFAC CEO)

- The profession is in a good spot – the demand for accountants will only get higher
- We need to focus on what others think about us and how we are seen, i.e. what is our reputation and what does it mean for branding
- IFAC has four priorities currently: Sustainability, Anti-Corruption, Public Financial Management, and Attractiveness. Discussions have not fundamentally changed that
- Capacity building is needed given anticipated demand around sustainability work

Other Interactions

- CEO of HKICPA (Hong Kong)
- Kan Kohei – IFAC Board member from JICPA (Japan)
- Young-Sik Kim – President of KICPA (Korea)

Implications for CAPA

Matters and ideas to consider:

- Whether and how to discuss CE Forum topics at a CAPA Members Meeting

Matters Arising

1. Seek opportunity to re-engage with HKICPA (Hong Kong)
2. Consider CE visit to JICPA and KICPA en route to the PSFMC meeting in Mongolia

IFAC Board Meeting 2 & 3 March 2023, New York

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Summary Comments

Early discussions suggested key priorities in future strategy will include addressing 'attraction and retention' and the needs of small- and medium-sized practices (SMPs). This coincides with my evolving thoughts, and going forward CAPA may be well placed to work on both areas. Further, as the focus of IFAC changes, and increasingly focuses on the needs of its members, then there should be increased opportunity to collaborate.

The meeting provided some matters and ideas for CAPA to consider going forward, which will be increasingly possible with anticipated additional resources. The discussions about the future of the World Congress of Accountants will also be helpful as CAPA considers the future of the CAPA Conference.

Highlights:

1. The President's opening remarks noted the earlier Executive Session included discussions on:
 - a. Board performance assessment
 - b. Employee engagement survey results – indicated good results, but now flatlined at that level. Hybrid working model was later discussed.
2. IFAC CEO noted the February 2023 CE Forum attendees had not suggested IFAC's priorities needed to change, however noted IFAC may need to be a voice for the SMP community (and especially in standard setting) – and therefore SMPs may be explored further at the next Council meeting.

Some suggested more time is needed to understand the topic of 'attraction and retention' – e.g. is it a problem, and where? CEO commented about the 'brand' of our profession and how we are perceived by others. Others suggested IFAC still needs to prioritise the priorities. CEO suggested various comments go to the heart of engagement with PAOs, and the resilience and sustainability of PAOs. Emphasised benefits of expanding membership base – "size does matter" (this latter comment being a focus for CAPA for many years, e.g. public sector focus; Accounting Technician opportunities.) Also discussed:

- a. International Foundation for Ethics and Audit – latest developments. The arrangements have complexity, however on balance suggested the change should be positive for IFAC in terms of commenting on standard setting
 - b. IFAC's key performance indicators
 - c. IFAC's 2022 Annual Integrated Review
3. Board approved Christine Albrecht as the new Chair of the Transnational Auditors Committee (TAC). During the CE Forum, I had the opportunity to get to know her and discuss potential involvement in CAPA activities.

4. IFAC's adoption and implementation activities for each set of international standards – this discussion was led by Chris Arnold and focused on the [Global Impact Map](#). For IAS's, many Asian countries are being shown as "partial adoption". This could be an area for CAPA to consider going forward. The detailed information regarding why each country is at 'partial adoption' is available and could be analysed.
5. Strategic Impact Relationship program – this discussion was led by Scott Hanson. Currently 10 organisations (non-PAO stakeholders) are identified under the program: IOSCO, OECD, IFIAR, FATF, B20, UN, INTOSAI, MOSAIC/WB, WEF, IBA.
6. Presentation by Anne-Marie Vitale, Chair of International Panel of Accountancy Education (IPAE). Discussed IES review process and role of the Board in approving new or revised standards.
7. The Board approved revisions to the selection process of members for the Advisory Groups (PAODAG, SMPAG, PAIBAG) – effectively with management taking on some processes previously undertaken by the Nominations Committee.
8. The Board approved to allow Category A members not on the Board to attend Executive Board and in-camera sessions (as non-voting participants). This matter addresses potential satisfaction concerns of such members. This change is worthy of consideration within the CAPA context.
9. The Board approved revisions to the process when considering re-appointment of existing IFAC Board members.
10. Presentation from Sanjay Rughani, Chair of the Professional Accountants in Business Advisory Group (PAIBAG). He indicated there is a real shortage of accountants and suggested consideration should be given to another level of accountants – perhaps this could be a reference to something like Accounting Technicians.
11. World Congress of Accountants (WCOA) discussion. This was focused on if and how to position WCOA in the future and was not a discussion in relation to WCOA 2022. Comments made by Board members and others included:
 - a. Need to decide the purpose of a WCOA
 - b. WCOA is a major branding opportunity and should be maintained
 - c. Major global institutions need a 'jamboree'
 - d. If some PAOs want to host, why not continue - what do we have to lose?
 - e. Could move away from one big event every 4 years
 - f. Hosts assume a large financial risk – IFAC does not bear that risk
 - g. PAOs would need to commit, especially with increasing focus on sustainability and air travel
 - h. Global versus local program content is solvable
 - i. Program could focus on regions, or sectors
 - j. Have an invitation-only event for upstream stakeholders - success for open and closed events looks different. Needs differ between PAO members' needs and decision makers for the profession
 - k. Virtual is good way to attract high-profile speakers
 - l. May need a framework or set of principles against which to make a decision about the way forward
 - m. Host may use the event to build domestic profile

Based on some statistics presented, it appears the proportion of international attendees attending WCOAs is reducing (presumably travel cost, other options, etc.). In Mumbai, 85% of total

attendance came from 2 countries (including India). However international attendance was still well over 1,000 persons.

It is expected IFAC will distill and consider the discussions and comments, with a view to taking a decision in June 2023 regarding WCOA going forward. This will be useful to inform CAPA's consideration of the future of the CAPA Conference.

12. International Bar Association (IBA) – the Board approved IBA as a Network Partner. IBA is based in the UK and has a regional office in Seoul, Korea.
13. The search process for the next IFAC CEO was shared.
14. Attraction and Retention challenges – breakout group discussions were held, similar to those in the CE Forum. All the feedback from both events will be considered and distilled.
15. Next meeting will be held 1-2 June 2023 in New York.

Implications for CAPA

Matters and ideas to consider:

- How best to interact with the Forum of Firms and TAC
- To understand the issues in adoption in IASs within our region
- To reflect on the IFAC decision to allow some non-Board members to participate in Board meetings

Matters Arising

1. Obtain IFAC paper reflecting on the future of WCOA