

IFAC PAO DAG and Related Meetings 6-10 October 2024, New York

Prepared by the Chief Executive (CE)

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

Overall Summary

The main purpose of the visit was to be involved in the PAO Development & Advisory Group (PAO DAG) meeting, during which a workshop session had been organised to discuss CAPA's draft thought leadership: *Ensuring PAO Success and Sustainability*. In this respect, it proved very useful. Whilst the document was well received, ideas were offered as to how it may be improved – the exact purpose of the session.

The meeting covered a wide range of areas, however it was less clear as to subsequent actions or next steps, and in a way that would benefit all members of IFAC. I raised this point, noting that the discussions appeared to be of great benefit to those in the room, but questioned if this is the primary purpose of the meeting. I sensed the comment resonated – indeed I hope it leads to meaningful change.

The opportunity was taken to be involved in other activities around the PAO DAG meeting. An unexpected activity was to witness a gathering organised by the New York Chapter of ICAI. I also held face-to-face meetings with some key IFAC staff.

Details regarding all activities are captured below. In total, this provided for a very productive visit.

Institute of Chartered Accountants of India (ICAI) New York Chapter meeting – 6 October

I had the opportunity to observe a gathering of the New York chapter of the ICAI, and members from Washington and Philadelphia chapters also attended – approximately 60 persons in total.

A 9-person delegation from ICAI were visiting, representing the ICAI Development of International Trade, Services and WTO Directorate, led by the Convenor, CA. Dheeraj Kumar Khandelwal, an ICAI Council Member. The focus of the visit, to New York and San Francisco, included supporting start-ups and MSMEs, inbound and outbound investment opportunities, and networking with industry leaders. Chapter members had the opportunity to ask questions and pursue opportunities.

It was interesting to note such outreach and the enthusiasm of the Chapter members.

Caribbean Strategic Planning Workshop – 7 October

The day focused on the member PAOs of the Caribbean regional group, Institute of Chartered Accountants of the Caribbean (ICAC), and undertaking strategic planning using the recently developed IFAC Strategic Planning Toolkit.

The Caribbean PAOs collectively represent about 4,000 members, with individual memberships ranging from 40 to 1,000. Each individual member has valid reasons to exist and national responsibilities, however it is challenging for them (some more than others) to operate as a fully-fledged PAO. Funding will always

be a challenge for them to do everything they would like to. The key appears to be identifying a limited number of key strategies and associated focus areas. Ideally, ICAC could fulfil certain roles, and therefore strategic planning almost needs to be conducted jointly by ICAC and its member PAOs. Sessions included:

1. Patrick Kabuya, World Bank – brand value of accountants. Need to explain why we exist. PAOs need to be more outward looking, beyond members, to increase brand value to society.
2. Emirates Association for Accountants and Auditors (EAAA) – overview of using the Strategic Planning Toolkit in practice.
3. ICAC – recognition of strategic planning at PAO and Regional Organisation level ought to be coordinated. 11 responses: 6 members have a Strategic Plan in place; 5 do not.
4. Breakout groups to discuss aspects of strategic planning.

PAO DAG Meeting – 8 & 9 October

Highlights:

1. Asmaa Resmouki, IFAC President noted much of her outreach has focused on the **global south**. **Sustainability** has been the most common theme of conferences; **artificial intelligence** and the impact of it on the accounting profession in the future has been a most common talking point.
2. Lee White, IFAC CEO discussed **the future of IFAC**. Recently worked on the member value proposition (VP), and the challenge now is to deliver to the VP. His focus will be on the operating model of IFAC – how people, processes and technology integrate – and to be successful this needs:
 - a. A **broader and deeper member centric function** – supported by a customer management system; reengineered and simplified processes; a more decentralised operating model, including alignment with network partners.
 - b. A **culture that embraces change** – to support all of the above
 - c. A **contemporary approach** to all we do, with a possible exit from New York office

This will be happening at an exciting time for the profession with the sustainability opportunity.

3. Manuel Arias, IFAC Principal discussed “**IFAC Connect**” - a term likely to be introduced in 2025 – for which related activities are already occurring, e.g. Singapore Forum of Firms event in April. The purpose is to elevate strategic priorities and thought leadership across the regions and enhance networking opportunities with pivotal stakeholders. Another comment that resonated was “we need to better manage the content that we already have”.
4. Lee White, IFAC CEO and Scott Hanson, IFAC Director discussed **MOSAIC 2.0**, and how to refresh and advance relationships with development partners. Discussions included what had worked well and what had not. I expressed my personal view that more attention be given to governance, leadership and strategic thought in the next iteration. Lee indicated he intends to personally champion MOSAIC 2.0.
5. Scott Hanson, IFAC Director discussed the FATF-IFAC-IBA **Anti Money Laundering (AML)** initiative. Involves providing the Financial Action Task Force (FATF) training to the PAO community – especially useful where the PAO becomes the AML Supervisor. FATF mandate normally only provides training to governments, so this takes them outside this constituency. Recognised as a great opportunity. IBA stands for International Bar Association.

6. **Generational diversity** and the future of the profession. Broad discussion regarding understanding differences among generations and impact on attractiveness and retention. IFAC has established a Young Leaders Collective to capture insights from younger generations.
7. Bruce Vivien, IFAC Head of **Accountancy Education**, discussed the work of the International Panel on Accountancy Education (IPAE). Focus now including flexible entry pathways and accounting technicians – partly to address the ‘attractiveness of the profession’ challenge. In addition to IPAE, there is also an Education Directors Community of Practice (CoP). There is a challenge in getting views from PAOs from the developing markets – Bruce is seeking ways to better involve them.
8. **Donor engagement**. Key message from World Bank and Inter-American Development Bank (IDB) is for PAOs to be proactive and be in contact with the donor representatives in their own country – aim to be committee members for development of national development plans.
9. **Artificial Intelligence** – presentation by Andrew Conway, Institute of Public Accountants CEO.
10. **Knowledge Gateway** – presentation by Annie Brinich, IFAC Manager Communications. AI receives lots of hits.
11. **Sharing from IFAC Network Partners** – all were requested to share activities undertaken or planned in collaboration with IFAC. CAPA commented on the activities in Singapore and Kuala Lumpur in conjunction with IFAC, as well as the September ISA for LCE webinar and 2nd Sustainability Summit (now deferred to 2025 based on IFAC request).
12. **CAPA’s PAO Success and Sustainability thought leadership** – CE presented an overview of the history, background and content of the work, followed by breakout groups to critique the latest draft. Whilst the document received overall positive support in terms of direction and content, many suggestions were made regarding the framework design and content, including how the document could possibly be used.
13. **PAO DAG Future Workstreams**. The Groups future work is expected to focus on (1) Value Propositions for PAOs; (2) Assisting PAOs after using the Strategic Planning Toolkit; and (3) Raising awareness about the Toolkit.
14. **SMO Review Project**. Chris Arnold and Sarah Gagnon, both IFAC staff, provided an update on the project to revise and update the SMOs - to include new standards and guidelines, and also to re-document how they are presented.
15. **Farewell to Andrew Conway** – last meeting. It is useful for overlap to exist between the PAO DAG and CAPA, especially our Member Development Committee. Whilst Andrew will no longer be involved in PAO DAG, overlap currently continues with Zarif Ludin (ACCA) and Jim Knafo (AICPA).

Next (hybrid) meeting – 5-6 March 2025, New York.

IFAC staff meetings – 10 October

Adrian Lim – Senior Manager (met on 6 October and progressively during the visit) :

- Adrian has a focus on Asia, excluding Southeast Asia, and hence our key contact
- Adrian is also involved in certain strategic activities, working closely with the IFAC CEO, namely consideration of regional arrangements, and organisation of the 2025 CE Forum.

- Discussions covered:
 1. Use of in-person meetings
 2. Future Asia events
 3. IFAC Network Partners event aligned to IFAC Council in Paris
 4. 2nd Asia Pacific Sustainability Summit (deferred into 2025)
- As a close partner, I presented him with our 60th Anniversary 'coffee table' book

Scott Hanson – Director, Policy & Global Engagement

- Policy focus is currently mainly anti-money laundering (AML) and to some extent tax – IFAC's strategic areas of focus
- Global engagement involves all non-PAO stakeholders, e.g. UN, OECD, IOSCO. Scott is also involved in MOSAIC 2.0.
- We agreed to stay in touch on two matters:
 1. AML – FATF focus will increase on accountants (and lawyers). Some PAOs have/will take on the role of AML Supervisor. A 7-year program is anticipated. Events and training are expected globally (an event is expected at the OECD in Paris in May 2025); and regionally (FATF is headquartered in Paris, however the second location for FATF staff is in Busan, Korea – an Asian regional workshop may occur here, perhaps end-2025). Workshops will be for all PAOs, whether they have AML Supervisory role or not. Workshops limited to about 50 persons, and since in conjunction with lawyers, about 25 PAOs could attend a regional workshop. The appropriate person from the PAO would be invited.
 2. IFAC remains focused on capacity building. MOSAIC is being re-considered. CAPA CE attended the signing of the original MOSAIC (MOU) – there appears to be agreement that it has not achieved its original intentions. Given CAPA and its members can also benefit from development partner (donor) support, then it is important to stay close to the re-work of MOSAIC. Scott explained the current arrangements with the Gavi Global Fund, which involves Gavi, IFAC, PAFA, Consultant and Recipient. We discussed repeating similar for CAPA if the Fund was to focus on Asia. This arrangement appears over-complicated in the delivery of capacity building. Scott had met with the Asian Development Bank the previous day, a mutual contact – unfortunately I was unaware of this.

Bruce Vivian – Principal, Accountancy Education

- Broad discussion around education – noting increased attention to flexible entry points and pathway routes. Also changing nature of education content, increased focus on competencies, and evolving nature of delivery – all to address challenges of education being 'too hard, too long, and too costly', whilst not reducing the quality of education programs
- We agreed to stay in touch on two matters:
 1. IFAC runs a **global Educators Forum** – involves about 20 PAOs, with a few from Asia. I suggested considering if regional forums may be useful. Bruce will consider this.
 2. **Accounting Technicians (AT) Community of Practice** – Bruce remains the lead for this. I remain concerned if and how PAOs may consider introducing AT programs, potentially as part of a solution to increase the supply of accountants. We discussed the need to better understand global and national qualification frameworks, and how this may help better position ATs relative to CAs/CPAs, etc.

Chris Arnold – Director:

- Chris focuses on two key areas: SMP Advisory Group and related matters; and adoption & implementation of standards, including liaison with standard setters, and oversight of the SMO compliance program. Chris leads the International Standards Community of Practice (IS CoP)
- We agreed to stay in touch on two matters:
 1. How CAPA may observe or otherwise be made aware of possible opportunities that emerge from the SMP Advisory Group discussions, e.g. I suggested he consider a briefing to all IFAC Network Partners after each meeting. And perhaps other IFAC Advisory Groups could do similar. Further, we discussed the possibility of regional webinars to share matters being addressed in relation to SMPs.
 2. The linkage between the IS CoP and CAPA's ARACC. We discussed our mutual approaches to responding to standard setting consultations and how to ensure efficiency and effectiveness in the process,

Other Interactions during the visit
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- Paula Louis-Grant, Inter-American Development Bank – funder to Caribbean. Expressed interest in CAPA and the Pacific region.
- Jon Hooper, ICAEW – discussed their current work in Mongolia, including QA for Audit (an extension of the original contract with ADB that CAPA facilitated) and also drafting of legislation for sustainability reporting.