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Strategic Plan
for 2013–2016
Leading the Way



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Executive Summary

2011-2012—Enhancing the relevance of the accountancy profession

The strategic plan of the International Federation of Accountants (IFAC) for 2011-2014 focused on increased momentum, new opportunities and the establishment of sufficient resources. Its aim was to establish IFAC as:

- An active and credible contributor to international standard-setting
- A leader, facilitator, or collaborator in supporting adoption and implementation
- An active and credible contributor to mitigating sovereign debt risk
- An organization that serves as the voice of the global profession on public interest issues
- An organization that supports members in rendering enhanced services to small and medium practices (SMPs), professional accountants in business¹ (PAIBs), and professional accountancy organizations (PAOs) in developing and emerging nations
- A recognized participant in the area of sustainability

During 2011-2012, IFAC achieved significant milestones and enhanced its relevance to the profession. IFAC's principal role remained that of contributing to the development of international standards for auditing, other assurance, quality control, and other related services; ethics; accounting education; and public sector accounting. IFAC also continued to encourage and facilitate the adoption, high-quality implementation, and effective enforcement of standards. As the sovereign debt crisis continued, IFAC promoted the use of International Public Sector Accounting Standards (IPSASs) and sponsored a seminar, *The Sovereign Debt Crisis – a Matter of Urgency: From Lessons to Reform*, to focus attention on the need for solutions in this area.

IFAC enhanced its focus on public policy and regulation by issuing policy position papers, comment letters on consultations by key stakeholders, and letters detailing recommendations for the G-20. The Private Sector Taskforce of Regulated Professions and Industries, coordinated by IFAC, delivered a report to the G-20 Deputies with recommendations for the promotion of global regulatory convergence in order to enhance global financial stability and economic growth.

The IFAC Member Body Compliance Program made significant progress as a global platform for adopting or incorporating and implementing international standards. Substantially all member bodies published their Statements of Membership Obligations (SMO) Action Plans demonstrating their commitment to adoption and implementation. The Compliance Advisory Panel (CAP) has implemented a process for monitoring progress of planned actions. In addition, the CAP has initiated a revision of all seven SMOs.

IFAC succeeded in implementing many of the recommendations that came out of the reviews of its constituency-focused activities and services. The reviews focused on addressing how IFAC could work with members to support PAIBs, small- and medium-sized entities (SMEs) and SMPs, and the development of strong PAOs in emerging and developing nations. Among the many outcomes were the PAIB Committee's flagship publication, *Competent and Versatile: How Professional Accountants in*

¹ Professional accountants in commerce, industry, financial services, the public sector, education and the not-for-profit sector

Business Drive Sustainable Organizational Success; a memorandum of understanding between IFAC and the donor community, *MOSAIC: Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration*, that will help build financial information infrastructure in developing nations; and guidance and resources for SMPs.

IFAC continued to focus on the future of reporting through its involvement in the International Integrated Reporting Council (IIRC).

During 2012, IFAC moved to a new office, which includes a conference center. This conference center is able to accommodate all boards and committees of IFAC. IFAC's meeting policy has been amended so that three out of four meetings of each board and committee will be held in the conference center. This will result in cost savings and efficiency in meeting processes.

Overall, IFAC succeeded in achieving all material aspects of its strategy and was able to focus on enhancing the relevance of the profession.

2013-2016—Leading the way by strengthening current initiatives

The *Strategic Plan for 2013-2016* has been developed during a critical period for the accountancy profession. As noted above, IFAC has been an active and credible contributor to international standard setting, which continues to be IFAC's core activity. However, the regulatory landscape changed significantly during the latter part of 2011 and the early part of 2012. During this period, developments in major jurisdictions, including Europe and the United States (US), and in particular, the need to address the issues of auditor reporting and auditor independence, challenged IFAC. Although the cost of actions to address these issues have placed significant pressure on IFAC's financial resources and reserves, these issues have made it clear that the independent standard-setting boards must be resourced to proactively address matters of critical importance to the public interest and to be able to respond in a timely manner. Other developments, such as the need for fiscal management reform and capacity building to address the global shortage of accountants, have also highlighted the need for strong global initiatives.

During the upcoming strategic period, IFAC has been called upon to continue to strengthen and expand its leadership position in addressing the challenges of a complex and changing global environment. In light of available resources, IFAC's management will continue to prioritize its activities and desired initiatives. The *Strategic Plan for 2013-2016* identifies the areas in which IFAC will lead the way. However, an important part of the plan will be to analyze the current funding model and create a stronger, more diversified, and sustainable funding model.

The development, adoption and implementation of high-quality international standards

In order for the financial system to be truly global, there must be consistent universal adoption and implementation of high-quality standards that are clear, consistent, and relevant. During 2013-2016, IFAC's principal role will remain that of an active and credible contributor to the development of high-quality international standards in auditing, other assurance, quality control and other related services; ethics; accounting education; and public sector accounting. IFAC's strategy will be to equip the standard-

setting boards to proactively address issues of importance and respond rapidly to changes in the environment.

IFAC will also continue to promote and facilitate the consistent adoption and high-quality implementation of these standards. IFAC's boards and committees will continue to develop tools and guidance to assist with adoption and implementation. In addition, the Compliance Program plays an important role in supporting and monitoring adoption and implementation. The Compliance Program, in the spirit of encouragement and improvement, will continue to influence actions and drive behaviors of PAOs around the world by focusing attention and resources on improving the quality of the profession.

IFAC will continue, under its memorandum of understanding with the International Accounting Standards Board (IASB), to strengthen cooperation in developing private and public sector accounting standards. Specifically, IFAC will contribute to the development of International Financial Reporting Standards (IFRS) through viewpoints from the International Auditing and Assurance Standards Board (IAASB), as a member of the IFRS Advisory Council (formerly the Standards Advisory Council), and by commenting on governance of the IFRS Foundation and governance arrangements for the IASB.

IFAC recognizes the importance of developing the international standards through a shared private/public arrangement that operates and is seen to operate in the public interest. Legitimacy, independence, transparency, technical competence and accountability are key elements of such an arrangement. To sustain confidence in the quality of the international standards, IFAC and the Public Interest Activity Committees² will continue to implement the recommendations of the Monitoring Group^{3,4}. IFAC will also continue its efforts to establish public interest oversight of the International Public Sector Accounting Standards Board (IPSASB). IFAC's actions in this regard will be described in its operational plan. Also, IFAC has implemented the Monitoring Group's recommendation to appoint an independent chair for the International Ethics Standards Board for Accountants (IESBA) to improve the perception of independence of the work of this board.

² International Auditing and Assurance Standards Board, International Accounting Education Standards Board, International Ethics Standards Board for Accountants, and Compliance Advisory Panel

³ The Monitoring Group comprises international regulators and related organizations. Its role is to update the Public Interest Oversight Board regarding significant events in the regulatory environment. It is also the vehicle for dialogue between regulators and the international accountancy profession.

⁴ During 2003, IFAC reviewed its governance activities and regulatory responsibilities to determine how it could strengthen its role in ensuring that professional accountants worldwide fulfill their public interest responsibilities. As part of this process, IFAC engaged in an intense series of consultations with international regulatory agencies and other regional and international organizations. It also consulted with its member organizations and the profession. The result of this collaborative effort was a series of reform proposals that IFAC viewed as critical to strengthening the accountability of the international profession and building investor confidence in financial reporting, in the work of auditors, and in financial securities markets worldwide. The objective of the reforms was to increase confidence that the activities of IFAC are properly responsive to the public interest and will lead to the establishment of high-quality standards and practices in auditing and assurance. The reform proposals were also designed to contribute to the achievement of global convergence to high-quality standards. The proposals provided for more transparent standard-setting processes; greater public and regulatory input into those processes; regulatory monitoring; and public interest oversight. The proposals also ensured that there is regular, ongoing dialogue between regulators and the accountancy profession. In 2010, the Monitoring Group issued *Review of the IFAC Reforms – Final Report*, which was its five-year follow-up to the 2003 IFAC Reforms. IFAC is in the process of implementing the recommendations from the 2010 review. In 2011, the Monitoring Group began a review of its own governance and a consultation paper was issued in 2012. The consultation paper asks questions about the current standard-setting structure. Depending on feedback received from the consultation, some of these matters may have further implications for IFAC's strategy.

An urgent focus on improved public sector financial reporting

Problems with public sector fiscal management and reporting are not confined to a small handful of European countries, but are widespread. There is a real danger of the current sovereign debt crisis, coupled with the fiscal challenges of aging populations, deepening into a global fiscal crisis. It is therefore more urgent than ever that IFAC act in concert with other key financial and economic institutions to bring about a radical transformation in public financial management. A key element of this transformation is that governments must provide clear, comparable, and comprehensive information regarding the financial consequences of their economic, political and social decisions. As noted in IFAC's submission to the G-20 in April 2012, this would include:

- High-quality and timely accrual-based financial reporting
- Audited financial statements released within six months of year end
- Budgeting, appropriation, and reporting on the same accrual basis
- Full transparency in fiscal positions ahead of general elections, ensuring that voters are fully informed, and
- Limitations on deficit spending, or at least full transparency around the resources for deficit spending and explanations of how, over an economic cycle, fiscal balance will be restored.

Much of this information can be provided through high-quality, robust and effective accrual-based financial reporting systems based on International Public Sector Accounting Standards (IPSASs).

IFAC will work in partnership with governments and others to support enhanced transparency and accountability in public sector accounting. In particular, the IPSASB will aim to lead the change for long-term reform in this area. The IPSASB will continue to work with the IASB to strengthen cooperation in developing public and private sector accounting standards.

An enhanced focus on regulation and public policy

As the representative of the global accountancy profession, IFAC is uniquely positioned to research and present the views of the profession and its stakeholders on a global level and speak out on public interest issues. IFAC will continue to focus on identifying policy issues on which IFAC is uniquely qualified to take a position and speak out on behalf of the profession. In particular, there will be public policy positions and communications with regard to the significant regulatory developments in the G-20 and emerging economies; the benefits of regulatory convergence and a level playing field; the merits of the profession's continued role in standard-setting; the need for enhanced public sector financial management, transparency, and accountability; and the current model of public interest oversight. Furthermore, IFAC will focus on matters relevant to the profession that promote long term sustainability and growth, such as the benefits of integrated reporting, the need for robust corporate governance arrangements, effective and efficient taxation policy, and anti-corruption measures. There will also be increased engagement with key stakeholders including the G-20 and the Financial Stability Board.

In addition, services provided under the service area “Speaking Out in the Public Interest” (formerly “Representation of the Accountancy Profession”) reflect IFAC’s commitment to continue to speaking out on public interest issues where the accountancy profession’s expertise is most relevant.

A continued focus on integrated reporting

Integrated reporting has emerged as a major initiative to facilitate transparency and accountability. It focuses on achieving sustainable organizational performance, which can ultimately enhance investor and other stakeholder confidence and contribute to the development of sustainable economies and financial stability. The process of integrated reporting is a powerful tool to help drive an organization’s strategic agenda, providing management with a better understanding of key performance drivers of longer-term sustainable organizational success.

Professional accountants have an important role to play in both enabling integrated reporting within organizations and providing assurance services related to integrated reporting. IFAC is uniquely positioned to increase international awareness of these diverse roles and to support PAOs in enhancing the competence and expertise of their members. The services provided under the service area “Development and Quality” have therefore been expanded to focus on integrated reporting and IFAC’s continued support of the IIRC. IFAC will continue to contribute to the development of the IIRC in terms of its governance infrastructure, stakeholder engagement and outreach – including equipping members to promote integrated reporting in their jurisdictions – as well as support the development of the integrated reporting framework.

An inclusive approach, with an emphasis on capacity building

IFAC will continue to work with its member bodies to take an inclusive approach that supports the diverse needs of PAIBs, SMEs and SMPs, and the accountancy profession in developing and transitional economies. IFAC recognizes that the activities of the PAIB Committee and SMP Committee are integral to standard-setting activities and these constituencies must be represented on the standard-setting boards and have input into the standard-setting process. In addition, the PAIB Committee and SMP Committee will work with member bodies to promote the value of PAIBs and SMPs, and to support and enable their members.

IFAC will enhance its focus on capacity building and supporting the accountancy profession in developing and transitional economies to help address the shortage of professional accountants in these areas. IFAC’s memorandum of understanding with the donor community, *MOSAIC*, and other partnerships will greatly assist in this important initiative. In addition, the Professional Accountancy Organization Development Committee (PAODC) will focus on increased awareness building and knowledge sharing in developing and transitional economies.

Finally, the Transnational Auditors Committee (TAC) and the Forum of Firms play a major role in promoting the consistent application of high-quality audit practices worldwide. Most notably, this is achieved by requiring all its member networks to apply International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* in the

conduct of their transnational audits - complemented by regular meetings, symposiums and events involving and engaging international stakeholders in order to provide relevant broader perspectives on the many dimensions of audit quality. These events include hosting activities within emerging economies, thereby supporting the local practitioners in their efforts to further strengthen audit quality.

A sustainable funding model

The strategic plan reflects those activities and services that allow IFAC to lead the way and strengthen its current initiatives in the public interest. It is based on a careful analysis of the changes in the environment; the needs and priorities of IFAC's stakeholders; the risks associated with possible action—as well as inaction; and IFAC's current and future resource needs.

IFAC seeks to remain a credible and widely accepted global standard setter, promote the global adoption and implementation of international standards, build the capacity of the accountancy profession, and serve as the voice of the global profession on public interest issues. However, in order for IFAC to proactively address issues of importance to the profession, it will need a stronger, more diversified and sustainable funding model.

During this strategic period, IFAC will assess existing and potential revenue sources. It will have to consider how to expand the level of financial contributions from current sources, and identify and pursue other sources, as appropriate.

In conclusion

Over the next four years, IFAC will lead the way by strengthening its current initiatives. It will work to be proactive in strategic focus areas and respond appropriately to future changes in the environment. IFAC will continue to prioritize activities in a way that is consistent with the pressure on available resources. To assist in this regard, a comprehensive review of IFAC and its role in the profession will commence in 2013, and include the continued development of a stronger, more diversified, and sustainable funding model. The review will determine the desired position of IFAC and the standard-setting boards in the future, the required resources, and the best way to acquire those resources. The review is proposed in the context of the globalization of business and regulation, the need for the profession to be organized at the international level, and the consequential changes in the demands for IFAC.

IFAC's volunteer leaders and staff are committed to achieving IFAC's mission. We are appreciative of the support of our members, associates, affiliates and volunteers, and of the accounting firms and other contributors. Your support and dedication is essential to our efforts to make our vision a reality.

IFAC's Vision, Mission and Values

Founded in 1977, IFAC is the global organization for the accountancy profession. As of June 2012, it is comprised of 167 accountancy organizations in approximately 127 countries and jurisdictions. These accountancy organizations represent 2.5 million accountants in commerce and industry, education, the not-for-profit sector, public practice, and the public sector.

IFAC's vision is that the global accountancy profession be recognized as a valued leader in the development of strong and sustainable organizations, financial markets and economies.

IFAC's mission is to serve the public interest by:

- Contributing to the development of high-quality standards and guidance
- Facilitating the adoption and implementation of high-quality standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide
- Speaking out on public interest issues

IFAC's values are integrity, expertise and transparency. These values are the guiding principles that IFAC as an organization through its Council, Board, independent standard-setting boards, committees, volunteers, and staff seeks to exemplify.

The Outcomes IFAC Seeks to Influence

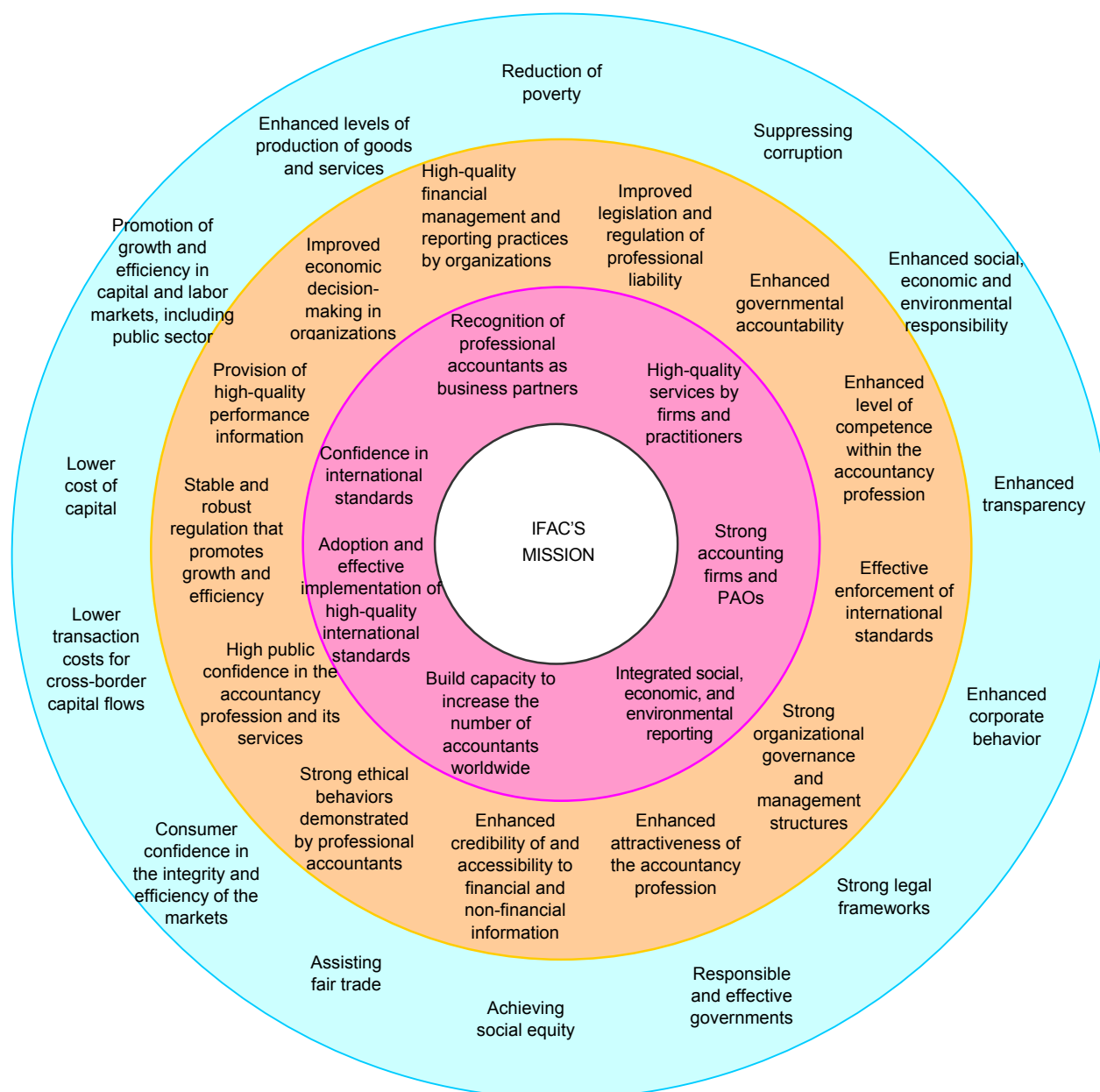
IFAC seeks to achieve its mission in an effort to influence various economic and social outcomes. The following illustration provides an indication of the outcomes that IFAC seeks to influence or have an impact on through its four services areas. The illustration reflects a ripple effect of flow-on impacts; IFAC will have a more direct influence on the outcomes closer to the center.

The outcomes in the *second circle* will primarily impact the accountancy profession at an institutional level (e.g., PAOs, regional organizations, accounting firms, standard setters, etc.).

The *third circle* reflects those outcomes that will have an impact on individuals within the accountancy profession and various groups outside the profession (e.g., the regulatory community). The level of influence by IFAC will be less direct for these outcomes.

The *fourth circle* reflects those community-wide outcomes over which IFAC and the accountancy profession generally only have indirect influence but have an interest in seeing achieved.

Sustainable Organizations and Financial Markets Strong International Economies



Key:

	Main Impact On	Influence
	Profession/Institutions/ Organizations	More Direct
	Individuals/Regulators	Less Direct
	Community	Indirect

Note: The reference to organizations above is meant to encompass all sizes and sectors

The Environment in Which the Accountancy Profession and IFAC Operate

IFAC monitors the environment in which it operates. Through its actions and policies, it seeks to impact that environment, and influence the various outcomes related to its mission through its strategies and services within the constraints of available resources.

IFAC's strategies and services recognize that the accountancy profession operates in an environment that is:

- Extremely complex and constantly changing with new and emerging risk; shocks—if they occur— can have effects beyond the profession
- Diversified and segmented, with competing needs and priorities. For example, IFAC must balance the needs of the following:
 - o Developed, mature economies with low economic growth alongside developing economies, including the BRICS and other economies
 - o Large, public enterprises and large accounting firms alongside SMEs and SMPs
 - o Professional accountants in public practice alongside PAIBs (including governments and academia)
 - o PAOs that vary significantly by stage of development, financial and human resource capacity, and legal status and authority
- Globalized, due to economic, social and technological forces, but with national priorities also receiving a great deal of attention. Some national responses work against global convergence
- In a shifting regulatory landscape, with changes in national regulation creating challenges for all practitioners, including SMPs
- Increasingly affected by political pressure or political action/inaction
- Competitive yet collaborative, with professional accountants working closely (and competing for jobs) with others and increasingly having to be effective in multi-disciplinary teams

A review of the current environment revealed that, while many of the trends identified during the previous strategic planning processes—including globalization, complexity, and technology—have continued and some have intensified, there are some important shifts in emphasis and priority. These shifts include the need to:

- Respond to issues and contribute to the debate brought about by the changing regulatory environment in the G-20 and emerging economies
- Strengthen adoption and implementation support as a critical public interest goal, with the aim of promoting global regulatory adoption and convergence of international standards. Success in this area will be measured based on the level of adoption
- Address the dangers caused by the sovereign debt crisis and actively support and encourage greater governmental transparency and accountability, and improved financial reporting
- Present global views in current regional and national debates in many major jurisdictions, including those in Europe and the US, and take strong global public policy positions on behalf of the profession and speak out on public interest issues

- Further support integrated reporting's role in achieving long-term social, environmental, and economic performance, which can ultimately enhance investor and stakeholder confidence

The aim of the 2013-2016 strategy is to ensure that IFAC will be:

- Supporting independent standard-setting boards that are resourced to be proactive and respond to issues in a timely manner
- An organization that is able to demonstrate measurable success in the level of adoption and implementation of international standards
- A key contributor to improved transparency and accountability in public sector accounting
- A representative voice of the profession that speaks out on global matters and in the public interest and that issues strong, relevant policy positions
- A significant contributor to the advancement and direction of integrated reporting
- An organization that takes an inclusive approach and supports its members in addressing the needs of PAIBs, SMEs and SMPs, and works to build capacity and support the accountancy profession in developing and transitional economies
- An organization with a strong and sustainable funding model

IFAC's Service Areas and Services

An important aspect of the strategic planning process is the selection of services and allocation of resources that have the greatest influence on the outcomes in the context of the current environment.

The strategic plan describes the services delivered under each service area. A list of the services can be found in the operational plan.

IFAC as Leader, Facilitator and Collaborator

Other organizations also contribute to the outcomes outlined in the strategic plan. IFAC's role may therefore vary between leader, facilitator and collaborator, as appropriate, in working with these organizations. The strategic and operational plans cover all three roles. Implementation of these plans will require enhanced facilitation of activities and services (e.g., the translation of standards and guidance) and collaboration between IFAC and other organizations, including members and regional or international organizations (e.g., participation in the Private Sector Task Force). Furthermore, members will be encouraged to contribute resources to activities and services developed at an international level as opposed to developing or duplicating such activities or services at a national level.

Standards and Guidance

IFAC contributes to the development of high-quality international standards through a shared private/public arrangement that operates and is seen to operate in the public interest. These arrangements recognize the need for legitimacy, independence, transparency, performance⁵ and accountability in standard-setting. They also recognize the need to create the right incentives for the effective implementation of the standards by all professional accountants in all sectors.

The standards are developed by the IAASB, IESBA, and International Accounting Education Standards Board (IAESB), under the oversight of the Public Interest Oversight Board (PIOB), and by the IPSASB. Information about the standard-setting boards and their strategies, services and priorities can be found in their respective strategic and operational plans.

In addition, IFAC contributes to the development of IFRS through viewpoints from the IAASB on the audit consequences of proposed IFRS, and as a member of the IFRS Advisory Council. IFAC also contributes by commenting on governance aspects of the IFRS Foundation and of governance arrangements for the IASB.

The services in this area:

- Sustain confidence in the quality of international standards for auditing, assurance and quality control; ethics; public sector accounting; and accounting education, and in the related standard-setting arrangements
- Contribute to the development and maintenance of high-quality international standards
- Contribute to the development of international standards capable of cost-effective application by all professional accountants (including SMPs) in all sectors (including the public sector)

⁵ Performance encompasses technical competence, responsiveness and efficiency.

- Provide universally applicable international good practice guidance and other outputs by sharing or combining and synthesizing material in areas of strategic and international importance

Adoption and Implementation

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 minimize differences between international and national standards.

The primary target audience is institutions such as national standard setters, governments, members and associates, recognized regional organizations, regulators, donor agencies, and accounting firms, especially in jurisdictions that have not yet adopted international standards or where the accountancy profession is less developed. IFAC will typically take leadership in helping to ensure widespread adoption of international standards.

The services in this area:

- Promote the adoption of international standards for auditing, assurance and quality control; ethics; financial reporting, public sector accounting; and accounting education
- Promote the application of guidance developed by the IAASB, IAESB, IESBA, IPSASB, PAODC, the PAIB Committee, and the SMP Committee
- Provide high-level policy advice on the technical and legal approaches to adopt international standards and guidance

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.

The primary target audience is the same as for adoption, i.e., institutions, such as national standard setters, governments, members and associates, recognized regional organizations, regulators, donor agencies, accounting firms, etc. The objective is to enhance their capacity to ensure consistent and effective implementation of international standards by their members or constituencies. Implementation support is demonstrated by four different activities:

- Availability—actions to make the standards and guidance available to the primary target audience
- Accessibility—actions taken to make the standards and guidance accessible in languages other than English
- Application support—actions to support the primary target audience in their role in assisting end users in applying the standards and guidance on a daily basis
- Training and education material—actions to support organizations providing continuing professional development or to support academic institutions

The services in this area:

- Facilitate the availability and accessibility of international standards and guidance that supports their implementation
- Develop, or facilitate the development of or access to, guidance (or other tools) that support the implementation of international standards (including support for SMPs)
- Assess the effective implementation of new international standards

IFAC also promotes the adoption of IFRS.

Development and Quality

IFAC promotes the provision of high-quality services by all parts of the profession through the implementation of a Member Body Compliance program, initiatives aimed at improving the quality of auditing, and initiatives aimed at enhancing the competence and relevance of professional accountants. It also promotes initiatives to address the challenges facing the development of strong PAOs and to develop the capacity of the accountancy profession. These capacity-building initiatives are critical to the public interest as they address the current shortage of accountants in emerging and developing nations.

IFAC develops or facilitates the development of international good practice guidance for PAIBs. The guidance focuses on international and strategic issues of importance to professional accountants in areas such as governance and ethics, risk management and internal control, and sustainability and corporate responsibility.

IFAC also develops or facilitates the development of practical guidance for SMPs. Currently, this guidance focuses on applying ISAs, quality control, and practice management.

The services in this area:

- Encourage and monitor member efforts towards the adoption and implementation of international standards through the Member Body Compliance Program
- Encourage membership of the Forum of Firms, and compliance with its obligations aimed at improving audit quality
- Advocate and support capacity building initiatives to establish and strengthen PAOs across the globe, especially in developing economies
- Increase awareness of the important role that professional accountants play in creating, enabling, preserving and reporting value for organizations and their stakeholders
- Support members in enhancing the competence of and encouraging strong ethical behavior by their professional accountant members
- Contribute to improving the quality of business reporting practices, including integrating social, economic and environmental reporting
- Enhance the global identity, visibility and value-recognition of SMPs
- Develop or facilitate the development of or access to guidance (or other tools) that helps members support their practitioner constituencies (or accounting firms or SMPs) in the effective management of their practices, and position and equip them to provide relevant and high-quality business advisory services
- Identify and act on emerging issues relevant to the accountancy profession's contribution to strong and sustainable organizations, financial markets, and economies

Speaking Out

IFAC is the primary representative of the global accountancy profession and speaks out on a wide range of public interest issues where the profession's expertise is most relevant. IFAC accomplishes this through:

- Commenting on issues that directly relate to the accountancy profession
- Developing and maintaining relationships with other organizations as appropriate
- Participating in global, regional and national forums
- Developing policy positions that address issues relevant to the global accountancy profession

IFAC collaborates with its members, associates, and affiliates to leverage their combined expertise in speaking out on issues affecting the accountancy profession and the public it serves.

The services in this area:

- Take positions on public interest issues where the accountancy profession's expertise is most relevant
- Develop relationships and implement processes that establish IFAC as the authoritative voice on matters relevant to the global accountancy profession, and enable it to promote key messages and speak out on public interest issues

Statement of Operating Principles

IFAC adheres to the following principles in operating its governance and management arrangements, implementing its strategic plan, and delivering its services.

Principle 1: Strong governance and management structures

To achieve this principle, IFAC:

- Seeks to balance the primary criterion of best person for the position on its independent standard-setting boards and committees with appropriate representation in terms of geography, industry, size of employer and gender
- Actively encourages participation in its activities through a range of mechanisms, including but not limited to, membership on boards and committees, an interactive annual Council meeting, regional forums and other events, and direct input throughout the development of the standards and guidance
- Conducts a strategic planning process designed to assess existing strategies in the light of changing environmental pressures, risks and opportunities and to adjust those strategies accordingly. The planning process is based on a review of the environment, stakeholder consultation, and the application of an Enterprise Risk Management approach
- Is reliant on strong governing and managerial leadership, and fosters a clear understanding of the roles of each and recognition of the importance of a separation of responsibilities between them
- Implements effective structures and processes and policies and procedures to ensure delivery of high-quality services and adherence to strong operational practices
- Performs succession planning at all managerial levels, but particularly at the senior management level, and in relation to volunteers on its boards and committees
- Undertakes to apply the principles of an integrated reporting framework as developed by the IIRC to IFAC's own stakeholder and business reporting processes

Principle 2: Effective and efficient communication with a wide-ranging audience

To achieve this principle, IFAC:

- Develops communications plans in consultation with its independent standard-setting boards and committees
- Implements activities that support the overall strategy by promoting the value of and adherence to high-quality international standards, and increasing awareness of the profession's many roles and, particularly, its contributions to the development of strong and sustainable organizations, financial markets and economies
- Facilitates collaboration and ongoing dialogue with stakeholders through the website and various other electronic and print media
- Targets its communications to a wide-ranging audience that includes members, associates and affiliates; recognized regional organizations and acknowledged accountancy groupings, accounting firms, the media, regulators, standard setters, development agencies, academics, professional accountants, and various international organizations

Principle 3: Identification and effective use of collaborative opportunities

To achieve this principle, IFAC:

- Seeks to identify and act on collaboration opportunities with members, associates and affiliates; standard-setters; recognized regional organizations and acknowledged accountancy groupings; regulatory agencies; and development agencies
- Coordinates the alignment of efforts and investments to achieve synergy and effective delivery of services with and among members and associates in areas of common interest

Principle 4: Maintain financial sustainability and the health of the organization

To achieve this principle, IFAC:

- Seeks to strengthen its funding model over the medium to longer term
- Seeks to operate within the financial parameters established in its approved annual budget or otherwise approved in accordance with the Authority to Commit policy
- Endeavors to establish and maintain an equity position that adequately reflects the needs of the organization and its exposure to external environmental factors
- Identifies and acts on appropriate opportunities to enhance IFAC's financial resources
- Ensures that IFAC's resources continue to be used effectively, efficiently and economically
- Operates in a manner that minimizes IFAC's environmental footprint/impact
- Endeavors to encourage those who benefit from IFAC's activities to contribute to their cost

Principle 5: Continually enhance IFAC's capacity

To achieve this principle, IFAC:

- Seeks the appointment and retention of high-quality volunteer representatives for the IFAC Board and officer positions
- Seeks the appointment and retention of high-quality volunteer representatives who support the objectives of each independent standard-setting board and committee, and the commitment of their supporting organizations
- Actively seeks to attract high-quality staff, and is committed to the development and retention of staff across all functions by creating an attractive work environment
- Identifies and acts on opportunities to use technology to support and enhance the effectiveness and capacity of the organization

Organizational and Staffing Plan

The strategic plan is supported by an operational plan and a detailed budget, which projects specific activities, services and expenses for 2013. The expenses anticipated in 2013 allow IFAC to lead the way by strengthening its current initiatives. This section provides a commentary on the organizational and staffing structures necessary to support the implementation of the strategic plan.

Organizational Plan

It is anticipated that the organizational structure as it relates to the Council, Board, independent standard-setting boards, the committees and the CAP will remain in place, and that these groups will continue to use various task forces or other sub-groups to support their activities. In addition, the Board will seek to establish public interest oversight for the IPSASB, and implement the recommendations of the Monitoring Group.

The Board will continue to be supported by the Governance and Audit Committee, the Planning and Finance Committee (PFC), the IFAC Regulatory Liaison Group, the Public Policy and Regulation Advisory Group, and other working groups as required from time to time. It is anticipated, however, that the mode of operation for many of these groups will change over time to reflect various factors, such as the growing use of technology, the costs of physical meetings, and the need for IFAC to contribute to a greener future.

In addition to the existing structures, it is anticipated that proposed new activities or services may require new groups of experts to be formed. It is not anticipated that these groups will hold any decision-making authority within IFAC's governance structures, unless considered appropriate by the Board, but rather provide access to greater expertise or input on particular projects.

In addition to the financial support from member bodies and the Forum of Firms, IFAC continues to be reliant on the commitment and expertise of volunteers and their supporting organizations to achieve its strategies and deliver its services. The amount of time devoted by these individuals has increased across most of IFAC's activities over recent years and it is anticipated that, for some activities, further increases may be necessary during 2013-2016. Each of the independent standard-setting boards and committees has significant projects, events or other activities planned during the course of this strategic plan that will only be achieved through the efforts of dedicated volunteers and staff.

While independent of IFAC's organizational structure, the PIOB will continue to have oversight over several IFAC activities, including the IAASB, IAESB, IESBA and Compliance Advisory Panel. In performing its oversight functions, representatives of the PIOB will use a risk-based approach to performing oversight work and will observe certain meetings of each of the above groups and the associated Consultative Advisory Groups, the Nominating Committee and the IFAC Board. In addition, in order to have a better perception of PIOB independence and of the public interest robustness of global standard-setting, the PIOB, the Monitoring Group and IFAC have agreed on the objective of moving full PIOB budget funding away from the accounting profession by 2013 and are therefore seeking financing commitments from relevant stakeholders.

During the course of this strategic plan, IFAC will also work towards establishing public interest oversight for the IPSASB. Consultation on this is underway.

Also independent of the IFAC structure, the Forum of Firms continues to be supportive of the activities of IFAC. It shows its support directly through the work of the TAC, the nomination of volunteers to support the work of the IAASB, IAESB and IESBA, as well as through its financial contributions to the IFAC budget.

Staffing Plan

Successful implementation of this plan is dependent on sufficient resources. On January 1, 2013, it is expected that IFAC will have 72 full-time employees, two part-time employees, and one secondee. (The IT function, other than the webmaster/programmer, will be outsourced.) Two positions have been deferred as part of cost-saving initiatives. These positions will be reconsidered and new positions identified as additional funding becomes available during the strategic plan period. The allocation of staff to the different activities is presented in the operational plan.

IFAC has enjoyed a stable base of upper and middle management across technical and operational areas in recent years. In 2013, a new CEO will succeed the current CEO whose contract is set to expire in February 2013 and who is not seeking a further term. Also, senior management contracts will be up for renewal in the next few years.

Many of IFAC's other existing and planned positions are highly specialized and require significant efforts to identify and attract the right person for the role. Senior management continues to recognize the importance of attracting and retaining staff, as well as succession planning at all managerial levels, but particularly at the senior management level. IFAC has also benefited from an administrative team that provides strong support for its technical activities.

Office Facilities

IFAC's main office will remain in New York City, US. The Board and senior management continue to believe there are substantial benefits to operating from New York City. IFAC recently moved into new office space with a conference center. It is anticipated that, starting in 2013, at least three out of four meetings for most boards and committees will be held in the IFAC conference center in New York, thereby controlling meeting costs and enhancing meeting processes.

IFAC operates smaller offices in Toronto, Canada; London, United Kingdom; and Melbourne, Australia. The office in Toronto houses the core of the staff supporting the IESBA, IAESB, and IPSASB. Toronto's proximity and time zone ensure a strong link with the New York City office.

Financial Plan

This section of the strategic plan provides commentary on the financial resources necessary to support the implementation of the strategic plan.

Financial Management and Reporting

IFAC continues to operate a control environment designed to ensure that the values of integrity, expertise and transparency are inherent in every aspect of the organization. This approach reinforces the need for strong stewardship to members and associates, the Forum of Firms and others who provide IFAC with financial resources, and the operation of a clear decision and accountability framework.

IFAC applies IPSASs and, where an IPSAS does not address a particular issue, the appropriate IFRS. In the future, it will also consider integrated reporting. Its external audit is performed in accordance with ISAs, with its internal control systems routinely assessed. In addition, IFAC's annual service delivery statement is subject to assurance procedures by its independent auditors. This additional assurance recognizes the importance of the non-financial service delivery information as an indication of IFAC's overall performance.

Planning Process

The PFC, with the support of senior management, has oversight responsibility for strategic planning and budget development and implementation. The dual strategy and budget responsibilities are designed to ensure that strategic decisions are made with a clear understanding of the implications for resource allocation, both financial and human.

Priorities, Linkages and Efficiencies

IFAC prioritizes its strategies and services, and assesses the efficiency with which it is carrying out its activities, on a continuous basis.

The strategic and operational plans reflect a tight linkage between the strategic direction of the organization, the planned services, the organizational and staffing plan, and the financial plan. The operational plan highlights the budgeted direct costs for each IFAC activity and the estimated full cost of delivering services in each of the four service areas.

To demonstrate its commitment to operating as efficiently as possible, the PFC from time to time identifies aspects of IFAC's operations for review.

Alternative Revenue Sources

As previously discussed, IFAC assesses existing and potential revenue sources. In order to achieve the strategies and services identified in the strategic and operational plans, IFAC will consider how to expand the level of financial contributions from current sources and identify and pursue other sources, as appropriate. IFAC will enhance its focus in this area during the current strategic period.

IFAC Reserves

The Board, PFC, and senior management recognize that fiscal responsibility requires the organization to maintain adequate short term unrestricted (operating) reserves and ensure that the breakdown of these short term reserves and long term reserves is appropriate for the size and nature of the organization.

IFAC aims to build up the short term unrestricted reserves, as determined at year end, to a target of two months of budgeted operating expense. However, current challenges of the changing environment are placing significant pressure on IFAC's current funding resources and on existing reserves. During the period of the strategic plan, consideration will be given to alternative actions, including that of a capital injection, to increase the level of short-term reserves.

To ensure adequate fiscal cover during the buildup period, IFAC will maintain existing credit facilities. The reserve buildup will be monitored during the strategic plan period, as the timing of certain events will likely have an impact.

High Level Financial View

IFAC develops a detailed annual budget from a zero base. Standardized budget assumptions are applied. IFAC generally budgets for a break-even position and ideally strives to build reserves, but this has proven to be difficult in light of current funding pressures and available resources, including delays in establishing funding diversification.

While the budget is prepared from a zero base, the expense increases generally relate to one of the following five categories: expenses associated with existing commitments; expenses associated with enhanced or new activities; the need to invest in organization capacity (human and physical assets); cost changes (including the impact of currency fluctuations); and the buildup of short term unrestricted reserves (although not in 2013).

The 2013 budget reflected in the operational plan presents an expense increase of 4.7% over the 2012 budget. To support the increase, funding from the members and the Forum of Firms is planned to increase by 6.4% and 5.0% respectively in 2013 over 2012.

Budgeted other revenues are derived from external funding sources provided on an activity or project basis, and limited publications, interest and other revenues. In 2013, budgeted other revenues will make up 5.8% of budgeted total revenue. The strengthening of IFAC's funding model over the medium to longer term will be an important consideration during this plan period. Targeted external funding levels for certain activities, events and projects are expected to be established in the future.

IFAC gratefully acknowledges the significant donated support received from volunteers in terms of time and effort, and from the supporting organizations that fund their participation in IFAC activities.

The increase in IFAC's budget recognizes that increased globalization—including a global financial system—gives rise to global demands, which in turn requires global responses. IFAC—as global representative of the accountancy profession—is uniquely positioned to lead, facilitate, or collaborate to deliver such responses.

A summary of IFAC's proposed budget for 2013 is provided below. A more detailed budget for 2013 is provided in the *Operational Plan for 2013*.

Summary of IFAC's Proposed Budget for 2013

	2011 Actual (\$'000)	2012 Budget (\$'000)	2012 Forecast (\$'000)	2013 Budget (\$'000)	% Increase over 2012 Budget
Member Body Dues	13,489	14,406	14,467	15,330	6.4%
Special Assessment	1,704	-	-	-	
Forum of Firms – IFAC	9,194	9,539	9,539	10,015	5.0%
Forum of Firms – TAC	511	500	505	611	
Other Revenues	1,020	1,562	1,627	1,600	
Total Revenues	25,918	26,007	26,138	27,556	6.0%
Total Activities Expenses	16,383	17,656	17,499	19,123	
PIOB Funding	1,562	1,197	1,600	1,180	
Indirect and Overhead Expenses	6,270	8,308	8,539	8,143	
Total Expenses	24,215	27,161	27,638	28,446	4.7%
Surplus / (Deficit)	1,703	(1,154)	(1,500)	(890)	



IFAC'S 2015 PLAN: DELIVERING ON OUR GLOBAL ADVANTAGE



International
Federation
of Accountants®

Introduction

IFAC's 2015 Plan: Delivering on Our Global Advantage (the Plan) highlights shifts in emphasis and priority as IFAC implements its strategy. Using IFAC's *Strategic Plan for 2013-2016* as the starting point, the Plan aligns the strategic objectives with four operating lines. The Plan also delivers on IFAC's global advantages.

This Plan starts with the economic and societal benefits of IFAC's activities and the impact of the environment in which IFAC operates. This Plan explains how IFAC plans to maximize opportunities and minimize risk while achieving its strategic objectives. It also presents the enablers necessary to achieve the strategic objectives.

What are the economic and societal benefits of IFAC's activities?

In pursuing its mission, IFAC seeks to influence a number of key outcomes and economic and societal benefits, as depicted below.



What is the environment in which IFAC operates?

- **Diversified** and **segmented**, with competing needs and priorities
 - Economies at various stages of growth and development
 - Large public enterprises and large accounting firms alongside small- and medium-sized entities (SMEs) and small- and medium-sized practices (SMPs)
 - Professional accountants providing many different services in public practice alongside professional accountants in business (PAIBs), including those working in government, academia, and society
 - PAOs at significantly different stages of development and growth, financial and human resource capacity, and legal status and authority
- **Complex** and **constantly changing** with new and emerging risks; shocks—if they occur—can have effects beyond the profession
- **Globalized**, due to economic, social, technological, and cultural forces, but with national priorities that are often contrary to global convergence

- 
- A **shifting regulatory landscape**, with national requirements increasing in volume and complexity, global regulatory convergence being slow and political, and implementation occurring slower than actual rule-making
 - Continuously subject to **political scrutiny** as regulatory responses to accounting matters become more politicized
 - **Competitive yet collaborative:**
 - Professional accountants competing for jobs both within and outside the profession, and increasingly having to be effective in multidisciplinary teams
 - IFAC Members forming alliances and competing for global reach as they expand beyond national boundaries
 - Affected by the accelerated impact of **trends** and **innovation**, including:
 - Information technology issues and developments, especially cybersecurity
 - Human capital issues, including managing a diverse multi-generational workforce and how technology changes the way we work
 - International tax rules and domestic tax simplification
 - Environmental/sustainability reporting
 - Growing calls for transparency, accountability, and fairness by society as a result of shrinking tolerance for, and increasing frustration with, corruption and greed
 - Investors overly focused on short-term results, financial or otherwise, over long-term organizational sustainability

What are the risks we will monitor and mitigate?

Risk management is an integral part of IFAC's strategic planning process. Management identifies and assesses the risks that may cause IFAC not to achieve its mission, and develops and implements actions to mitigate those risks.

Management, in consultation with the Board, has identified the following top risks:

- Strategic Risks
 - Loss of stakeholder confidence in standard setting
 - Failure to identify, prioritize, or render services to meet the competing demands of IFAC member organizations and other stakeholders, including recognized regional organizations, acknowledged accountancy groupings, accounting firms, the media, regulators, standard setters, development agencies, academics, professional accountants, and various international organizations
 - Loss of effectiveness as the representative voice of the global profession
- Operational Risks with Strategic Implications
 - Insufficient funding
 - Inability to attract/retain a diverse and highly qualified staff
 - Failure of critical IT systems and capabilities

This risk identification and assessment helps management, in consultation with the Board, select services and allocate resources in order to have the greatest effect on the outcomes that IFAC aims to influence. These mitigation actions are accomplished through the detailed work plans for each of the activity areas within IFAC's four operating lines.

What opportunities does this environment present for IFAC?

Opportunities connected to our strategic objectives

- The international standards have been widely accepted and, in response to existing demands, IFAC will continue to facilitate their development and support their implementation in the public interest. IFAC will also continue to promote their adoption where they are not yet followed.
- The importance of emerging economies in a globalized environment emphasizes the need for IFAC, as the global body for the accountancy profession, to promote the development of the profession and strong PAOs, which contribute to comparable, transparent, credible reporting of financial and non-financial information in the public and private sectors; resource management; regulation of the financial and business sectors; and international trade.
- IFAC's unique position as an international organization can also be leveraged to:
 - collaborate with other international professional organizations, IFAC Member alliances, international development organizations, governments, and the donor and business communities;
 - take advantage of the current climate to influence governments to increase transparency and accountability; and
 - bring diverse elements of the profession together, including convening meetings of influential parties, to advance issues of relevance.

What are IFAC's strategic objectives?

Strategic Objective	Operating Line
Support the development of high-quality standards by independent standard-setting boards, and actively promote the adoption and implementation of these standards in the public interest—thus engendering reliable, comparable, consistent, and transparent financial and nonfinancial information	Standards Development Support
Develop the accountancy profession—in particular, building strong national and regional PAOs, which in turn supports economic growth and stability	Quality and Capacity
Promote awareness of how professional accountants facilitate sustainable success and, with member organizations, enhance the competence of professional accountants through sharing and developing knowledge, ideas, and resources	Global Accountancy Profession Support
Represent and advocate on public interest issues of importance to the profession to enhance the reputation and credibility of the profession	Global Representation and Advocacy

What comparative advantages will IFAC leverage in shaping its actions?

IFAC is uniquely positioned to spearhead initiatives that demand:

- a global reach;
- freedom from commercial and political interests; and
- the ability to create dialogue and debate.

The value we provide to our stakeholders is supported by our strong connections with other international organizations, our demonstrated ability to align the needs of the profession and the public, and our track record of raising awareness, advocacy, and engagement.

Our unique comparative advantages are as:

- A natural facilitator—to support the development of high-quality standards by independent standard-setting boards, and actively promote their adoption and implementation in the public interest
- A credible convener—to promote awareness of the trusted, ethical, and independent nature of professional accountants and how their skills facilitate sustainable success
- A trusted intermediary—to develop the accountancy profession
- An influential voice—to represent and advocate on behalf of the profession and the public

IFAC currently derives most of its funding from financial contributions from member organizations and the Forum of Firms, an association of accounting firms that perform transnational audits. IFAC recognizes the funders' financial constraints, and seeks to utilize our funding to maximize impact. As a result, IFAC develops its work program extremely selectively and focuses on leveraging its comparative advantages to fulfill strategic objectives, with close attention to efficiency and effectiveness.

IFAC receives limited external funding, and license fees and royalties. External funding is for specific activities, including the development of International Public Sector Accounting Standards (IPSASs), the development of the profession, and SMP-related activities.

What actions will IFAC take in 2015 *to support standards development?*

- Clarify and continually enhance the independence of the standard-setting boards
 - Support the development of a protocol document to define relationships between IFAC, the independent standard-setting boards, the Public Interest Oversight Board, and the Monitoring Group
 - Fully implement the service-level agreements with the independent standard-setting boards
 - Undertake any additional communications initiatives or outreach necessary to clarify and reinforce independence
- Support the development of international standards through the independent standard-setting boards, including resourcing them to be proactive and respond to issues in a timely manner, and actively promote the adoption and implementation of these standards in the public interest
- Work with relevant international institutions and governments to establish oversight of the International Public Sector Accounting Standards Board

What actions will IFAC take in 2015 *to support quality and capacity?*

- Continue to advance MOSAIC (Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration), actively reaching out to its signatories to coordinate efforts and secure additional funding for the development of the accountancy profession in emerging economies, including the development of phase II of the IFAC-MOSAIC website (a marketplace for matching donors and those seeking assistance)
- Implement successful proposals to develop the accountancy profession, including the program with the UK Department of International Development (DFID)
- Support PAO development through the PAO Development Committee
- Implement Accountability Now! in collaboration with partner organizations to raise awareness of the importance of transparency and accountability in the public sector and, in particular, adopting high-quality public sector accruals-based accounting standards (i.e., IPSASs)
- Facilitate adoption and implementation of the international standards, including facilitating the sharing of implementation tools, guidance, etc.
- Support Members and Associates in the development of their Statements of Membership Obligations (SMO) Action Plans, and implementation of a database to support enhanced reporting on compliance with membership criteria and SMOs
- Utilize, coordinate, or organize forums and other events at the international and regional level as an important tool for building capacity
- Explore other opportunities for regional coordination of capacity-building efforts

What actions will IFAC take in 2015 *to support the global accountancy profession?*

- Contribute to the advancement and direction of integrated reporting by helping PAOs in priority jurisdictions facilitate the implementation phase of integrated reporting and support the International Integrated Reporting Council's work program in areas where IFAC can leverage its convening power
- Facilitate international harmonization of approaches to internal control and enterprise risk management by further developing relationships with national and international issuers of standards, frameworks, and guidelines
- Continue development of the IFAC Global Knowledge Gateway including enriching users' experiences through expanded content and enhanced functionality
- Provide input to the independent standard-setting boards on behalf of the PAIB and SMP constituencies via comment letters, representation on the Consultative Advisory Groups, and other liaisons and relationships
- Advocate for recognition of PAIBs and SMPs as valuable business partners and advisors, and for awareness of their important roles in national and global economies
- Call attention to issues affecting PAIBs and SMPs, and convene key stakeholders to deliver solutions
- Support other service delivery to professional accountants, including PAIBs and SMPs through the work of the PAIB and SMP Committees
- Undertake globally relevant research to inform IFAC's priorities

What actions will IFAC take in 2015 *to support global representation and advocacy?*

- Present global views as *the* body for the accountancy profession in current debates, including those related to the changing regulatory environment
- Engage with the G-20, including:
 - Advocating on behalf of the global profession
 - Promoting initiatives to enhance global economic stability and sustainability
 - Working in the public interest
- Speak out in the areas that IFAC is uniquely positioned to address, including the four current speaking-out priorities:
 - Promoting government transparency and accountability
 - Improving the credibility and usability of financial reporting
 - Enhancing organizational reporting
 - Raising awareness of accountants in society
- Continue to identify, in consultation with major stakeholders, additional emerging issues that IFAC is best qualified to address
- Drive global debate and discussion on these and other topics via recommendations to global bodies; op-eds, letters to the editor, and thought leadership articles; media relations; and speeches and presentations

To implement the strategy, what will IFAC maintain and develop?

IFAC will maintain:

- People
 - Organization
 - Staff
 - Volunteers who serve on the boards, committees, task forces, working groups, etc.
 - Advisory groups
 - Member organization collaboration
 - Outsourcing
- A relentless stakeholder focus that enables IFAC to leverage its stakeholder relations
 - Members, Associates, and Affiliates
 - Forum of Firms
 - Other key stakeholders
- Infrastructure
 - Including outsourced IT function

IFAC will:

- Diversify funding that is driven by delivering on IFAC's competitive advantages
- Be fit for purpose
 - Adapt processes and reporting that are appropriate for each operating line
 - Attract and retain the right people (see also "People" above)

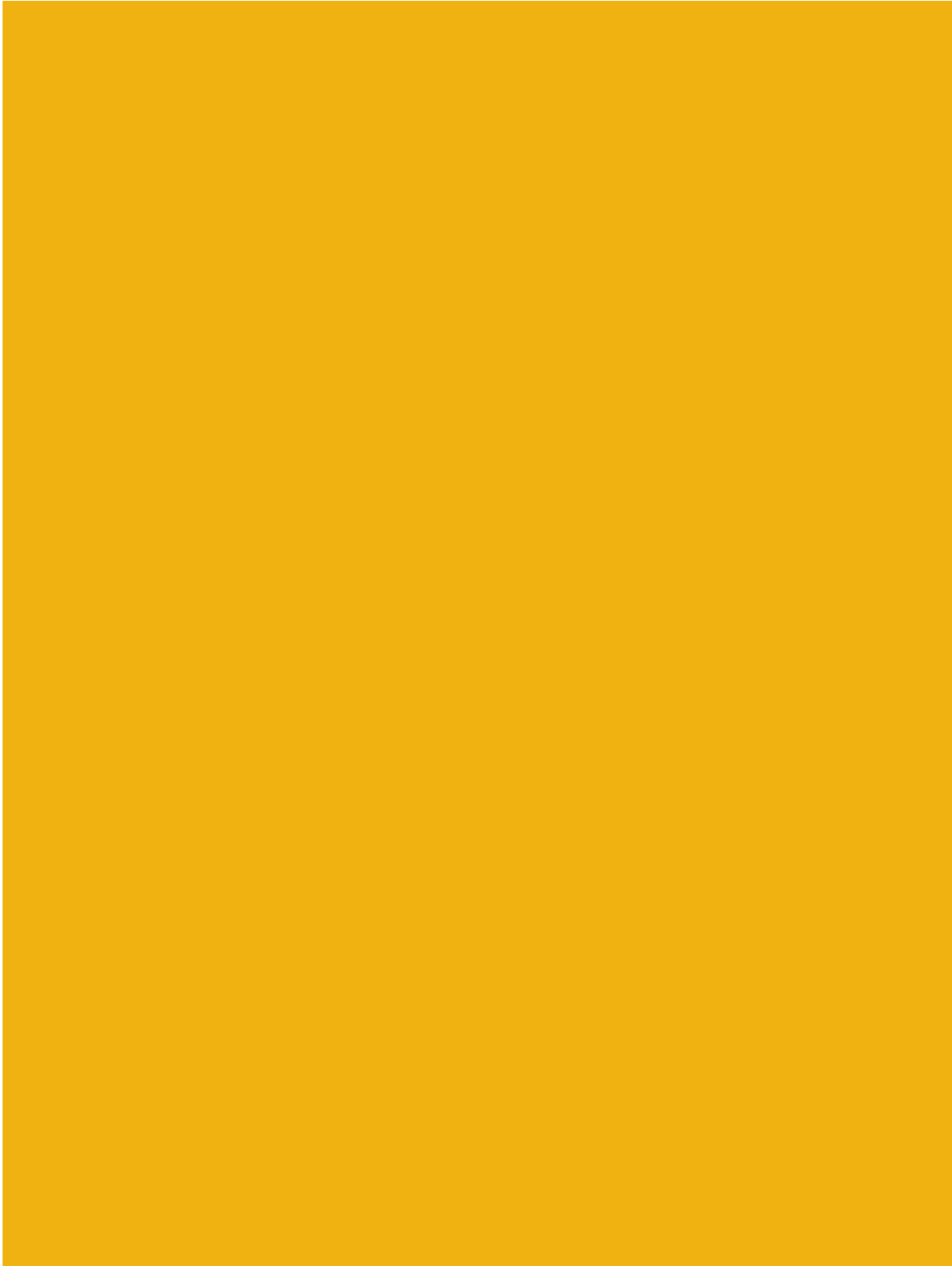


How will IFAC measure achievement of the strategic objectives?

Achievement will be measured through Key Performance Indicators (KPIs) developed by management in consultation with the IFAC Board's Planning and Finance Committee and approved by the IFAC Board.

IFAC
529 Fifth Avenue, FL 6
New York, NY 10017
USA
+1 212 286 9344
www.ifac.org







Paul V. Stahl

MESSAGE FROM PAUL

In 2010, the AICPA initiated a grassroots effort focused on harnessing the insights of CPAs, business leaders, regulators, thought leaders and futurists into the continuing evolution of the CPA profession. Called CPA Horizons 2025, this visioning initiative built on the ground-breaking work of the CPA Vision Project, which took place in the late 1990s, engaged thousands of CPAs and dozens of other important stakeholders in creating a blueprint for the profession that led us through 2011.

CPA Horizons 2025 extends that original vision into the future. The project examined the local and global trends affecting CPAs in their daily work, enlisted opinions on how these trends will impact CPAs in the years ahead, and how the profession could meet the challenges and leverage opportunities now and in the coming years. As part of this process, we examined the current and future relevance of our Core Purpose, Values, Competencies and Services identified as part of the CPA Vision Project.

To explore what the CPA profession will face over the next 15 years, the profession also considered how the technological tsunami of the past decade has propelled us into new frontiers and changed how the profession operates. Clearly, demographic shifts in the CPA profession will bring new opportunities to wider

audiences, evolving our profession to represent the diversity of the world. Globalization offers opportunities and challenges for the profession as well as our clients, firms and employers. These are a sample of the macro-trends that were assessed, discussed and debated virtually and in face-to-face meetings across the country.

I'm honored to have led this extraordinary collaborative effort of the CPA profession during my year as Chairman of the AICPA Board of Directors. No other profession calls upon its members to engage in such an exercise to prepare for the future. It's for this and for so many other reasons, I am extremely proud to be a CPA.

I look forward to collaborating with members of the profession as we continue to exemplify our CPA Purpose: **CPAs ... Making sense of a changing and complex world.** I truly believe that the results detailed in the pages of this report will not only guide the profession as it considers the opportunities and challenges that lie ahead in our 15-year horizon, but also for generations to come.

Paul V. Stahl, CPA

EXECUTIVE SUMMARY

Over a six-month period, CPA Horizons 2025 sought the insights of CPAs on current and forecasted trends that will surely impact not only the profession, but also the world. Through an interactive survey, 16 in-person forums, online discussions and focus groups, more than 5,600 CPAs weighed in, spending a cumulative 6,000 hours, and generating in excess of 75,000 individual comments relating to the current state and future of the CPA profession. This major effort, undertaken in partnership with the state CPA societies, builds upon the previous CPA Vision effort.

In order to synthesize this significant amount of grassroots feedback, an esteemed 22-member group, selected to form an Advisory Panel representing all member segments of the profession (by practice area, age, gender and diversity) and the state CPA societies, carefully reviewed and refined the input, defining the profession's Core Purpose, Values and Competencies.

The research shows that the entire profession — from sole practitioners to medium and large firm members to members in business and industry to those in government and academia — has a bright future and will need to respond quickly and competitively to the shifting ground on political, economic, social, technological and regulatory fronts.

KEY FINDINGS

■ <i>Insights and directions related to opportunities and challenges for the profession over the next 15 years emerged. Using these insights and directions as a road map, CPAs and the accounting profession will mold their future.</i>	■ <i>CPAs overwhelmingly agreed that the profession's Core Purpose, "Making sense of a changing and complex world," remains relevant today and for the future.</i>	■ <i>The profession's Core Values remained substantially unchanged.</i>	■ <i>The Core Competencies evolved to reflect the 21st century.</i>	■ <i>The services provided by CPAs have become so varied and diverse that the concept of core services is no longer representative of the profession.</i>
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“ *Visioning requires hindsight, foresight and insight. We are the only profession who has been in this process for more than 15 years.* ”

INSIGHTS AND DIRECTIONS

Technology: Understand and leverage relevant technology in conjunction with core CPA Competencies to deliver superior services.

Pre-certification and Lifelong Learning: Evolve the educational framework to keep pace with the changing dynamics of business, government and our profession.

Worldwide Profession: Position the CPA as a premier designation of the accounting and finance profession throughout the world.

Pride in the Profession: Encourage pride among CPAs in the CPA profession and in the value CPAs create throughout society.

Trusted Attester: Preserve the role of the CPA as the trusted attester of financial and other information.



Trusted Advisor: Promote the CPA as the trusted advisor who, in addition to providing core CPA services, develops solutions to complex problems by integrating knowledge, expertise and resources from multiple disciplines.



Market Permissions: Leverage the strengths of the profession to expand market permissions.



Marketplace: Address continual changes in the marketplace, economy, businesses and regulations.



Value Proposition:
Increase the visibility of the profession's value proposition by demonstrating the profession's Core Values in multiple areas of business and society.



Demographic Shifts: Continue to offer opportunities that enhance the appeal of the profession and be proactive in addressing both U.S. and global demographic shifts.

BUILDING ON THE THEMES OF THE CPA VISION PROJECT

In 1998, the AICPA and the state CPA societies collaborated on an unprecedented, profession-wide initiative, known as the CPA Vision Project, to set a course for the future growth of the CPA profession. CPAs from all disciplines, students and external thought leaders, participated in the CPA Vision Project to ensure the profession prepared for and responded to the changing demands of the future. More than 3,400 CPAs took part in more than 170 in-person forums. As a result of this ground-breaking exercise, consensus emerged as to what made the profession unique and what CPAs must do to remain exceptional in the years ahead. The grassroots efforts defined the profession's Core Purpose, its essential and lasting reason for existence. From the extensive research and dialogue, the profession established the Core Purpose, Core Values, Core Services and Core Competencies — the essential beliefs, service focus, skills and knowledge required for CPAs to remain competitive into the 21st century. The CPA Vision Project crystallized the goals, opportunities and challenges for the CPA profession through the year 2011.

Looking back on its extensive conclusions and observations, the CPA Vision Project accurately predicted many evolutionary trends that occurred in the profession over the last 15 years. Based on the groundbreaking recommendations and findings of this effort came numerous initiatives — including XBRL, enhanced business reporting, sustainability, the Clarity Project, audit quality centers and the Chartered Global Management Accountant designation as well as women, minority and work/life initiatives and young CPA leadership programs — that altered the business world for the better, enhanced the value of the CPA and positioned the profession as leaders in business.

A ROAD MAP FOR THE NEXT 15 YEARS

In 2010, the profession embarked on the next stage of this initiative to help foresee and shape the future of the profession: CPA Horizons 2025. In preparation for the coming years, the AICPA, state CPA societies and CPA profession considered whether, and if so, how, the core values, competencies and services so accurately identified almost a decade and a half ago apply today given the extensive technological, economic and political changes that have taken place.

CPA Horizons 2025 called upon members of the profession to share their insights on the future through an interactive survey, in-person forums, virtual focus groups and online discussion forums. During a six-month period 5,600 participants in this effort contributed more than 6,320 cumulative CPA feedback hours. Once completed, the compiled data was shared with the CPA Horizons 2025 Advisory Panel who convened to assess and analyze the input from thousands of participants. Additional work by panel members assured thorough evaluation and consideration of data for the final report. (For Advisory Panel biographies see Appendix).

ADVISORY PANEL MEMBERS

Paul V. Stahlin
Ernest A. Almonte
Jordan D. Amin
L. Gary Boomer
James C. Bourke
Robert L. Bunting
James G. Castellano
Patricia Cochran-Bergman

Kimberly Ellison-Taylor
Jeanette Meixner Franzel
Erin Hardwick
Richard E. Jones
Don McCleod
Faye Miller
Richard E. Mills III
David J. Moynihan

Joel C. Olbricht
Marc Parkinson
R. Kinney Poynter
Donny C. Shimamoto
Ira Solomon
Jaleigh White

The Advisory Panel debated and assessed the original findings of the CPA Vision Project, capturing the recommendations of CPA Horizons 2025's participants and framing these core elements with the goal of strengthened relevancy and viability for the CPA profession.

CORE PURPOSE

The profession's Core Purpose defines the CPA profession's reason for being. CPAs are certain it will continue to guide the profession. It remains unchanged from its original version.

CPAS ... MAKING SENSE OF A CHANGING AND COMPLEX WORLD

Core Values

The essential and enduring beliefs that we uphold over time. Core Values enable us to retain our unique character and value as we embrace the changing dynamics of the global economy.

- Integrity
- Competence
- Lifelong Learning
- Objectivity
- Commitment to Excellence
- Relevance in the Global Marketplace

Core Competencies

A unique combination of human skills, knowledge and technology that provides value and results to the user. Enhancing our Core Competencies is key to sustaining a competitive and differential advantage in the marketplace.

- Communications Skills
- Leadership Skills
- Critical-Thinking and Problem-Solving Skills
- Anticipating and Serving Evolving Needs
- Synthesizing Intelligence to Insight
- Integration and Collaboration

From the CPA Vision Project evolved the profession's Core Services, the foundation of work and value the profession provides to clients, business and employers. CPA Horizons 2025 asked participants to reflect on these traditional services and consider the addition of new services in light of shifts in business, society and technology occurring now and through 2025. Results showed that participants believe the profession's Core Services will continue to expand over the next 15 years. Based on those results from the profession's thought leaders, and its review of the evolution of the profession during the past 15 years, the Advisory Panel believes that identifying and listing only a finite number of specific Core Services in the 21st century would limit opportunities for the profession.



NEW HORIZONS FOR THE PROFESSION

Through the information-gathering phase of CPA Horizons 2025, thousands of CPAs provided feedback that was aggregated into the major themes that significantly influence the current state and future of the profession. The Advisory Panel further examined these themes, assessing their impact on the Core Purpose, Values and Competencies. Ten key themes emerged that give insight into how the profession is conducting and will conduct business, serve clients and employers, attract and retain employees and new business and remain competitive in the marketplace throughout the next 15 years.



Understand and leverage relevant technology in conjunction with Core CPA Competencies to deliver superior services.

In a world driven by technology, CPAs leverage both knowledge of the risks and advantages offered by technology and CPA knowledge and skills to enhance their work.

Throughout the CPA Horizons 2025 project, CPAs identified technology as having a major impact on CPAs. With the increasing prevalence of mobile technology and faster networks, people expect to have up-to-date information available wherever and whenever. This will drive financial reporting to be faster and, eventually, to be delivered in real-time. Not only does this quicken the pace at which CPAs must do their work, it also opens the door to both potential errors and fraud in the creation of the information. The history provided by paper documents is lost when electronic documents can be modified in a split second. The security and privacy of information is at risk to those with malicious intent and technical skill. The profession is uniquely positioned to devise new ways of assuring that financial information remains as reliable, confidential and accurate as in the past.

Newer, more powerful and cheaper software allows individuals and businesses to automate activities that once required a CPA's expertise. While this may eliminate some CPA services, it also creates opportunities for the profession to shift to more value-added work as the needs of clients and employers change. CPAs will be able to build on their core skills in analyzing, assuring and protecting information to provide advice and counsel to allow clients and businesses to make better use of technology.

Technology also is changing the way people interact with each other. Face-to-face meetings are being replaced by conference calls, which are evolving to video conferences. Emails have replaced letters and are being replaced by text messages. Social media is blurring the boundary of business and personal and a social media presence is becoming as much a marketing imperative today as a website was just five years ago. The office is becoming anywhere with an Internet connection, rather than a specific place. Today a CPA can offer services to a client or employer half a world away almost as easily as to one just down the street.

“The profession will need to adopt new technologies and demonstrate effective leadership in doing so.”

IMPACT ON THE PROFESSION

1. CPAs must stay current with, embrace and exploit technology for their benefit for increased efficiency and expansion of services.
2. The profession must find solutions to offer investors and stakeholders up-to-date, real-time financial information and to increase transparency.
3. CPAs must embrace mobile technologies and social media to modernize and enhance interaction and collaboration with clients and colleagues.
4. Fraud may be easier to commit and more difficult to prevent and detect. CPAs must continue to be vigilant in ensuring data is captured and managed properly and protected from malfeasance.



PRE-CERTIFICATION AND LIFELONG LEARNING

Evolve the educational framework to keep pace with the changing dynamics of business, government and our profession.

Extend traditional technical education to include interpersonal skills and mentoring that allow CPAs and aspiring CPAs to meet their educational needs on a real-time, ongoing basis.

Education will remain a cornerstone both as preparation for certification and as an ongoing activity throughout a CPA's career. However, while the importance of education will not diminish, what CPAs learn and how they learn will evolve. Strong technical accounting knowledge will continue to be a foundational requirement but it alone will not be sufficient. CPAs must also develop problem-solving, communications, leadership and other interpersonal skills.

Accounting knowledge must also be supplemented by broader business knowledge encompassing finance, economics and technology. Increasing globalization will require CPAs to obtain more knowledge about the international marketplace. CPAs will also need to stay up-to-date on changing regulations and standards.

For CPAs to obtain and maintain the knowledge needed, the educational framework will also need to change. The Internet and the growth of mobile technologies allow CPAs to engage in education whenever and wherever it is needed. Whereas in the past, CPAs often had to schedule classes in advance or order self-study manuals, today a CPA can identify a need and potentially immediately find a webcast, podcast or seminar available and participate without ever leaving his or her desk. This evolution also allows education to be consumed in smaller, more digestible increments – instead of spending hours or days in a class, CPAs can find education in smaller targeted segments.

Aspiring CPAs will continue to need rigorous preparation. There is widespread agreement that education for new CPAs needs to be demanding. However, the specifics of this education will constantly need to be reviewed as the needs of the profession and business evolve.

IMPACT ON THE PROFESSION

1. CPAs must devote more time to staying current with regulations and standards and social, economic, technological and political trends domestically and abroad.
2. CPAs must further develop interpersonal skills to enhance relationships with colleagues, clients, businesses and employers.
3. Real-time learning in the workplace will change the way CPAs learn and will help them adopt and adapt quickly and knowledgeably to ever-changing circumstances.
4. Requirements for new CPAs must remain rigorous and demanding and be practical and relevant.
5. New CPAs must have a broad knowledge of business and soft skills and not simply focus on technical accounting.

“ CPAs have to be both the teacher and the learner in the profession for a lifetime. ”





Position the CPA as a premier designation of the accounting and finance profession throughout the world.

In a world of increasing interdependence and connectivity, the CPA is a premier accounting and finance designation.

A growing number of CPAs believe it is increasingly important for the profession to be aware of global business issues and trends. Globalization offers unprecedented opportunities for the profession to expand into new markets. Yet globalization also brings challenges including greater competition for CPAs, both in the U.S. and internationally.

Technology will enable U.S.-based businesses of any size to conduct business abroad, while also enabling new overseas competitors, including non-CPA accounting professionals, to gain access to the U.S. market. Research shows that many CPAs anticipate continued outsourcing of accounting services and business processes. Additionally, organizations will be able to hire employees from a global workforce, as the CPA designation grows.

CPAs also will face increasing complexity with varying standards and customs across the globe. CPAs must navigate through different communication challenges and business practices while

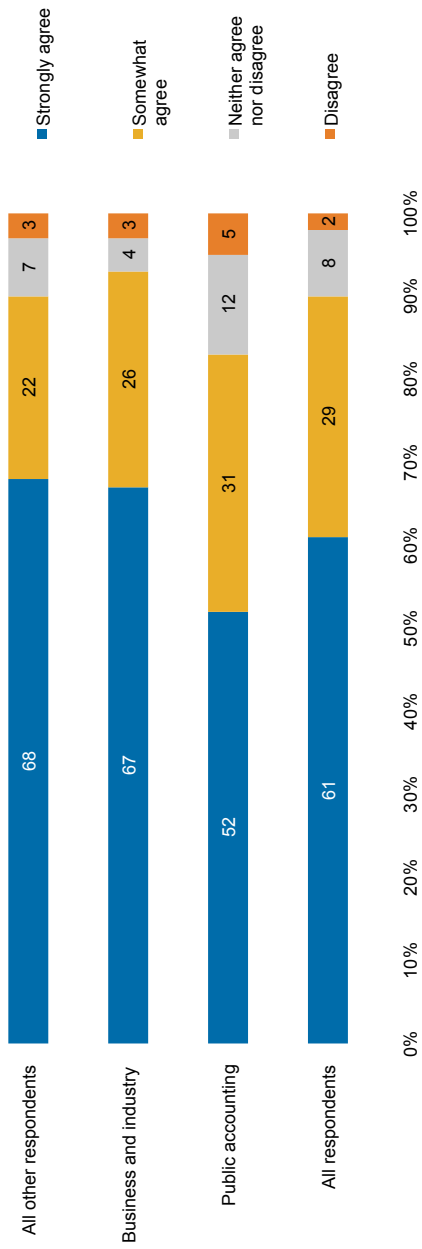
maintaining the highest ethics and standards that define the CPA profession. As global business becomes more complex, there will be an opportunity for CPAs to become the leading experts for all financial needs.

CPAs believe that maintaining the rigor and quality of the CPA credential will help uphold its positive perception and help the profession thrive overseas. Maintaining high standards for acquiring the credential and placing increased emphasis on continuing education as well as developing soft skills will help position the CPA as one of the world's premier designations.

IMPACT ON THE PROFESSION

1. CPAs must be increasingly aware of international business issues and trends.
2. CPAs must assess the trend toward outsourcing overseas and create opportunities to expand services to serve these markets.
3. CPAs must continue to market the quality and value of their services in order to expand and thrive globally.

“ [Globalization] brings the opportunity to display to the rest of the world how valuable a U.S. CPA is. It is not just the certificate, but the entire training that we go through. ”



It will be increasingly important for the accounting profession to have awareness of international business issues and trends in the future.

PRIDE IN THE PROFESSION

Encourage pride among CPAs in the CPA profession and in the value CPAs create throughout society

CPAs take collective pride in the knowledge and effort required to attain the CPA credential, and the many positive contributions CPAs make in serving the public interest, worldwide markets, businesses and communities.

CPAs are proud of the long-standing resilience of their positive reputation. Research conducted by the AICPA over the past 20 years found that CPAs are among the most respected and trusted financial professionals and are known for their objectivity, integrity and financial and business expertise, earning the title of trusted advisor to individuals and businesses.

Defending a strong positive reputation remains a high priority for the profession and CPAs remain vigilant in preventing the weakening of ethics and loosening of standards, as well as instances of fraud both within and outside the profession. Greater focus on integrity, detection and reporting of fraud, and ethical behavior are requirements to continue to uphold this reputation. When CPAs work in countries with differing ethics, upholding the integrity of the profession and maintaining high standards will be challenges the profession will need to meet.

CPAs derive an enormous sense of personal accomplishment in completing the requirements to become a CPA. They also believe that the stature of the profession worldwide is largely dependent on the rigorous requirements and professional standards associated with obtaining and maintaining the credential.

Further, CPAs should work to improve the profession's image and to enhance the public's perception of the profession by upholding ethical business practices and practicing self-regulation. CPAs believe to further strengthen their image, advocacy on behalf of the profession and public education must be ongoing.

Outside of the workplace, technology, particularly social media, blurs the boundaries between work and life and allows business and clients unprecedented access into CPAs' professional lives — underscoring the need for CPAs to maintain their high standards outside of work to uphold the positive public image of CPAs.

“ I am most proud of the idea that our professionals have been able to occupy diverse jobs at high levels, from accounting to sales, from operations to HR, from consulting to management. ”

CPAs desire the CPA credential to retain its positive reputation within the U.S. while also building awareness and prestige abroad. Competition from other professional accounting credentials, both domestically and internationally, increases the importance of safeguarding the CPA credential. The profession must proactively market and reinforce its value to clients and the public to maintain its standing among other accounting and financial professionals.

IMPACT ON THE PROFESSION

1. The profession must continue to advocate on behalf of itself to ensure continued recognition as a trusted advisor.
2. CPAs must uphold the integrity of the profession and maintain high standards in an ever-changing environment and in cultures where business practices differ from U.S. practices.



TRUSTED ATTESTER

Preserve the role of the CPA as the trusted attester of financial and other information.

Attest is a fundamental CPA function from which the profession derives public trust and which allows CPAs to branch into new attestation and advisory services.

Although most CPAs are not involved in providing audit and attest services, attest remains a fundamental service for the profession. While CPAs' skills and knowledge allow them to offer many other services to employers and clients, there is no other profession that is as qualified, or even allowed by law, to fulfill the role of auditor. It is a unique niche filled by CPAs and will continue to be an important role.

Many other CPA services are based in the attest function. Some, such as business controls and internal audit, are direct extensions of the attest function. Other areas, such as fraud and forensics, rely on skills acquired via auditing. Employers and clients also look to CPAs as potential providers of other compliance-related areas such as sustainability, risk management and regulatory compliance. All these extended services have their roots in the attest function. Services based on the CPA reputation as a trusted attester provide a natural path for CPAs to expand and enhance their offerings.

The attest function also underpins the profession's reputation for objectivity and independence. From the beginnings of the modern accounting profession at the end of the 19th century, the ability of CPAs to provide independent, objective audits of financial statements helped build credibility for the profession. The public

recognizes that CPAs are independent and objective assurers of information. Trust built in the provision of assurance services also gives the public confidence to trust CPAs as advisors as well as auditors.

As in the past, the audit and attest function will continue to evolve to incorporate changes in accounting standards, technology, business practices and investor requirements. As financial information moves closer to real-time, auditors will need to understand the changes and devise ways to assure that information. CPAs will still have the opportunity to identify areas where "trusted attesters" can use their audit expertise to provide services. The audit and attest function will continue to be a much-needed service and one that CPAs are uniquely qualified to provide.

IMPACT ON THE PROFESSION

1. The profession must stay vigilant in defending its unique role as providers of audit and attest services. All CPAs benefit from the public trust that is rooted in the provision of audit and assurance services.
2. Audit and attest functions must evolve to meet changing regulatory demands and client and business needs.

“ [The profession will] continue to expand on the integrity and reliability of the auditor's report, only provided by a CPA. ”





“ (CPAs must) capitalize on being the trusted profession. ”

Promote the CPA as the trusted advisor who, in addition to providing core CPA services, develops solutions to complex problems by integrating knowledge, expertise and resources from multiple disciplines.

Leverage the core skills and competencies of CPAs and position them as strategic partners who can bring together experts from different specialties to solve problems.

Regulatory, technical, global and competitive forces (including non-CPAs who compete with the profession to offer nonaudit services) provide increased challenges and opportunities for the profession. In today's fast-paced globalized and highly networked economy, CPA professionals must maintain and improve their technical skills, business skills and knowledge. To be successful, the profession must earn and uphold the trust and confidence of those they serve.

To earn the trusted advisor status, CPAs must not only demonstrate competence and commitment to excellence in their particular area of practice, but also demonstrate knowledge of business and the evolving marketplace. CPAs need to be in tune with clients, business and employers and sharpen the adaptability skills required for evolving services to address changing priorities. Once established, trusted advisor status opens many opportunities to be able to help across a broad range of business issues, not just in a specific area. As trusted advisors, CPAs increasingly will be called upon to help

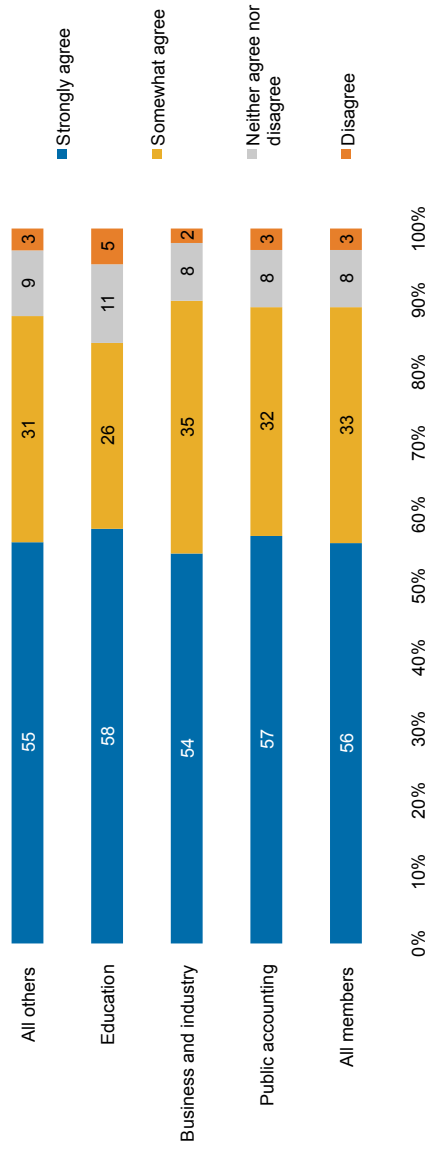
solve complex and challenging business problems. This will require leveraging core competencies of critical thinking and problem-solving skills and collaborating with professionals across different disciplines. By applying the same experience, objectivity and expertise the profession brings to traditional services, CPAs will enhance the value proposition for clients and business.

According to CPA Horizons 2025 findings, CPAs overwhelmingly believe that they will need to provide a greater variety of services. CPAs who look beyond traditional services while continuing in their trusted advisor role will enhance their value to clients, business and employers.

IMPACT ON THE PROFESSION

1. CPAs must continue to evolve as strategic partners of clients, business and employers, applying multidisciplinary and integrated problem solving to expand traditional services and enhance nontraditional offerings and the perception of trusted advisor.

“ I am proud to be held to a high standard of ethics and to be a trusted advisor to those in need of financial and tax help. Knowing that others will be using my work to make financial, business and strategic decisions is a source of pride. ”



CPAs will need to provide a variety of services that improve and assure the quality of information.

MARKET PERMISSIONS

Leverage the strengths of the profession to expand market permissions.

Build upon Core Competencies and demonstrate broader expertise to extend CPA offerings beyond traditional services.

While the public often thinks of CPAs in terms of financial reports, audits and taxes, CPAs' competencies allow them to offer a much wider range of services. CPAs collaborate on corporate responsibility reports; lead risk management and sustainability efforts; consult on technology solutions; develop business strategies; evaluate the use of tax dollars for local, state and federal government programs and much more. CPAs are trusted to fill these roles because the profession's reputation is associated with the unparalleled core competencies delivered at the highest level of excellence.

Throughout the research, CPAs identified a number of areas where the profession can look to expand into new service offerings that are natural extensions of CPA Core Competencies, including data security, assurers of information and specializations.

As technological advances increase the speed of financial transactions and the amount of information stored online where it is vulnerable to hackers and fraud, CPAs can work to ensure data and businesses are protected. CPAs' knowledge of finance and

accounting make them integral players in protecting data integrity and confidentiality.

The increasingly international nature of business and finance will allow CPAs to expand in new directions. CPAs knowledgeable about international business and financial regulations and norms will be able to guide businesses as they expand internationally. The profession's role as an assurer of financial information can be expanded to include such areas as corporate responsibility, environmental compliance and other growing areas in business reporting. Whether serving as preparers or auditors, CPAs are already associated with ensuring that information produced in reports is accurate and in compliance with standards. This skill can be leveraged to strengthen the reputation of CPAs as assurers of information.

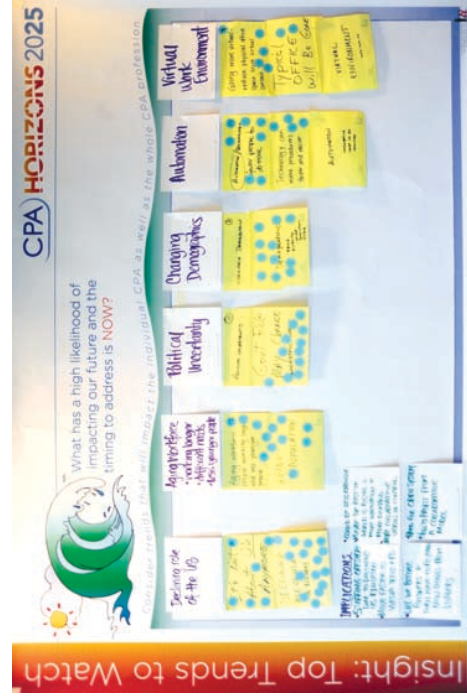
The expanding nature of CPA services also will provide opportunities for CPAs to choose to specialize. Specialized offerings provide services that do more than aid clients and businesses in complying with rapidly expanding sets of regulatory requirements. It also offers CPAs the opportunity to

“ (The) changing business environment will offer new areas of services that CPAs can jump into since the CPA is well-educated, well-trained and well-respected to take advantage of those opportunities. ”

increase their value to clients and employers through broader guidance and insight. Just as many CPAs today choose to work in specific areas — preparers, auditors, tax specialists, wealth managers and fraud examiners are just a few examples — specialized areas will grow.

IMPACT ON THE PROFESSION

1. Emerging opportunities for specialization will allow CPAs to strengthen their expertise and provide additional value to clients, employers and business.
2. The profession must continue to evaluate which services it offers locally and globally and how it will deliver these services to adapt to the needs of clients, employers and business.





Address continual changes in the marketplace, economy, businesses and regulations.

As regulatory, business and economic shifts are inevitable and occurring more quickly, the profession must adjust and adapt while remaining rooted in its foundational values and competencies.

The inevitability of change was a recurring theme throughout the CPA Horizons 2025 project. Whether the topic was regulation, business, the economy, society or technology, CPAs expressed the belief that the profession must remain dynamic. CPAs are united in their opinion that in order for the profession to thrive, it will need to quickly adjust and adapt while remaining rooted in its foundational values and competencies.

CPAs also agreed that the pace of change is accelerating and that they must remain nimble and agile not only in adapting to change themselves, but also in helping others to adapt. CPAs do this by leveraging their core strength of anticipating and meeting needs combined with their knowledge and problem-solving skills.

CPAs expect that regulations and standards will continue to evolve and increase in complexity. In addition, the increasingly globalized world will also introduce an international component to the rate of

change. By keeping up-to-date and adapting their offerings to match changing regulations and standards, CPAs can make themselves invaluable advisors to businesses and clients.

Technology will play a key role in this kaleidoscope of change. Just as it would have been difficult to imagine all the changes technology would bring between 1998 and 2011, it is equally difficult to pinpoint the changes CPAs can expect between now and 2025. What is known is that technology will continue to transform the business and social environment and CPAs will continue to incorporate those changes into their work and offerings.

Amid this change, one thing is certain: “What makes the CPA profession so exciting [and] interesting ... is that when and where there is change, CPA skills and knowledge are needed. We have always changed with the times. We must — our clients demand the best,” said one CPA Horizons 2025 survey respondent.

“ CPAs must continually evaluate what they do and how they do it in order to provide timely, accurate financial information to the users of the information whether they are owners, investors, lenders or operations managers. ”

IMPACT ON THE PROFESSION

1. The exact nature of the work that CPAs perform must evolve to respond to shifts in business, society and technology. These changes will offer opportunities to enhance the value of CPA services, positioning CPAs to be leaders in helping clients and employers adapt to change while also responding to change themselves.
2. Lifelong learning will take on greater importance as a way for CPAs to stay up-to-date as the pace of change accelerates.



VALUE PROPOSITION

Increase the visibility of the profession's value proposition by demonstrating the profession's Core Values in multiple areas of business and society.

The profession's value proposition extends directly from its Core Values. By expanding the profession's presence into areas that align with the Core Values but extend beyond areas that are constrained by regulators, CPAs can increase their worth to business and society.

Much of the profession's value proposition stems directly from the Core Values shared by all CPAs. The integrity, objectivity and commitment to excellence demonstrated by CPAs lead the public to trust CPAs. The dedication of CPAs to lifelong learning, competence and relevance in the global marketplace gives clients, employers and the public the confidence that CPAs will continue to evolve and innovate to meet the changing needs of business and society. In a globalizing society in which competitive credentials are proliferating, the Core Values allow CPAs to distinguish themselves.

Often the value that CPAs offer is associated with regulatory compliance – ensuring that financial statements are compiled according to regulations and accounting standards, auditing financial statements for compliance, and preparing tax statements in accordance with regulations. In addition, CPAs offer objective and honest counsel to their clients, employers and the public on how to manage their finances appropriately.

While there was much economic uncertainty when CPA Horizons 2025 began, one thing is certain – there will always be economic uncertainty. The economy is cyclical; prosperous financial times will be followed by downturns. Due in large part to CPAs' integrity and objectivity, society looks to them for information and guidance to deal with changing circumstances.

CPAs can also extend and enhance their value proposition by the role they play in their communities. For example, CPAs who choose to play a role in the larger discussion concerning government budgets can lead in both helping the public understand the issues and in shaping solutions. Similarly, CPAs can continue leading efforts to help individuals understand personal finances and to encourage financial literacy for all. Whatever CPAs choose to do in their communities, whenever a CPA demonstrates any of the Core Values, the value of the CPA is promoted.

While CPA values are unchanging, how those values are applied will evolve with the changing marketplace. CPAs should not be afraid to be creative when it comes to developing services that align with their Core Values. By listening to their clients and employers and staying abreast of market trends, CPAs will be able to customize their services in ways that keep

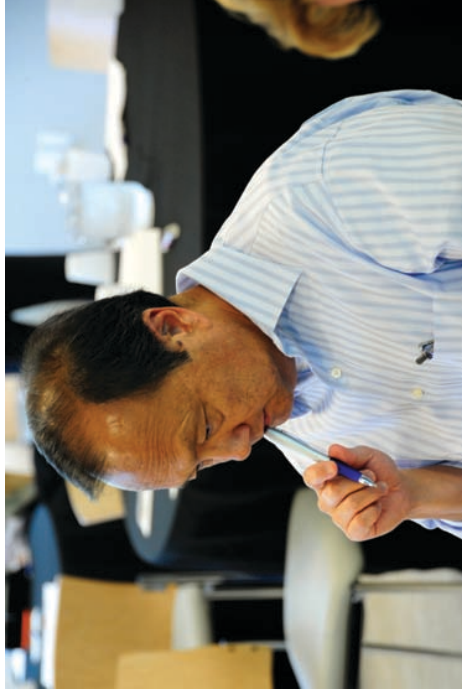
“ Integrity, independence and our focus on the blend of duty to our client and to the public is unique to our profession. It cannot be compromised.”

pace with the changing needs of businesses and individuals. CPAs help businesses foresee and understand the effects of changes in the financial and regulatory markets and play a larger role in helping individuals create plans to build secure retirements and estates.

By promoting their CPA credential, no matter where their career takes them, CPAs represent the profession's value proposition to the public. Whenever an individual observes a CPA behaving with integrity, objectivity and a commitment to excellence, the public perception of the profession is enhanced.

IMPACT ON THE PROFESSION

1. By listening to and understanding the needs and challenges of employers and clients, opportunities for CPAs to develop services that align with Core Values will emerge.
2. The profession must spend more time demonstrating their value to clients, businesses and the public about the role and value of the CPA in order to thrive amid increased competition and economic pressures.





DEMOGRAPHIC SHIFTS

“(All generations) need to interact positively showing both sides can learn from and support the other.”

Continue to offer opportunities that enhance the profession’s appeal and be proactive in addressing both U.S. and global demographic shifts.

Continue to embrace changing demographics as they relate to diversity (age, gender and ethnicity), changing family structures, increasingly international communities and other demographic changes in society.

The convergence of Baby Boomers, Generation X, Generation Y and Millennials is transforming the workplace. CPA Horizons 2025 respondents widely perceive that differences in the needs, wants and work styles of these generations create numerous challenges.

The oldest Baby Boomers reach retirement age in 2011, yet many expect to postpone retirement. For some this choice stems from a desire to continue working, while for others economic turmoil has reduced savings, which necessitates working additional years to recoup these losses before retirement. With the older generation continuing to work, fewer senior management and leadership positions are open to the next generation. Before retiring, Baby Boomers can serve the profession by mentoring future leaders and sharing professional expertise and organizational knowledge. Some retired professionals may also continue to offer services as consultants.

Enormous changes are taking place within the profession as younger workers bring their own priorities to the workplace. Younger CPAs (late wave Generation Xers and Millennials) desire greater work/life balance, increased technological integration and innovation, and meaningful learning and advancement opportunities. Older CPAs (Baby Boomers and the early wave Generation Xers) are concerned that traditional relationship-building and commitment to business and client needs are losing importance. Older CPAs can build bridges by mentoring younger CPAs and by meeting personal and family needs with flexible programs and benefits. Younger CPAs can leverage their technological skills in a rapidly evolving marketplace.

According to the AICPA’s 2011 *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, women represent half of new accounting professionals hired by CPA firms. However, they are not yet reflected in the same proportion in senior management and leadership roles for the majority of firms or in the general U.S. job market. This study also reports that ethnic diversity in accounting graduates has increased to 21% from 17% since 2009 but minority populations are not reflected in leadership

“ I believe that providing the younger generation with a clear statement of the firm's or organization's objectives is critical. Then allow the younger generation to use processes and tools they feel are most effective (that is, allow them to innovate to meet the objectives.)”

roles in business. The number of women and minorities entering the CPA profession will continue to grow in the coming years and, to ensure their success, employers will need to create programs to encourage their professional growth and development. Implementing such programs could result in women and minorities taking on leadership roles within businesses and the profession and creating opportunities for success and future viability for the employer.

Student recruitment programs for high school and college students will continue to play a significant role in building awareness of the CPA profession and the many opportunities available for those obtaining the CPA credential.

IMPACT ON THE PROFESSION

1. The profession must strive to reflect the demographic shifts of incoming accounting students, clients, business and society.
2. Programs offered to support minorities, women and young CPAs in the workplace must be more widely implemented throughout the profession.
3. Experienced and older CPAs must continue to mentor young CPAs and identify leadership and advancement opportunities that will foster stronger relationships and loyalty.
4. In order to attract and retain younger generations, employers must increase flexible work arrangements and work-at-home options.
5. The profession must continue to support and enhance programs that build awareness of the CPA profession to young audiences.

DIALOGUE WITH COUNCIL

At its Fall 2011 meeting, the AICPA governing Council had the opportunity to provide its perspective on the implications of the key findings from CPA Horizons 2025 grassroots feedback. After receiving a preliminary 50-page report, listening to a presentation on key findings and hearing from Advisory Panel members, Council participated in breakout discussion groups to reflect on the implications of the findings for the profession. The following points summarize Council's discussion.



- *The profession must create opportunities to allow younger CPAs to learn from more experienced members of the profession while teaching older CPAs to be more tech-savvy.*
- *CPAs must use technology to increase speed of analysis and enhance decision-making.*
- *The profession must place greater value on foreign languages skills and cultural awareness.*
- *The CPA credential must focus on the attributes that make it attractive to future CPAs.*

DIALOGUE WITH COUNCIL

“The attest function will change and it will be a global process for this change. There will be an increasing demand for real-time information and the traditional ‘looking back’ attest function will change to a continual evaluation of information. These changes will take place through global design and CPAs will need to be a part of this design.”

As the demand for expanded attest services rises, CPAs must leverage their Core Values to continue to be an exclusive provider of these critical services.	The profession must continue to promote the CPA as a trusted advisor who can be relied upon for objective guidance, financial expertise and strategic insight on broad business issues.	For CPAs to remain competitive in a rapidly changing environment, the profession must evolve training, combining real-time, technology-based education with traditional in-person and on-the-job training to maximize learning experiences.	CPAs must continue to advocate internationally, nationally and locally on behalf of the profession.
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■ *Firms and employers must be flexible in providing work-life balance.*

■ *The profession must focus on recruiting and retaining diverse CPAs, clients and customers.*

■ *To help enhance the visibility and positive image of the profession, CPAs must engage in volunteer service that advances the communities in which they work and live.*

■ *CPAs must create new ways to leverage technology to enhance business relationships.*

QUOTES

“ More experienced CPAs and employers of young CPAs should not only emphasize the importance of obtaining the CPA designation and using that designation in their business but also stress that being a CPA also means dedicated service to the profession, mentoring younger CPAs and involvement in professional society activities. ”

“ CPAs should seek out non-profit board opportunities to assist those organizations and enhance the visibility of our valued credential. ”

“ There will be an increasing need for CPAs to distinguish their training, talents and expertise from others in an increasingly crowded marketplace. ”

“ CPAs need to advocate globally because there are worldwide business implications of other countries, laws, regulations, and cultures. ”

“ The CPA profession should continue to mentor and invest in the intellectual resource that is our youth. This will make them more proud to be part of our profession. ”

“ As the pace of change continues to accelerate, CPAs do demonstrate their ability to swiftly adapt and anticipate changes thus positioning themselves as leaders in advising clients and employers on how to adapt and respond. ”

“ Need committees, task forces and work groups at AICPA and state societies focused on the future of these implications. ”

“ More emphasis will be needed on foreign languages in colleges/universities and cultural awareness training to be able to gain the respect to do business in other countries. ”

“ We are as much a thinking discipline and culture as a technical expert. A lot of the value we bring to the table comes from what we learn at work. ”

Summary

In more than 300 comments generated during this exercise, it was clear that the findings of the year-long effort resonated with Council, including the importance of pride in the profession. Council's feedback emphasized the continuing need for the profession to evolve as it responds to unprecedented regulatory changes, demographic shifts and technological advances. Furthermore, many indicated that these future trends already are beginning to impact their workplace.

For additional Council feedback and valuable resources related to CPA Horizons 2025, visit, CPAHorizons2025.org.

CPA Horizons 2025 asked participants to evaluate the profession's Core Values and Competencies established in the late 1990s in light of current and future trends. The Advisory Panel carefully reviewed and further refined each value and competency based on this feedback. The results, which follow, reflect the foundation of the unique strengths and qualities, which will continue to drive and distinguish the profession in the coming decades.

CORE VALUES

Core Values of the CPA profession are the essential and enduring beliefs that we uphold over time. Core Values enable us to retain our unique character and value as we embrace the changing dynamics of the global economy.

Integrity	Competence	Lifelong Learning	Objectivity	Commitment to Excellence	Relevance in the Global Marketplace
CPAs conduct themselves with integrity and honesty, holding themselves to rigorous standards of professional ethics.	CPAs demonstrate superior technical proficiency by performing with a high level of expertise and knowledge.	CPAs highly value education beyond certification and continually pursue new and broad skills and knowledge.	CPAs maintain impartiality and intellectual honesty by remaining free of personal bias and conflicts of interest.	CPAs continually deliver exemplary, high-quality services.	CPAs enhance their value by meeting the ever-changing needs of the world around them.

CORE COMPETENCIES

Core Competencies are a unique combination of human skills, knowledge and technology that provides value and results to the user. Enhancing our Core Competencies is key to sustaining a competitive and differential advantage in the marketplace.

Communications Skills	Leadership Skills	Critical-Thinking and Problem-Solving Skills	Anticipating and Serving Evolving Needs	Synthesizing Intelligence to Insight	Integration and Collaboration
CPAs are able to effectively exchange reliable and meaningful information, using appropriate context and interpersonal skills.	CPAs are adept at influencing, inspiring and motivating others to facilitate change and achieve excellence.	CPAs are skillful in evaluating facts, challenging assumptions and applying judgment to develop relevant solutions.	CPAs are adept in identifying strategic directions and opportunities to meet the evolving needs of those we serve.	CPAs are expert in connecting data, performing analysis and using business acumen to provide astute guidance for better business decision making.	CPAs are effective at building strategic alliances and working collaboratively to provide multidisciplinary solutions to complex problems.

EMBRACING THE FUTURE

WHAT HAVE WE LEARNED?

- *It is a small world after all* — every business is becoming a global business
- *The future is here* — embracing the future now will ensure viability in the long run
- *Change is inevitable* — technology already is changing the way we work ... and the change will continue
- *Generations are working side by side* — Baby Boomers are not retiring and Millennials are bringing a new set of skills and ideals to the workplace

WHAT MUST WE DO?

- *Be open to change* — embrace, don't fear, the future
- *Be nimble* — adapt traditional services and establish new ones to take advantage of change
- *Be collaborative* — work with each other and with the global community to shape and execute the standards and services that will emerge over the next decade
- *Be forward-thinking* — assess and evaluate the current and future environments and plan accordingly

HOW DO WE DO IT?

- *Technology*: Address security and privacy concerns; adapt traditional services; utilize state-of-the-art tools to reach out to new markets
- *Education*: Balance judgment with technical skills; teach soft skills; stay ahead of the curve on regulations and standards
- *Globalization*: Understand international issues, trends, standards and regulations; identify new markets; explore new job opportunities
- *Promotion*: Market the profession's virtues of integrity, objectivity and trust to local, national and international audiences
- *Collaboration*: Understand the different perceptions and realities of the generations and find ways to bridge the gap and take advantage of the best each can offer
- *Integration*: Review our competencies and align them with new realities; enhance our role as a business advisor
- *Adaptation*: Address changes in the marketplace, economy, business and regulations; immerse ourselves in domestic and international trends
- *Competition*: Understand the numerous choices available to clients and employers; market the CPA value

ADVISORY PANEL



Paul V. Stahlin | Chairman – AICPA | 2010-11

Paul Stahlin is regional president of Skylands Community Bank in Somerville, NJ. He has an extensive career in banking, having served as executive vice president and chief financial officer of Fleet Credit Card Services and corporate controller of Summit Bancorp. Paul began his career in public accounting, including six years with Price Waterhouse & Co., a predecessor firm of PricewaterhouseCoopers. Paul has served the AICPA as a member of the Board of Directors and the governing Council for eight years. From 2001-2004 he served on the special task force on Services to Members in Industry, which made recommendations for improving the AICPA's service to members in business and industry. Paul also chaired the Audit Committee from 2007-2008 and has served on the Strategic Planning, Compensation and Finance Committees. He was President of the New Jersey Society of CPAs from 1999-2000, and is current chair of the audit committee of the Somerset Medical Center Board of Trustees. Paul graduated from Montclair State University with a B.S. in accounting and is immediate past chair of the Montclair State Foundation's Board of Trustees.



Ernest A. Almonte | CEO and Chief Visionary Officer | Almonte Group LLC

Ernie Almonte is the CEO and Chief Visionary Officer of Almonte Group LLC. He was the former Rhode Island Auditor General, where he was responsible for auditing the \$7 billion State Annual Financial Report, \$3 billion Federal Single Audit, Municipal Oversight and Performance and Fraud Audits. Ernie was appointed by the Secretary of Defense as Chairman of the Department of Defense Audit Committee and the Comptroller General of the U.S. to the Government Auditing Standards Committee. He was also President of the National State Auditors Association and the Rhode Island Society of CPAs. Ernie is a past Chairman of the Board of the AICPA, and speaks both nationally and internationally — his topics include fraud, government finance, auditing, leadership, international accounting, ethics and the CPA profession. He holds a Bachelor of Science in Business Administration, Master of Science in Taxation and Honorary Doctor of Business Administration from Bryant University. Ernie graduated from the Senior Executives in State and Local Government and Innovations in Governance at the Harvard University Kennedy School of Government.

ADVISORY PANEL



Jordan D. Amin | Senior Manager | EisnerAmper LLP

Jordan Amin is a senior manager in the Tax Department at EisnerAmper LLP, and has more than 13 years' experience in both public and private accounting. He is chair of the AICPA's National CPA Financial Literacy Commission, an 18-member group that works to increase awareness of the importance of financial literacy education, promote financial literacy efforts involving CPAs and serve as the primary spokesperson for the CPA profession's financial literacy efforts, 360 Degrees of Financial Literacy and Feed the Pig. Jordan has appeared on Fox Business News, ABC Money Matters and WNBC, and has been quoted by MarketWatch and in *USA Today*. He is an active member of the New Jersey Society of CPAs, and past chair of the NJSCPA Young CPA Committee. Jordan is a graduate of Boston University, where he earned a Bachelor of Science in Business Administration with a concentration in accounting.



L. Gary Boomer | Chief Executive Officer | Boomer Consulting, Inc.

L. Gary Boomer is CEO of Boomer Consulting, Inc., an organization that provides planning and consulting services to leading accounting firms. Gary's strategies chart a transformation roadmap that results in business growth through expanded services, improved processes, talent management and the leveraging of technology. Gary is recognized in the accounting profession as the leading authority on technology and firm management. For more than a decade, he has been named by *Accounting Today* as one of the Top 100 Most Influential People in Accounting. He is also a member of IPA's 10 most recommended consultants. Gary consults and speaks around the globe on management and technology related topics, including strategic and technology planning, compensation, change management and developing a training/learning culture. He acts as a planning facilitator, provides coaching and serves on various advisory boards. Gary is the creator of and a facilitator for The Boomer Technology Circles™, exclusive groups of leading firms that join together to examine current issues and address common concerns about firm management and technology.



James C. Bourke | Partner | WithumSmith+Brown, PC

Jim Bourke is a Partner, Member of the Board of Directors, Member of the Management Committee and Director of Firm Technology at WithumSmith+Brown, Red Bank, NJ. In his director capacity, he has the responsibility of overseeing all technology issues and operations for the Firm's 11 offices and more than 500 employees. Jim has been a frequent speaker to many State CPA societies, the AICPA and other organizations on topics specifically related to technologies used by the business community today. He is Past President of the New Jersey Society of CPAs. Jim has authored many articles dealing with firm technology issues and was featured on the cover of past issues of *Accounting Technology Magazine* and *Practical Accountant Magazine*. He has also been named by *Accounting Today* as one of the Top 100 Most Influential People in Accounting for the last three years and has been named by The CPA Technology Advisor as a Top Thought Leader in Public Accounting Technology.



Robert L. Bunting | Partner | Moss Adams LLP

Robert Bunting is Chair of Moss Adams' International Services Group and the Sustainability Services Group. He served as CEO of Moss Adams for 23 years before stepping down from that role in June 2004. From November 2008 to November 2010, Robert was President of the International Federation of Accountants (IFAC), after completing two years as IFAC's Deputy President. He also served on the IFAC Board and chaired the Compensation, Nominating and International Regulatory Liaison Committees. In his capacity as IFAC President, Robert was appointed to a steering committee for the International Integrated Reporting Committee (IIRC) – established to help drive forward the creation of a globally accepted framework for accounting for sustainability.

ADVISORY PANEL



James G. Castellano | Chairman | RubinBrown LLP

Jim Castellano is Chairman of the Board of RubinBrown LLP. He joined RubinBrown in 1973 and has served at the helm since 1989. Jim's influence extends beyond the firm to the accounting profession as a whole. In addition to his leadership role at RubinBrown, he also serves as Chairman of Baker Tilly International, the world's eighth largest network of Independent Accounting Firms. Jim was Chairman of the Board of Directors for the AICPA during 2002. Shortly after taking office, he found himself leading during one of the accounting profession's most challenging times as Enron took center stage in the media and rocked America's confidence in financial reporting. Jim spent the majority of his term as chair traveling the country discussing needed change. His testimonies before the House Subcommittee on Commerce, Trade and Consumer Protection and the Senate Banking Committee contributed to the debate on professional and legislative reforms.



Patricia Cochran-Bergman | Chief Financial Officer | Vision Service Plan

Patricia Cochran-Bergman was the Chief Financial Officer of Vision Service Plan (VSP) for 20 years (1990-2009). Patricia serves on the AICPA's Board of Directors and governing Council. She also is a past Chair of the Board of Trustees of the California CPA Education Foundation. An active community volunteer, Patricia serves on the Board of Directors for Catholic Healthcare West's Sacramento Community Hospitals. She also is on the Board of Mechanics Bank and chairs the Audit Committee. Patricia has addressed the World Congress of Accountants, Chartered Institute of Management Accountants and several AICPA national conferences on the topic of Enterprise Risk Management and Sustainability. She also addressed the California Governor's Conference for Women on Employee Satisfaction and the International Financial Executives Leadership Forum on Business Growth. Patricia was named CFO of the year for large private companies by the Sacramento Business Journal in 2008 and inducted into the Business Hall of Fame by Junior Achievement in 2007. She received the 2000 Executive Woman Award from the Sacramento Chapter of the National Association of Women Business Owners.



Kimberly Ellison-Taylor | Executive Director | Oracle USA

Kimberly Ellison-Taylor is responsible for leading Oracle's Health and Human Services Practice at the federal, state/provincial and local levels. With her leadership, the applications and technology teams within Oracle provide industry-specific guidance and solutions to Health and Human Services organizations throughout the United States and Canada. Kimberly also serves as the Global Lead for Oracle's Human Services initiatives, where she provides leadership to repeatability of Oracle solutions for Human Services around the world. Kimberly is the 2010-2011 past Chair of the Maryland Association of CPAs. Kimberly's educational background includes an undergraduate degree in information systems management and technical writing, a Master of Business Administration, a Master of Science in Information Technology, an accounting certificate and a chief information officer certificate from Carnegie Mellon University. She is also a CPA and Certified Information Systems Auditor.



Jeanette Meixner Franzel | Managing Director | Government Accountability Office

Jeanette Meixner Franzel is the Managing Director for the Financial Management and Assurance team in the U.S. Government Accountability Office (GAO). She heads GAO's oversight of financial management and auditing issues across the U.S. federal government. Jeanette also oversees GAO's work in developing and issuing *Government Auditing Standards* ("The Yellow Book"); these standards are widely used in the U.S. and serve as a model for the private sector and other governments around the world. Jeanette provides a wide range of expert technical input across GAO teams and to other external audit organizations on issues involving auditor independence; engagement design and methodologies; quality assurance, internal inspection, and peer review; and internal control and governance in public sector programs. Jeanette has provided extensive policy and technical support to the International Organization of Supreme Audit Institutions (INTOSAI). Jeanette has a Bachelor's Degree in Accounting and Spanish from the College of St. Teresa, a Master's Degree in Business Administration from George Mason University and completed the Senior Executive Fellows program at Harvard University.

ADVISORY PANEL



Erin P. Hardwick | Executive Director | South Carolina Association of Certified Public Accountants

Erin Hardwick is Executive Director of the South Carolina Association of CPAs, a position she has held since 2005. She has devoted most of her 28-year career to leading professional associations and serving their respective members. She began her career at the South Carolina School Boards Association and went on to serve as the founding executive director of the South Carolina Association of Nonprofit Organizations (representing charitable organizations), and own and operate an association management firm, Erin Hardwick & Associates. Erin serves as the secretary-treasurer of CPA-SEA, the national association of CPA society executives, and as a member of the Power of Awards committee for the American Society of Association Executives. Locally, she serves on the South Carolina Secretary of State's Exempt Organizations Advisory Board, the Nonprofit Leadership Institute Advisory Board at Francis Marion University, the South Carolina Economics Board of Directors and as vice-chair of the Saluda Shoals Park Foundation Board of Directors.



Richard E. Jones | President & CEO | Washington Society of CPAs

Rich Jones is the President & CEO of the Washington Society of CPAs. Rich was named to this position in January 2005. Before assuming his leadership role at the WSCPA, Rich was an active member of the accounting profession, having served with Ernst & Young for more than 30 years in their San Francisco, San Jose and Seattle offices. When he retired from Ernst & Young in 2004, he was Director of Tax for their Pacific Northwest offices, a position he held since relocating to Seattle in 1989. Rich is a licensed CPA in California and Washington and is a member of the California Society of CPAs, the Washington Society of CPAs and the AICPA, where he serves on the Uniform Accountancy Act Committee. He is active in several civic and professional organizations. Rich is an honors graduate of the University of California at Berkeley, with a Bachelor of Science in Accounting, and attended the E&Y Executive Development Program, Kellogg School of Management, at Northwestern University.



Don McCleod | President | Don McCleod CPA PC

Don McCleod is the owner, founder and President of Don McCleod CPA PC. Don's firm focuses primarily on small businesses and entrepreneurs by providing expert advice on an array of services from business and individual taxes to start-ups and financial literacy awareness. Don serves on the AICPA Minority Initiative Committee and is an AICPA At-Large Council Member from the state of Alabama. Moreover, he recently was elected to the Alabama Society of CPAs' Board of Directors as its Secretary/Treasurer. Don is a Dothan Area Chamber of Commerce Board Member, where he serves as Treasurer on the Chamber's Executive Committee. Don received his Bachelor of Business Administration in Accounting from North Carolina Central University in Durham, and his Master of Business Administration in Corporate Finance from the University of Illinois in Urbana-Champaign.



Faye Miller | Director of Financial Services | Dakota Coal Company, BTI Montana Limestone Company - Basin Electric Power Cooperative

Faye Miller is the Director of Financial Services for Dakota Coal Company, BTI and Montana Limestone Company - Basin Electric Power Cooperative. She is a member-at-large of the AICPA governing Council. Faye is a board member of the North Dakota State Board of Accountancy, and past President and past Committee Chair of CPE and Business & Industry Committees of the North Dakota Society of CPAs. She also is a Board member for Capital Credit Union and immediate Past Chairman. Faye has served as Past District Secretary-Treasurer and Lt. Governor of Dakotas, Manitoba and Minnesota District of Optimist International. In addition, she has served as Executive Director of Big Brothers Big Sisters of Bismarck-Mandan and also is a Mid-America Credit Union Association Hall of Fame Inductee.

ADVISORY PANEL



Richard E. Mills III | President, CBIZ MHM, LLC | Shareholder - Mayer Hoffman McCann P.C.

Rick Mills is president of the Kansas City Region for CBIZ MHM, LLC. He has been with CBIZ and Mayer Hoffman McCann for 33 years. Rick is a past Chairman of the Missouri Society of CPAs and past member of the AICPA Council. Rick is active with a number of charitable and civic organizations in the Kansas City area. He is a graduate of the University of Missouri.



David J. Moynihan | Partner in Charge | Testone, Marshall & Discenza, LLP

David Moynihan is a Partner in Charge at Testone, Marshall & Discenza, LLP. His experience encompasses a diverse background in audit and consulting services. David is a member of the New York State Quality Review Oversight Committee (QROC) – the oversight body of the state's mandatory quality review program for CPA firms. David also serves on the AICPA governing Council, is a past member of Peer Review Board, and chair of Education Committee Task Force. He is past president of the NYSSCPA and its Peer Review Committee; vice chair of the NYSSCPA Political Action Committee; and past president of the Syracuse Chapter of NYSSCPA. David has been recognized by the AICPA with its Certificate of Achievement in Governmental & Non-profit Accounting and Auditing. He served as treasurer of the Spanish Action League and Partners for Education and Business as well as fiscal advisor to St. Patrick's Church. David is a recipient of the St. Patrick's Church Irish Heritage Award. He is a member of the board of directors of the Community Foundation of Central New York and is a past member of the Loan Committee of the Syracuse Economic Development Corporation.



Joel C. Olbright | Owner | Olbright Storniolo Group LLC

Joel Olbright is the founder and manager of Olbright Storniolo Group, LLC, in Hampstead, NH. He represents businesses of all sizes with services of business strategic planning, income tax planning and research and, most importantly, is an overall trusted financial companion and confidant with all clients. Joel has a wide variety of professional and civic interests. He has served in various leadership capacities in the AICPA, the New Hampshire Society of CPAs, the New Hampshire Estate Planning Council and holds licenses in New Hampshire and Texas. Joel also has served on various not-for-profit and civic boards; including the New Hampshire Commission for the Study of New Hampshire Business Taxes; the Derry, NH, Town Council; the New Hampshire Board of Education; the Salem Chamber of Commerce; the Greater Derry Londonderry Chamber of Commerce; the Derry Economic Development Corporation; the Center for Life Management; the Derry School Board; the Southern New Hampshire Regional Planning Council; Alexander Eastman Foundation; and Derry – A 21st Century Learning Community Corporation.



Marc Parkinson | Managing Partner | Petrinovich Pugh & Company LLP

Marc Parkinson is the Managing Partner of Petrinovich Pugh & Company, LLP, a CPA firm founded in San Jose in 1951. Marc joined the firm in 1979 and became Managing Partner in 2002. He specializes in developing long-term investment and tax strategies for businesses and high net worth individuals. Marc is a past Chairman of the Board of the California CPA Society and Past President of the California Education Foundation. He is a Council Member and on the PCPS Executive Committee of the AICPA, and has served on many CalCPA committees. Marc is a member of the Santa Clara University Board of Fellows and the Presentation High School Board of Trustees, and is on the Board of the San Jose Silicon Valley Chamber of Commerce. His past community services include committee memberships or executive positions with Sisters of the Holy Names, Bellarmine College Prep Dad's Club (President), Achieve, St. Mary's Parish, O'Connor Hospital Foundation, YMCA Board of Managers and Kiwanis.

ADVISORY PANEL



R. Kinney Poynter | Executive Director | National Association of State Auditors, Comptrollers and Treasurers

Kinney Poynter is the Executive Director for the National Association of State Auditors, Comptrollers and Treasurers (NASACT). In this capacity, he is responsible for the overall operations of NASACT as well as the programs of the National Association of State Comptrollers and National State Auditors Association. Kinney has been with NASACT since 1989, previously serving as the association's Deputy Director and various other positions. In addition to his experience with NASACT, he has been a partner of a local public accounting firm in Lexington, KY, and a principal auditor with the Kentucky Auditor of Public Accounts, where he conducted financial, performance and investigative audits. He is a member of the AICPA Council. He also is a member of the Kentucky Society of CPAs, where he has served as chairman of the Governmental Accounting Committee. Kinney has served as an instructor domestically and internationally on a variety of governmental accounting and auditing issues.



Donny C. Shimamoto | Managing Director | IntrapriseTechKnowlogies LLC

Donny is the founder and managing director of IntrapriseTechKnowlogies LLC, a CPA firm focused on organizational development and advisory services for the middle market. Donny is a member of the AICPA Council, Assurance Services Executive Committee and is co-chair of the Business Intelligence Working Group of the IT Executive Committee. An active Certified Information Technology Professional (CITP), Donny has helped with the development of the AICPA's IT competency model for CPAs, revamping of the CITP credential, and development of the CITP exam. He has worked on several international collaborations between the AICPA and CIMA related to business intelligence and also is a frequent national speaker and author on business intelligence and IT management. Donny also serves on the Hawaii Society of CPAs (HSCPA) Executive Committee & Board and received the HSCPA's 2009-2010 President's Award. He was also named to CPA Technology Advisor's 40 Under 40 list in 2007 & 2009 and was a Hawaii Top High Tech Leader in 2004.



Ira Solomon | Dean | A.B. Freeman School of Business, Tulane University

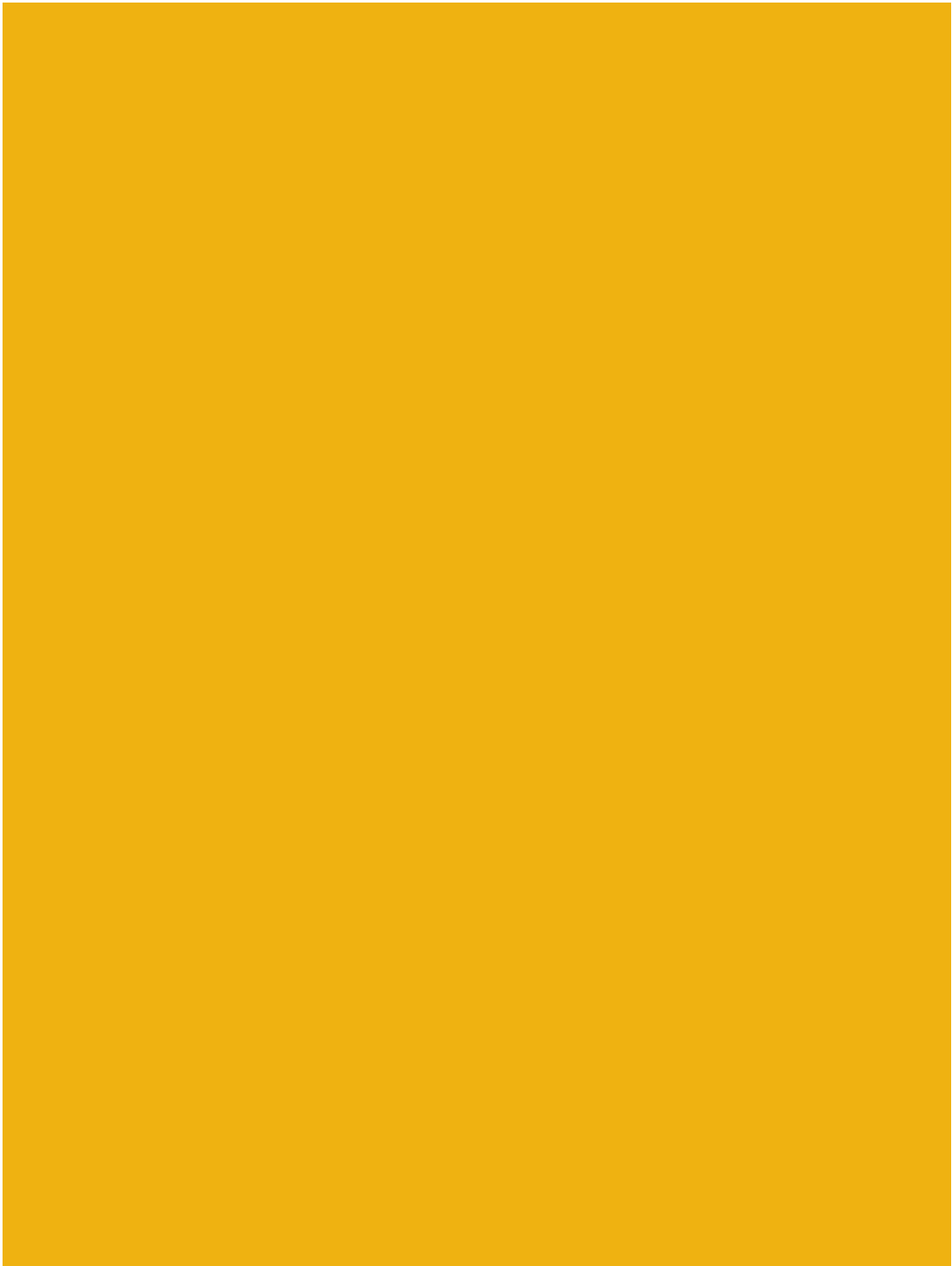
Ira Solomon is the Dean of the A.B. Freeman School of Business at Tulane University. His research and teaching focus is external auditing. He serves on the AICPA governing Council, the AICPA Pre-Certification Executive Committee and the American Accounting Association as Vice-President. Ira has published more than 35 articles, and his writings have appeared in *The Wall Street Journal*. Ira is a co-author of "Auditing Organizations Through a Strategic-Systems Lens," which received the Joint AAA/AICPA Collaboration Award. He has served as an Associate Editor of *The Accounting Review* and *Accounting Horizons* and is a member of the editorial board of several journals. Ira co-edited the monograph *Research Opportunities in Auditing: The Second Decade* (which was awarded the 1990 AAA/DeLoitte & Touche Wildman Gold Medal). He has served on the Board of Directors of the Illinois CPA Society and as a member of the American Accounting Association Education Committee. He has been recognized on several occasions for outstanding teaching, including by the American Accounting Association as the 1997 Outstanding Auditing Educator. Ira received the 2005 Innovations in Audit Education Award and the 2007 Distinguished Service Award from the Auditing Section of the American Accounting Association. In January 2008, Ira received the Notable Contributions to the Auditing Literature award from the American Accounting Association. Lastly, during the spring of 2009, Ira received the AICPA Distinguished Achievement in Accounting Education award and the Illinois CPA Society Special Award of Merit.



Jaleigh White | Executive Vice President | Hilliard Lyons

Jaleigh White is Executive Vice President of Hilliard Lyons in Louisville, KY. Her responsibilities involve serving the needs of the firm's high net worth and ultra-high net worth clients in their 74 offices. After 13 years in public practice as managing tax partner of a 25 office CPA firm in 1994, Jaleigh spent the next 18 years with Fifth Third Bank in various roles, most recently as managing director of the Private Bank and their family office services. She has had numerous roles in the AIPCA including chair of the Investment Committee and serving on the nominating, employee benefit tax and insurance committees. Jaleigh remains a frequent speaker and author on tax and wealth management subjects.





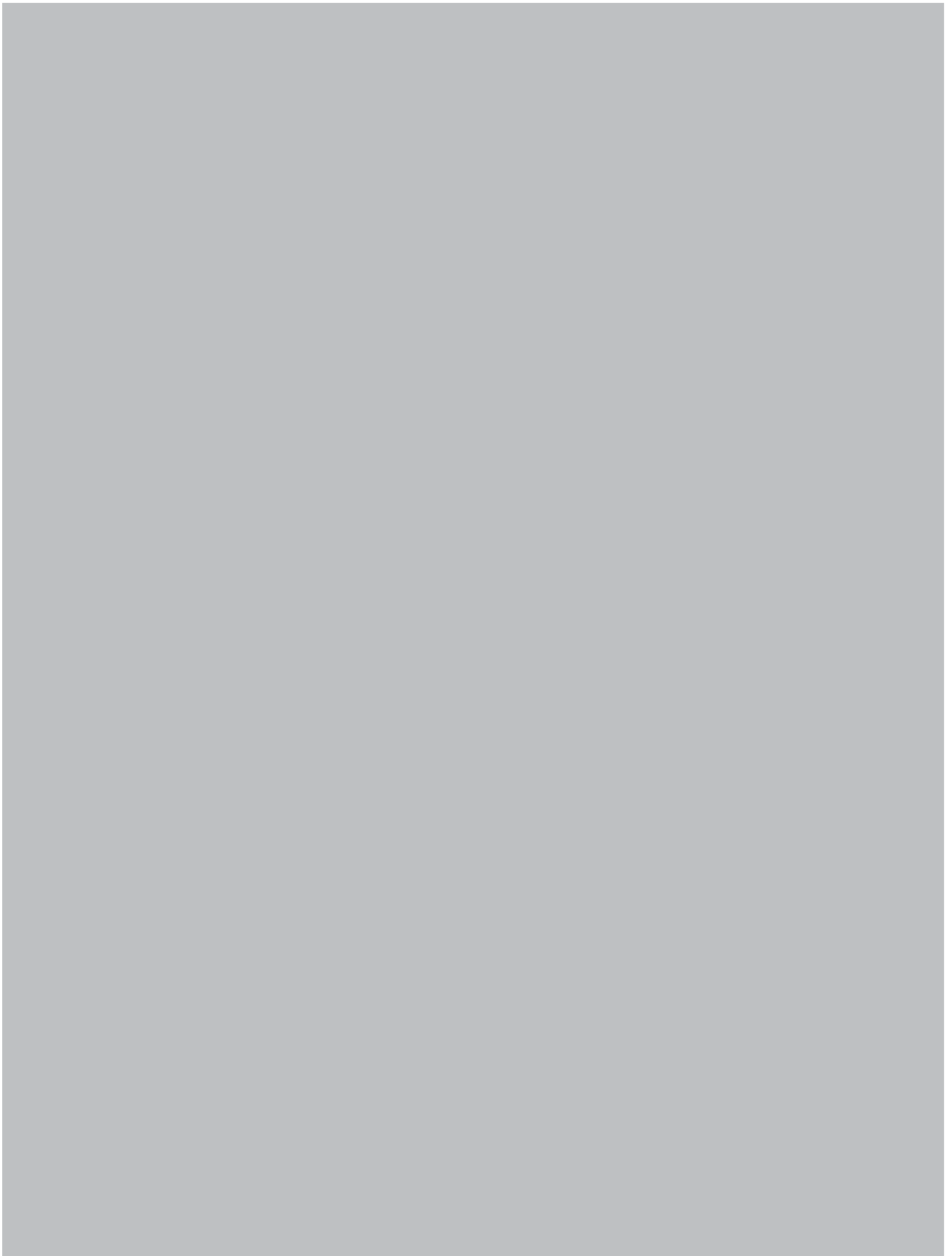


Sixth

Long Range Plan



Hong Kong Institute of
Certified Public Accountants
香港會計師公會



FOREWORD

When HKICPA launched its Fifth Long Range Plan in December 2006 there was little indication of the tumultuous events that were to shake the world economy to its core in the next few years. The Global Financial Crisis broke surface in 2008 resulting in the demise of internationally known financial institutions and government bail-out of many more, turmoil in many international financial and capital markets and the bankrupting of national economies. These occurrences formed the background to all of our activities over the last five years.

Asia, and particularly China, weathered the crisis largely unscathed, suffering little of the pain felt in the USA and Europe. Indeed, in 2010 and 2011 Hong Kong claimed the top spot as the world's favourite location for IPOs.

However, as a global capital market, Hong Kong was not immune to what was happening elsewhere in the world. In the fallout from the crisis the accounting and auditing profession has, internationally, been subject to criticism and scrutiny by regulators, governments and the public. The debate has been long and rigorous and HKICPA has been an active contributor locally, regionally and internationally.

In these circumstances we are very pleased to report that HKICPA has achieved many of the aims set out in the Fifth Long Range Plan. As part of the preparation of this, the Sixth Long Range Plan, we critically reviewed the Vision, Mission, Values and Strategic Goals of the Fifth Long Range Plan. We concluded that subject to some minor modifications they remained relevant and appropriate and therefore form the basis for the Sixth Long Range Plan.

We are proud of the achievements of the last six years. In December 2007 the formal convergence of Mainland China accounting and auditing standards with HKICPA standards was announced. This was achieved through a huge effort by HKICPA members and staff and the event brought Mainland China standards into line with international standards. A great deal of effort continues to be expended to ensure this is maintained.

HKICPA continues to work closely with HKSAR Government to ensure that CEPA is utilized as fully as possible to provide professional and commercial opportunities in Mainland China for its members. In October 2011, after many years of discussion and negotiation, HKICPA signed a Mutual Recognition Agreement with the U.S. International Qualifications Appraisal Board representing the state boards of accountancy and the AICPA, giving members the opportunity to qualify as U.S. CPAs and enjoy the resources and facilities offered by the state boards. Internationally, HKICPA continues to

exercise influence with representatives on IFAC committees, IFRS Foundation Board of Trustees and IFRS Advisory Council. HKICPA played a leading role in the formation of the Asian-Oceania Standard-Setters Group and in 2011 took on its vice-chairmanship. In early 2013, we were confirmed as one of the members of the newly formed IASB Accounting Standards Advisory Forum.

Looking forward for the next five years HKICPA will continue to face many challenges. Asia is now widely regarded as the driving force of the world economy with China firmly established as the world's second largest national economy. However, there are clear signs that the phenomenal levels of growth seen in the China economy over the last ten years are falling. As key players in the economies of Hong Kong and China, HKICPA members may find they have to adapt to new realities to continue to succeed. HKICPA will do all that it can to equip its members with relevant skills and identify opportunities for them to utilize.

The international debate on audit profession reform continues and there will be inevitable changes in the regulatory environment. In Hong Kong there will be a major change to the system of auditor regulation, with establishment of an independent oversight body and a system that meets international benchmarks. HKICPA is committed to working with HKSAR Government and other stakeholders to introduce a system that is internationally recognized but is appropriate for Hong Kong.

China will remain central to HKICPA strategy. Plans are being developed and implemented to develop the HKICPA brand in Mainland China and to better support members and identify opportunities for them to utilize their skills in this market. Internationally, HKICPA will seek to enhance its influence in key forums, bringing Hong Kong, China and regional issues to the table.

We are grateful for the efforts of Council members, volunteer members and management over the last 18 months in the development of the Sixth Long Range Plan. The aims are ambitious but can be achieved with effective leadership by the Council and senior management of HKICPA and full support of members. Communication of the plans started with a series of member forums that began in April. The Council is aware that communication of plans must be matched by communication of achievements. Accordingly, the Council is committed to performing an annual review of progress made with development and implementation of strategic goals and related action plans and reporting the results of that review to members.

The Council, HKICPA
October 2013

VISION, MISSION, VALUES AND STRATEGIC GOALS

Vision

The Institute is internationally recognized as a world class, top quality professional body that serves the business community and public interest of Hong Kong and contributes to the sustainable development of Hong Kong as a leading international business and financial centre.

Mission

The Institute will contribute to and influence the future of the global profession. It will contribute to the development of the profession in Mainland China. The Institute will give clear, decisive and innovative leadership to a financially- and business-attuned accountancy profession in Hong Kong. It will support Hong Kong's role as one of the world's leading financial centres and will uphold the core values and public spirit of accountancy.

Values

Professionalism, integrity, expertise, quality and thought leadership.

Strategic goals

1. Our governance structure befits a top-tier accounting body and supports the sustainable development of the Institute and the profession.
2. Our qualification is a premier, internationally recognized designation.
3. Our professional standards and ethics and quality of our members' work command public trust and confidence.
4. Our ideas, products and services serve the needs of our members and support the development of their professional careers.
5. Our presence in Mainland China and global forums enhances Hong Kong's unique role in serving and globally connecting the Greater China market.
6. Our statutory roles, mission, values and brand are effectively communicated to a broad audience.
7. Our activities and role in the wider community are recognized as a valued contribution to society by a caring profession.

STRATEGIC AIM

Constitution and Governance

Our governance structure befits a top-tier accounting body and supports the sustainable development of the Institute and the profession.

STRATEGIC AIM

1. Act as a role model for best governance practice and ethics in the public and not for profit sector.
2. Ensure that the Institute's constitution and by-laws and all elements of its structure have clearly defined scope, purpose, powers and authority to ensure Institute affairs are conducted effectively and efficiently and are continuously refreshed to ensure they remain fit for purpose and to allow us to adapt to a changing market place.
3. Adopt best governance structure and decision-making practice for developing, monitoring and communicating strategy.
4. Build an operational culture which is proactive, responsive and innovative and embraces strong leadership and management and highly motivated staff.

Council has asked the Governance Committee to focus its agenda on best governance practice and make recommendations for enhancing the quality of our governance and functions of Council.

The reform of audit profession will require substantial amendments to the Professional Accountants Ordinance so we will take the opportunity to consider the need for PAO and by-law changes in respect of other activities including membership, practising certificate and graduate entry requirements.



Qualification and Education

Our qualification is a premier, internationally recognized designation.

STRATEGIC AIM

1. Ensure our qualification programme (QP) remains an internationally recognized top-quality professional accounting education programme.
2. Ensure our programmes train professional accountants with the skills, expertise and ethics that can uphold Hong Kong as an international financial centre.
3. Ensure our Accredited Accounting Technician (AAT) qualification and designation remains relevant and meets the market needs.

At the end of 2012 we had 16,000 QP students, a great success story for the only Hong Kong originated professional accountancy qualification programme. We will ensure that QP remains relevant to the local market and continues to be recognized as one of the top international programmes.

We will undertake a comprehensive review of the entire suite of our professional qualifications to ensure that we are providing cohesive and relevant programmes that address the needs of the market and members at different professional levels and in different locations.



Standards, Ethics and Regulation

Our professional standards and ethics and quality of our members' work command public trust and confidence.

STRATEGIC AIM

1. Enhance public trust and confidence in the accounting and auditing profession in Hong Kong by demonstrating the effectiveness of the Institute's role in setting high quality standards and overseeing the professional conduct of our members.
2. Engage the business community and the public by promoting an understanding of the Institute's role and responsibility in setting professional standards and assuring the quality of service provided by professional accountants in business.
3. Enhance our position as a respected leader in Asia in meeting international benchmarks in all areas of professional standards, ethics and conduct and to share our knowledge and experience with other regional professional bodies and jurisdictions.

We will work closely with the Hong Kong SAR Government and local independent regulators (SFC, FRC and HKEx) to ensure that as the Hong Kong regulatory and practising environment evolves to meet international expectations and best practice it remains relevant and appropriate for Hong Kong.

We will reinforce our international presence to ensure that Hong Kong's interests are properly represented at relevant forums and that developments in professional standards are fully understood in Hong Kong.



Member Support and Development

Our ideas, products and services serve the needs of our members and support the development of their professional careers.

STRATEGIC AIM

1. Provide focused services to cater for the needs and challenges of all members in different roles, geographical locations and stages of their professional careers.
2. Strengthen member engagement in Institute activities to draw on the wide skills and knowledge base therefore ensuring the provision of top quality output and relevant services to members and creating a strong sense of pride, loyalty and inclusiveness among the membership.

We will focus our efforts on providing the right level of technical and other professional support, in the most appropriate format to our members at all stages of their professional careers. To do this we must fully engage with all members to understand their needs and to draw on the wide reserves of skill, knowledge and enthusiasm that they have.



Mainland and International

Our presence in Mainland China and global forums enhances Hong Kong's unique role in serving and globally connecting the Greater China market.

STRATEGIC AIM

1. Maintain our special relationship with Mainland China in the field of standard setting and to maximize respective contributions to international activities.
2. Position the Institute as the premier choice of provider for international accountancy qualification in Mainland China so as to maintain the Institute's presence and sustain its influence in China.
3. Enhance the Institute's global leadership and influence by full participation in international and regional bodies.
4. Identify opportunities to create more demand for Hong Kong CPAs in Mainland China and help members expand their career and business opportunities outside Hong Kong.

Our work on convergence of Mainland China standards with HKICPA and international standards will continue. We consider this work to be of great importance, emphasising the special role HKICPA can play in facilitating Mainland China's continuing emergence as a key member of the international accounting community.

We have already established the HKICPA Development in China Advisory Group to co-ordinate all of our activities in and relating to Mainland China to enable us to develop consistent and effective promotion of the HKICPA brand in Mainland China.

We will strive to enhance our representation and participation in international and regional bodies, particularly standard setting boards. We believe that this is the best way to ensure that Hong Kong's views are heard and listened to. However, we will ensure that our resources are properly utilized so that the quality of our local activities and support for members is not diminished.



Communication and Branding

Our statutory roles, mission, values and brand are effectively communicated to a broad audience.

STRATEGIC AIM

1. Develop campaigns to publicize the key messages and images that we need to communicate in respect of:
 - Diversity of skills and values that can be provided and contributed by our members
 - Professional competence, ethical behaviour and integrity of our members
 - International status and influence
 - Our special relationship with Mainland China
 - Accountants' contribution to the public interest
2. Enhance engagement with members through effective communication.
3. Build relationships with stakeholders to develop conduits for communication of position and views on public policy and professional issues.

To ensure our communication and dialogue with all stakeholders is effective we will develop an enhanced stakeholder engagement plan covering Hong Kong, Mainland China and international. Already in 2013 we have increased the use of member forums to facilitate face-to-face communication between members and HKICPA Council and senior management.

We recognize that our members' preferred mode of communications has changed significantly over the last few years and will continue to explore ways to best utilize electronic communication, including social media.



Making a Difference to Society and Thought Leadership

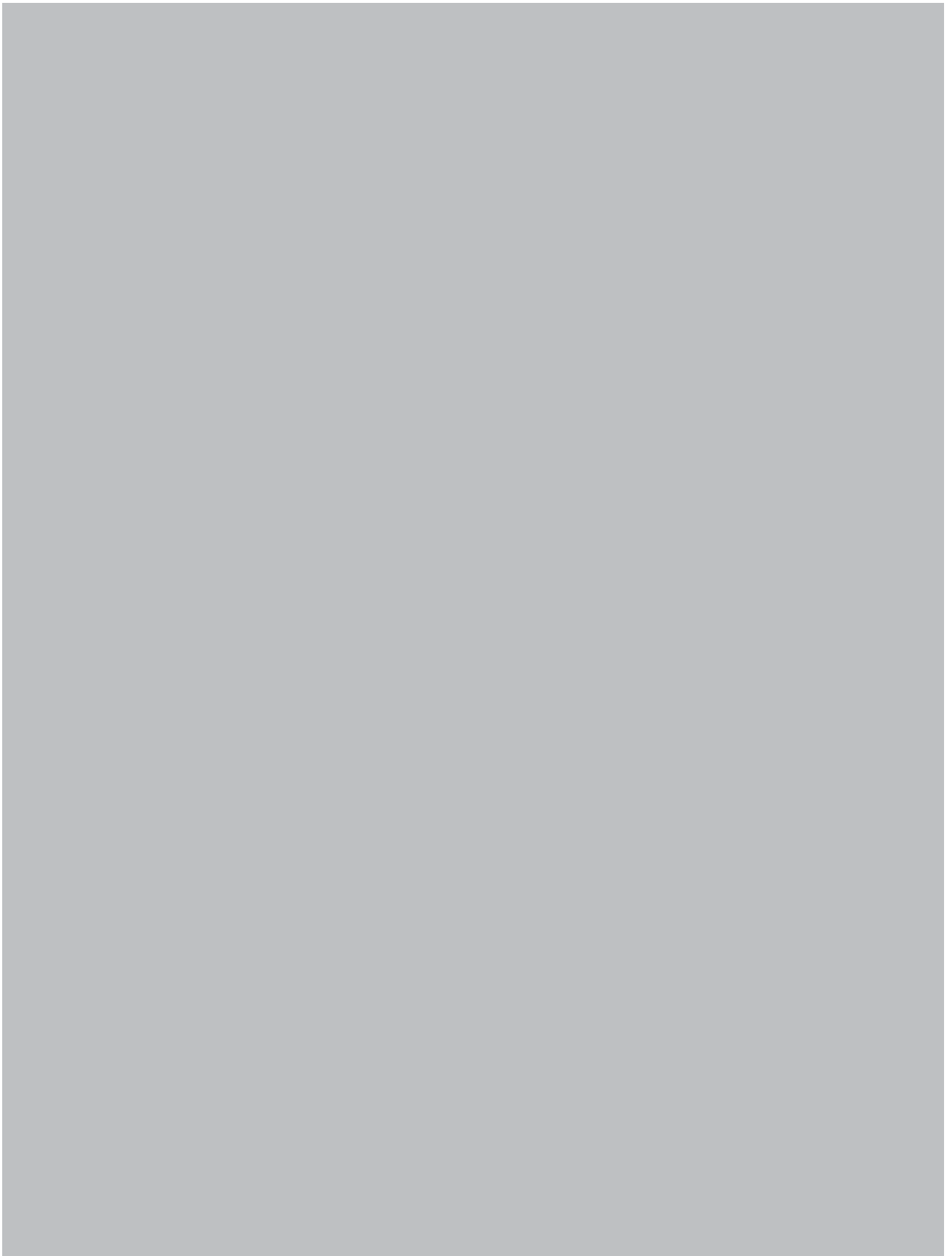
Our activities and role in the wider community are recognized as a valued contribution to society by a caring profession.

STRATEGIC AIM

1. Be recognized as the thought leader for the profession, business and the wider community:
 - On matters relating to accounting and auditing;
 - In areas of specialization where professional accountants can excel; and
 - In the sphere of business and areas of community development relevant to the skills and expertise of the profession.
2. Use the unique position of the Institute as the only statutory and largest accountancy body in Hong Kong to be the leading voice of a united accounting profession.
3. As the statutory body for professional accountants in Hong Kong, create a platform to facilitate and empower members to use their professional skills, expertise and knowledge to make a proactive and positive contribution to the development and well-being of the community.
4. Contribute an influential, non-partisan and independent voice to public policy debate to ensure the Institute and its members' relevance to society is understood and valued.

We have added this additional strategic aim to the Sixth Long Range Plan in recognition of the influential role that HKICPA and its members play in the wider Hong Kong society. We will explore ways to bring the particular skills and expertise of the accountancy profession, in a non-partisan and independent way, to relevant areas of public policy debate.





Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2287 7228
Fax: (852) 2865 6603
Email: hkicpa@hkicpa.org.hk
Website: www.hkicpa.org.hk

MISSION

The Institute will contribute to and influence the future of the global profession. It will contribute to the development of the profession in Mainland China. The Institute will give clear, decisive and innovative leadership to a financially- and business-attuned accountancy profession in Hong Kong. It will support Hong Kong's role as one of the world's leading financial centres and will uphold the core values and public spirit of accountancy.

VALUES Professionalism, integrity, expertise, quality and thought leadership.

STRATEGIC GOALS

Constitution and Governance	Qualification and Education	Standards, Ethics and Regulation	Member Support and Development	Mainland and International	Communication and Branding	Making a Difference to Society and Thought Leadership
Our governance structure reflects a top-tier accounting body and supports the sustainable development of the Institute and the profession.	Our qualification is a premier, internationally recognized designation.	Our professional standards and ethics command public trust and confidence.	Our ideas, products and services serve the needs of our members and support the development of their professional careers.	Our presence in Mainland China and global forums enhances Hong Kong's unique role in serving and globally connecting the Greater China market.	Our statutory roles, mission, values and brand are effectively communicated to a broad audience.	Our activities and role in the wider community are recognized as a valued contribution to society by a caring profession.

STRATEGIC AIM

1. Act as a role model for best governance and practice in the public and not-for-profit sector.
 2. Ensure that the Institute's constitution and by-laws and all elements of its governance are consistent with its purpose, powers and authority to ensure that the Institute's affairs are conducted effectively and efficiently and are continuing to support the Institute's mission for its purpose and to allow us to adapt to a changing market place.
 3. Adopt best governance structure and practice, monitor and communicate strategy, monitoring and communicating strategy.
 4. Build an operational culture which is proactive, responsive and innovative and management and highly motivated staff.
- Council has asked the Governance Committee to focus its agenda on best practice and to make recommendations for enhancing the quality of our governance and functions of Council.
- The reform of auditor regulation will require substantial amendments to the Professional Accountants Ordinance and the Institute has an opportunity to consider the need for PAO and by-law changes in respect of other areas of the Institute's governance, including certificate and discipline entry requirements.
1. Enhance public trust and confidence in the Hong Kong by demonstrating the effectiveness of the Institute's role in setting high-quality standards and ethics that can uphold Hong Kong as an international financial centre.
 2. Engage the business community and the public by promoting an understanding of the Institute's role and the value of the setting professional standards and assuring the quality of service provided by the Institute.
 3. Enhance our position as a respected leader in Asia in meeting international benchmarks in all areas of professional accountancy, including but not limited to, share our knowledge and experience with other regional professional bodies and jurisdictions.
- We will work closely with the Hong Kong SAR, the United Kingdom, the Hong Kong regulatory (SFC, FRC and HKEx) to ensure that as the Hong Kong regulatory and accountancy bodies, we continue to meet international expectations and best practice it remains relevant and appropriate for Hong Kong.
- We will reinforce our international presence and ensure that our members are properly represented at relevant forums and at different locations.
- At the end of 2012, we had 16,000 QP members, a great success story for the only accountancy qualification programme. We will ensure that QP remains relevant to the needs of the market and members as one of the top international programmes.
- We will undertake a comprehensive review of the entire state of our professional qualifications to ensure that we are providing the best possible service to our members and address the needs of the market and members at different locations.
1. Maintain our special relationship with the Government of Hong Kong, its setting and to maximize respective contributions to international activities.
 2. Position the Institute as the premier choice for the business community to maintain the Institute's presence and sustain its influence in China.
 3. Enhance our global leadership and influence by full participation in international and regional bodies.
 4. Identify opportunities to create more demand for Hong Kong's services and help members expand their career and business opportunities outside Hong Kong.
- Our work on convergence of Mainland China standards with HKCPA and international standards with HKICPA can play in facilitating Mainland China's economic development. We will work to be of great importance, emphasising the special role HKCPA can play in facilitating Mainland China's economic development.
- We have already established the HKICPA Development in China Advisory Group to co-ordinate its four activities in and relating to Mainland China, to ensure that HKCPA consistent and effective promotion of the HKICPA brand in Mainland China.
- We will strive to enhance our representation and participation in international and regional forums.
1. Develop campaigns to publicize the key messages of the Institute's text to communicate in respect of:
 - Diversity of skills and values that can be provided and contributed by
 - Professional competence, ethical behavior and integrity of our members
 - International status and influence
 - Our special relationship with the Government of Hong Kong
 - Accountants' contribution to the public interest
 2. Enhance engagement with members through effective communication.
 3. Develop content for communication of position and views on public policy and professional issues.
- To ensure our communication and dialogue with the business community, we will develop an enhanced stakeholder engagement plan covering Hong Kong, Mainland China and other regions. We will also have increased the use of member forums to facilitate face-to-face communication between members and HKCPA Council and members.
- We recognize that our members' preferred mode of communication has changed.
1. Be recognized as the thought leader in the accountancy business and the wider community:
 - On matters relating to accounting and auditing
 - In areas of specialization where the Institute has demonstrated technical and professional expertise
 - In the sphere of business and areas of community development relevant to the skills and expertise of the Institute
 2. Use the unique position of the Institute as the only statutory and largest accountancy body in Hong Kong to be the leading platform to facilitate and empower accountants in Hong Kong create a platform to facilitate and empower accountants to enhance their skills, expertise and knowledge to make a positive and positive contribution to the business and well-being of the community.
 3. As the statutory body for professional accountants in Hong Kong create a platform to facilitate and empower accountants to enhance their skills, expertise and knowledge to make a positive and positive contribution to the business and well-being of the community.
 4. Contribute an influential, non-partisan and independent voice to public policy and issues that affect the business and members' relevance to society is understood and valued.
- We have added this additional strategic aim to the Sixth Long Range Plan in recognition of the additional role that HKCPA has to play.

2013 Membership Survey



Hong Kong Institute of
Certified Public Accountants
香港會計師公會



Hong Kong Institute of Certified Public Accountants Results of the 2013 Membership Survey

During 2013, the Council of the Institute met and agreed upon the substance of the 6th Long Range Plan as strategic guidance in serving members' long term needs. A potential tactical action step to help address Pillar Four "Membership support and development" of the plan included the use of a survey tool. A working group of directors was tasked with the survey development, implementation and evaluation, targeting a response rate of 10% as successful.

The following pages contain the framework and results of the initial survey which offer insight into members' perceptions of the market and highlight the Institute's effectiveness as a resource to the community.

Membership Survey Working Group¹
April 2014

¹ The Membership Survey Working Group was comprised of Linda Biek, Elsa Ho, Carrian Pang, Stella To and Eddy Wong.

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I. Research Objectives

As Pillar Four of the 6th Long Range Plan (Appendix 1) was primary guidance for the survey, the relevant sections have been highlighted below.

- (1) Conduct an initial comprehensive survey to assist the Institute in understanding membership demographics and geographical locations, with a series of subsequent surveys to different sectors of members to find out their needs, expectations and what would make them proud to be a member of the Institute.
- (2) Gather data and conduct surveys on the supply and demand for CPAs in practice and in business, in order to better understand the dynamics of the profession and the market.

- (3) Provide relevant training and networking opportunities to enable members to have a smooth transition from public practice to professional accountants in business.
- (4) Determine the Institute's effectiveness with regard to:
 - a. Supporting industry-specific opportunities to network and demonstrate expertise.
 - b. Supporting practice development activities deemed relevant by members.
 - c. Packaging and marketing products and services to targeted membership groups according to their demographics, industry sectors and occupational needs.

II. Data Collection Process

The development of the survey has been approached in a systematic manner with consideration given to the quality of questions. Working group members met periodically to determine the types of information that would best meet the objectives outlined in the relevant portions of the 6th Long Range Plan. Afterwards, questions were developed and evaluated to eliminate consequences related to improperly collected data such as a survey participant's inability to answer questions accurately or failure to provide survey participants with appropriate answers.

The working group adopted the **ABC** approach as part of the question development phase. This approach highlights tips for designing questions that preserve data integrity.

1. Questions should not be **Ambiguous** and should isolate one issue within a question. Wording should be clear and concise, minimizing any room for interpretation.

2. Questions should not be **Biased**. Neutral words should be used and communication of pre-conceived ideas should be avoided.
3. Questions should not be **Complex** and should be developed based on the "typical" member's knowledge base. Consideration should be given on whether the member has the proper perspective to answer.

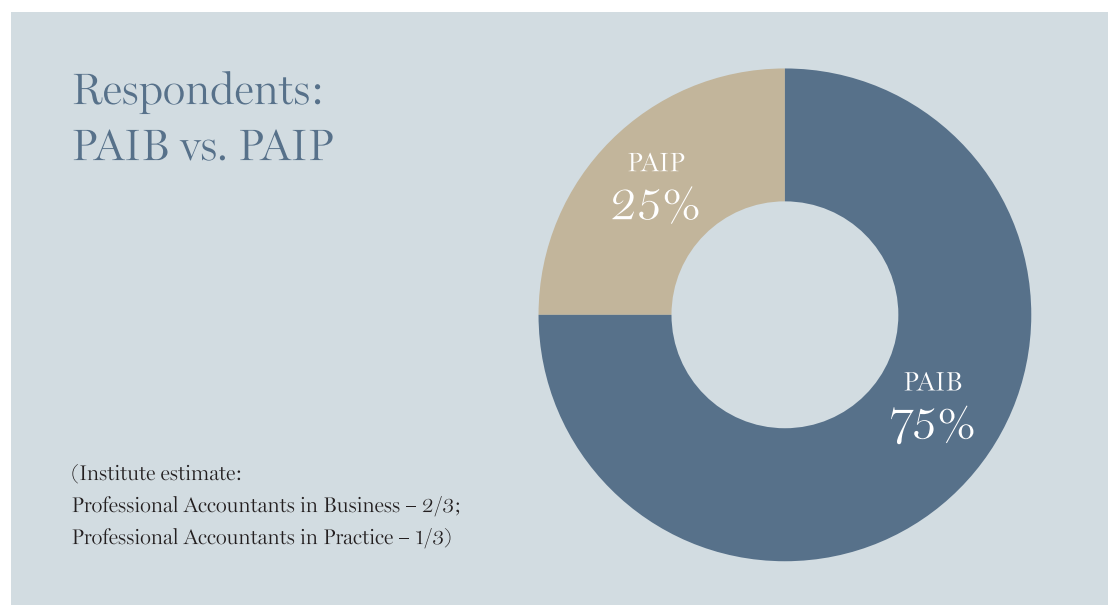
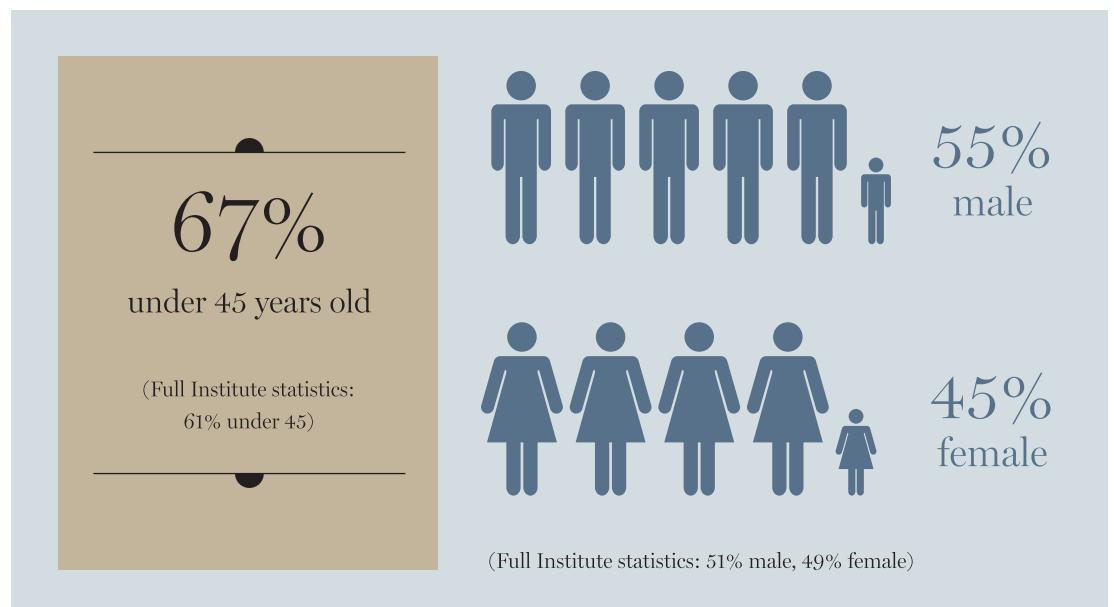
The main objective of the project was to develop a survey tool that generates usable and actionable data. The Terms of Reference (Appendix 2) served as guidance for the project.

Pretesting by directors served to identify any fatal flaws in questioning and promote question integrity. Reminder emails communicating the survey benefits, specified due dates and incentives helped maximize response rates.

III. Highlights of Survey Results

1. Demographics

The survey was conducted during 8-29 November 2013. A total of 3,748 completed responses were received. The demographic make-up of survey respondents is statistically representative of the Institute's membership of approximately 37,000. It shows the notion that the accounting profession is popular for career development of women as almost 50-50 split between male and female.



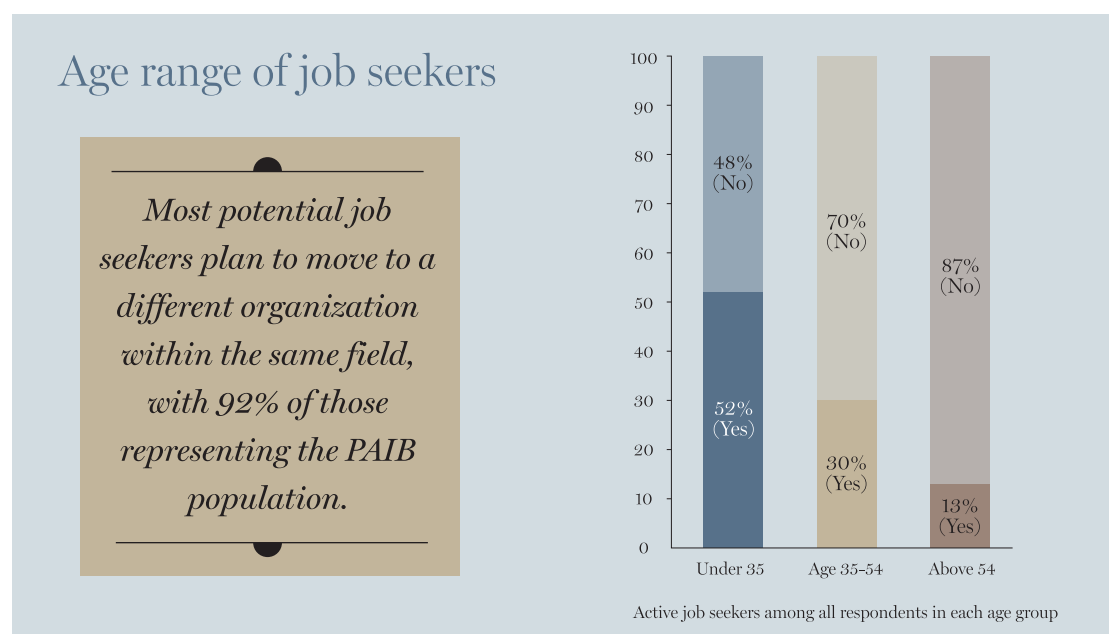
2. Employment characteristics

What did the survey reveal about employment characteristics of respondents? (See section 6 for more detailed statistics.)



*Excluding bonus, incentive scheme, overtime pay, etc. and 9% of respondents didn't respond to this question.

Comparison of hours worked per week			
Hours	PAIB	PAIP	Variance
41-55	67%	46%	21
56-70	14%	24%	(10)
Above 70	3%	10%	(7)



3. Institute's products and services

Which areas should the Institute consider further?

Members see the following as the most important products and services offered

1. Professional and Technical Trainings
2. Communications
3. Network Opportunities
4. Professional Interest Groups

Members see the following as the most common areas of interest for future products and services

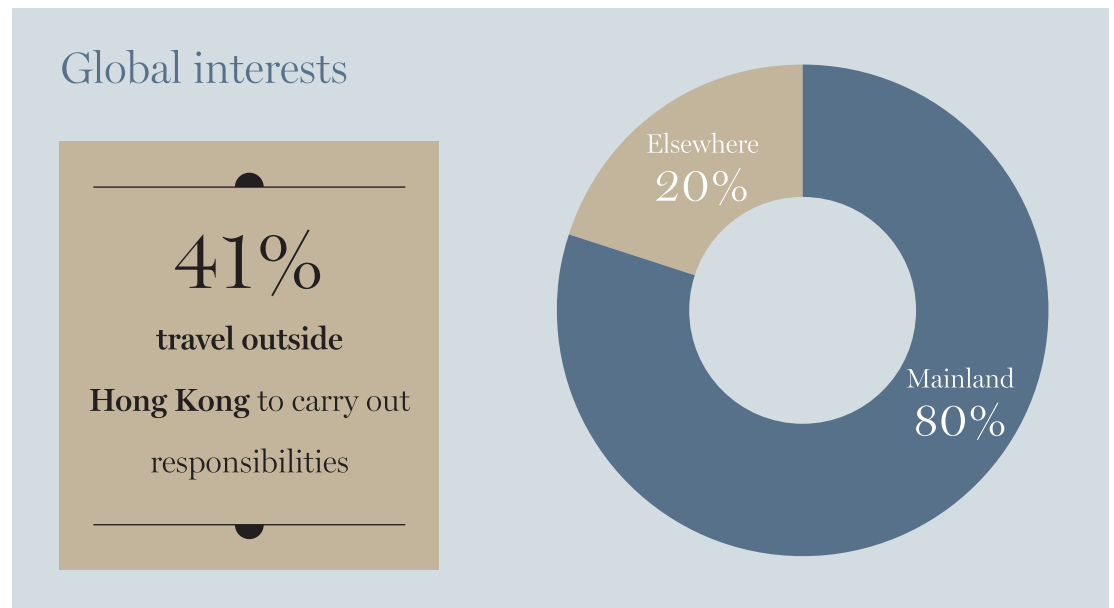
1. More CPD for skills in new and non-traditional CPA roles
2. Enhanced online resources centre for technical information
3. Increase knowledge and understanding of Mainland

Survey participants strongly supported more CPD for skills in new and non-traditional roles with 41% ranking it as number one; participants under 35 yielded 42% of the vote, 30% was from participants ranging from 35-44 and

28% of those over 44 encouraged more CPD in new areas.

An interest in the Mainland was further supported by survey results relating to global interests.

4. Members' mobility



Slightly more than 40% of respondents travel outside of Hong Kong to carry out responsibilities. Of this demographic, an overwhelming majority of 80% travel to the Mainland, with Guangdong and Shanghai identified as the top spots.

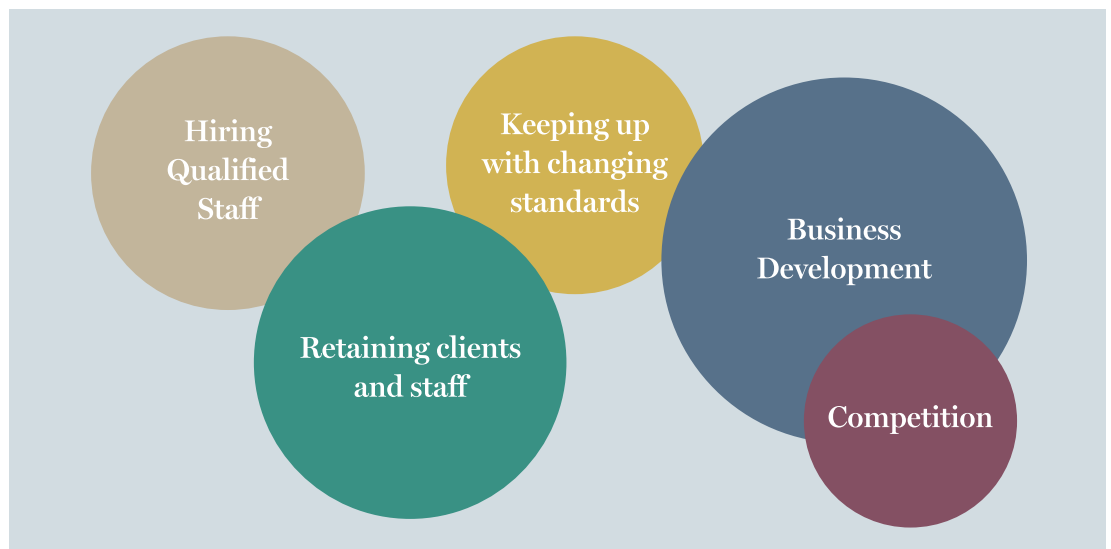
Other than those jurisdictions where the Institute already has mutual recognition agreements, respondents identified Singapore and Taiwan as two places where overseas recognition

agreements may benefit their business. Interest in overseas agreements was about the same for PAIB and PAIP respondents.

Further research is needed in the area of products and services as survey results may provide clues about other new services. Future surveys would be tailored to develop a better understanding of the best services to offer.

5. Leaders' top issues

What are the top issues on the minds of corporate and firm leaders?



In response to information gathered from corporate and accounting firm leaders regarding their greatest challenges, potential considerations may include:

- Increase in “soft-skills” training for staff;
- Continued commitment to communication related to staff development;
- Expansion of efficiency training; and
- Introduction of materials and tools to assist members in strengthening skills needed to identify and potentially create opportunities for business development.

Survey results revealed that 41% of PAIB ranked business development as the number one issue for their organization, with managing cash flow and managing staff at 16% and 14% respectively.

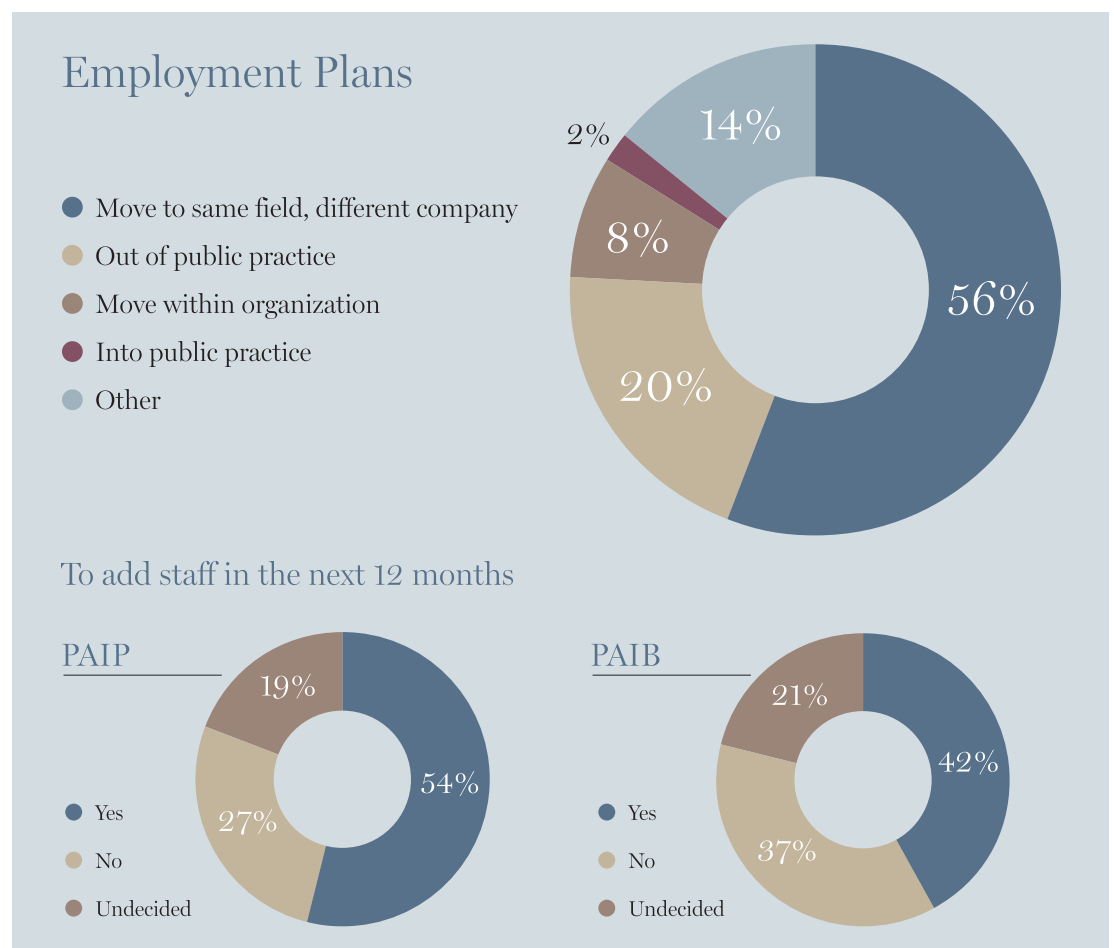
PAIP leadership indicated that hiring/retaining qualified staff was one of the top issues they faced (28%) with attracting good clients and retaining quality clients following at 17% and 16%, respectively. Both groups noted the importance of changing standards and mounting competition.

6. Work environment

- a. What did the survey reveal regarding job-hunting plans of survey participants as well as hiring plans of employers?

CPA employees

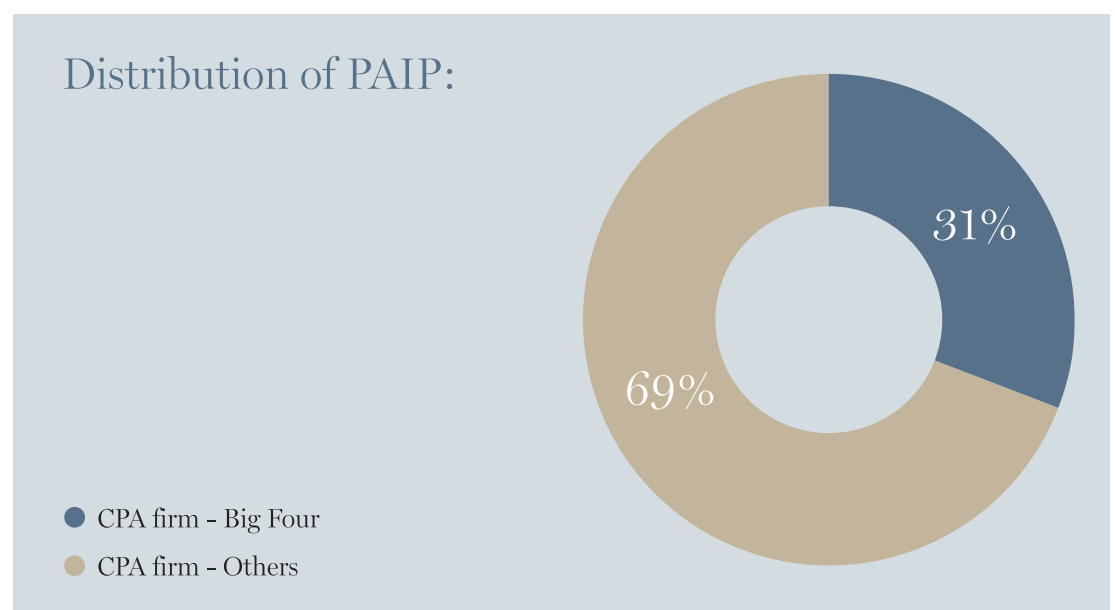
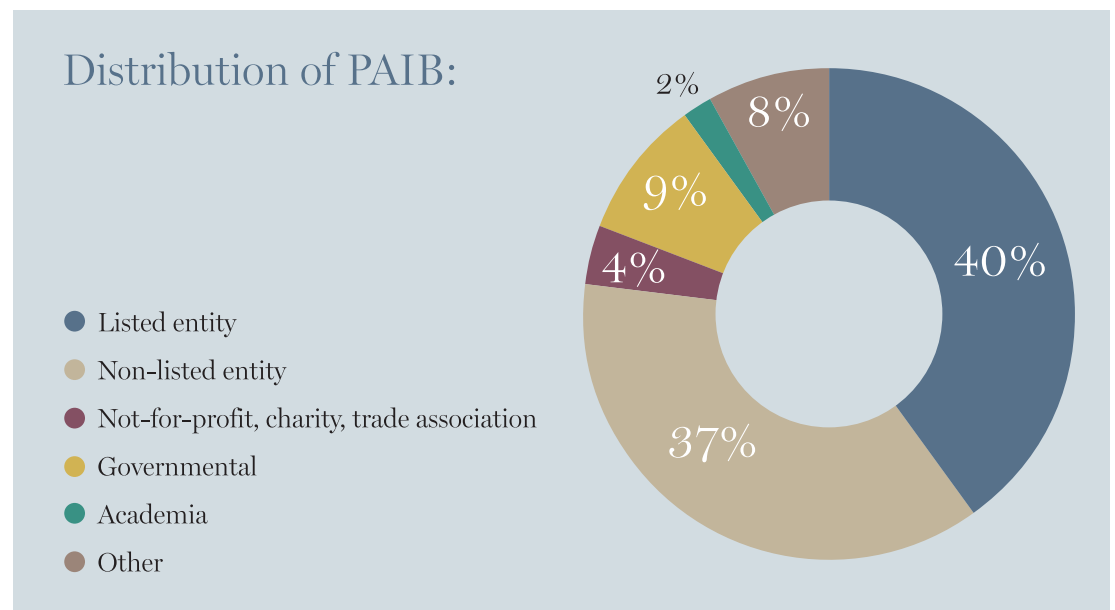
Of the 37% of survey respondents who will engage in a job search, the following best reflects their plan. Majority (56%) potential job seekers plan to move to a different organization within the same field.



CPA employers

The profession offers solid job opportunities with more than half of the accounting firms, and more than 40% of businesses and industries, anticipating a need to add staff within the next 12 months.

- b. How did employment characteristics differ between PAIB and PAIP respondents?



IV. Recommendations

1. The 2013 Membership Survey has provided a foundation from which to develop more targeted surveys in the future. Annual surveys would provide benchmarking opportunities to determine if the Institute is successfully meeting members' expectations and to identify deviations within a relatively short time frame.

Secondary surveys will allow different departments within the Institute to identify areas in which they may better serve members' needs during changing economic times. In order to effectively utilize the survey process, a production schedule should be developed to ensure surveys are produced and results are reported in an efficient manner.
2. An employment report developed from the statistics collected would provide a glimpse of the employment landscape and could include tips to employers and employees on managing a successful search.
3. Raw data from the 2013 Membership Survey should be further analysed. Additional information will assist with the development of CPD training and specialist practices.
4. Issuing of the membership survey should continue to be paired with the annual renewal with consideration being given to requesting members' cooperation in completing the survey before proceeding to the renewal phase. This approach has been successful in other jurisdictions.
5. Add automatic survey links to all emails to allow members to provide feedback to the Institute throughout the year. A general survey could be developed by the working group.
6. Expand CPD evaluation form to include more information that would guide the Institute in developing future training. Consider further development of on-the-go learning and portable resources.

V. Appendices

Appendix 1

Pillar Four of the 6th Long Range Plan

“To provide focused services to cater for the needs and challenges of all members in different sectors of the profession, geographical locations and stages of their professional careers.”

Tactical Action Plans related to survey objectives:

- Conduct a comprehensive series of survey to different sectors of members to find out their needs, expectations and what would make them proud to be a member of the Institute, and to understand membership demographics and geographical locations.
- Gather data and conduct surveys on the supply and demand for CPAs in practice and in business, in order to better understand the dynamics of the profession and the market.
- Provide relevant training and networking opportunities to enable members to have a smooth transition from PAIP to PAIB (e.g., through the proposed controllership programme).
- Package and market products and services to targeted membership groups according to their demographics, industry sectors and occupational needs.

Terms of Reference

To assist the Institute in delivering its potential tactical plans under Pillar Four, Membership Survey Working Group shall use surveys to focus on the two key areas identified below:

1. To utilize the following to understand members' needs thereby enabling the Institute to better serve them, meet their expectations and make them proud to be members of the Institute.
 - (a) Obtain membership demographics
 - (b) Learn more about their employment (i.e. PAIB and PAIP)
 - (c) Gain an understanding of members' expectations of the Institute
 - (d) Determine members' satisfaction with the services provided by the Institute
 - (e) Identify expectation gaps for actions
2. To obtain a better grasp of the employment market prospects for members, so as to enable the Institute to:
 - (a) Assist members in their career diversification and development in different sector of the profession; and
 - (b) Satisfy their needs across the different stages of their professional career.

Hong Kong Institute of Certified Public Accountants

37th Floor, Wu Chung House

213 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2287 7728

Fax: (852) 2865 6603

Email: hkicpa@hkicpa.org.hk

Web: www.hkicpa.org.hk

ENLIGHTENING PROFESSIONS?

A vision for audit and a better society

PAUL BUDDERY, STEVEN FRANK AND
MARTIN MARTINOFF | FEBRUARY 2014

AuditFutures^{fi}

RSA
2020 Public Services

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About the RSA's Action Research Centre

The RSA's Action and Research Centre (ARC) combines practical experimentation with rigorous research to create a unique programme of work. ARC's approach is inspired by the RSA's history of solving big problems by unleashing the human potential for enterprise and creativity. As part of ARC, RSA 2020 Public Services is a practice-research and policy development hub working with local authorities, public sector bodies, businesses and the third sector to develop social productivity approaches to public service reform, helping to create stronger and more resilient citizens and communities.

About AuditFutures

The aim of AuditFutures is to construct a holistic view and an innovative approach to rethinking the profession and to create opportunities for dialogue and for collaborative solutions to emerge. We are building a movement for a wider behaviour change and we are developing innovation projects for systemic effect. Through action research, thought-leadership, and practical engagement on the ground we are working on a number of interlocking initiatives to encompass the whole system. Our goal is to develop new thinking, to inspire innovation in audit and to ensure the profession is best placed to meet key public interest commitments and obligations.

AuditFutures is a thought-leadership programme of ICAEW, run in partnership with the Finance Innovation Lab.

www.AuditFutures.org



ICAEW is a world leading professional membership organisation that promotes, develops and supports over 142,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.

Because of us, people can do business with confidence.

www.icaew.com



The Finance Innovation Lab is an incubator for positive change in the financial system. Co-convened by ICAEW and WWF-UK and launched in 2008, the Lab aims to create a financial system that works for people and for the planet. We build communities of innovators and advocates who are creating a better financial system, help them grow as leaders and scale their work through a series of incubator programmes. AuditFutures is one of them.

www.TheFinanceLab.org

About the authors

Paul Buddery is a partner at RSA 2020 Public Services, and has previously worked on skills and environmental management; Steven Frank is a Director of CollinsFrank Associates Ltd and has an eclectic employment history working in audit in the private, public and social enterprise sectors; Martin Martinoff leads the AuditFutures Programme, and has inter-disciplinary experience in policy, innovation and design.

Executive summary

A future characterised by unprecedented organisational and informational complexity across business and public services, and where the public will demand more transparency, will need a body of people skilled at removing opacity in the service of the public interest. Yet the profession that could provide this service – the audit profession – is caught in controversies, and labouring within technical and defensive debates.

Following the financial crisis, and a series of scandals, the audit profession finds itself in the dock alongside a financial sector whose reckless self-interest plunged the much of the world into deep and long recession. Many in the profession feel wounded or irritated by what they regard as guilt through association and misunderstanding. Nevertheless, at precisely the point in its history when the profession needs to be conducting a searching and candid conversation with itself and wider society that could redefine its value in preparation for, and in service of tomorrow's world, it lacks the confidence and voice needed to reach out and move forward.

As currently constituted, audit assesses and reports on a system of business and finance that no longer enjoys broad social confidence, and reports on it in a variety of ways that miss the big picture. Political and social demands have changed, and so too have the demands of modern business. Audit's foundation stone – the statutory financial statement audit – risks being swept aside by events. The retrospective assurance of a clean audit report on historic and dated information in the annual report buys relatively little confidence in a business world where fortunes can fluctuate overnight on the basis of a tweet or a negative news story, and shareholding periods are measured in days, not months or years.

Audit is a service that can provide form and structure to the trust that business and society need to operate. That trust is bruised, as is trust in numerous established professions whose claims on knowledge and authority are fraying as a result of massive changes to information technology and social attitudes. Audit has been particularly disadvantaged by the fact that the benefits it generates for business owners or the wider public have often been hard to pin down. As a preventative service – a health check conducted with quiet diligence outside of public view – it has too often been known through its failures, or the failures of its client organisations.

To win back the public trust, audit faces the challenge of re-envisioning its service through its primary purpose. Audit is largely a publicly mandated service, designed by government to support a public good; and this is the case whether audit is being performed on a private corporate or a public authority. It is a public service, and the auditor should recognise him or herself as a public servant working in the public interest.

An elusive and messy concept, the public interest cannot be seized simply through regulations and tests. It can only be realised in ongoing dialogue. Audit can become exemplary in this regard. Instead of an audit report being a trust-producing *product*, the audit process should become a trust-producing *practice* in which the auditor uses his or her position as a trusted intermediary to broker evidence based learning across all dimensions of the organisation and its stakeholders, and bring into consideration all aspects of the organisation's value – economic, social and environmental. From being a service consisting almost exclusively of external investigation by a warranted professional, modern technology will allow auditing to become more co-productive, with the auditor's role expanding to include that of an expert convenor willing to share the tools of enquiry.

The auditor as convenor will need new skills, and will need to work in a more agile and interdisciplinary environment. Technical rigour will need to be maintained through training and professional support, but qualities like empathy, imagination and moral reasoning should be an increasingly important part of the training and support package. The auditor of the future will be a multidisciplinary team member, operating within and between companies as the market takes on the form of flexible platforms and innovative start-ups.

1. Introduction

Many of our most august professional bodies sprang out of the Victorian passion for administrative order, specialisation and social classification. Financial audit of corporations became mandatory in 1844, and the Institute of Chartered Accountants in England and Wales (ICAEW) was formed in 1880. But before 19th century professionalisation came 18th century Age of Enlightenment collaboration.

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) was founded in 1754, bringing together practical thinkers and energetic makers of all kinds in the optimistic belief that progress is possible through shared inquiry and mutual encouragement. Today the RSA still maintains that interdisciplinary dialogue between the professions is crucial to inciting change and maintaining a focus on our shared social and economic aspirations.

AuditFutures – a thought-leadership partnership between ICAEW and the Finance Innovation Lab – held its second assembly in 2012. As guest speaker, the RSA's Chief Executive Matthew Taylor issued a series of challenges to the audit profession:

- It should operate with radical transparency: 'as if in a glass box'
- It should account for its social purpose, aspiring to do more than service the status quo
- It should recognise that the way to achieve successful change at the scale required can only be through bold innovation and generous collaboration. In order to be relevant to the needs of society, the profession itself has to take responsibility for determining its fate and proactively engaging with the public that it aspires to serve.

Currently, the public sees change in audit being driven by legislators and regulators responding to perceived audit failures. This dynamic is understandable, but is ultimately self-defeating because it appears to be undermining confidence in auditors. It is therefore in the interests of society, as well as the legislators and regulators who act on society's behalf, that the audit profession is seen to take greater responsibility for the process by which audit evolves.

Economic failures which sap people's confidence in doing business represent challenges and opportunities for auditors to listen, reflect, learn, improve what they do and provide new and better forms of assurance. By taking responsibility for the dynamics of change, the audit profession can enhance trust in itself and business generally and reaffirm its public interest role. The audit profession will face significant challenges in taking responsibility for its future. But it should prove to be a liberating experience.

The issues it faces are shared by many other traditional professions, whose value is challenged by our inexorable move into a demanding, global, data-rich and trust-poor world

This report is a partnership between the RSA and AuditFutures. It draws on a literature review, a call out for evidence through the RSA Fellowship, semi-structured interviews and a variety of contributions from people inside and outside of the audit profession who became aware of the project. We invited people to look to the future and take a view of what value audit could bring to society in the 21st century, either as a practice, or a profession. We found the audit profession in a reflective mood. Of the more than 200 people we interviewed or who fed into the project, the majority were auditors, and most were keenly aware that their profession faces searching questions. Thrown into the spotlight by the 2008 financial crisis, it is grappling with the consequences of long-term changes in business, technology and society.

The struggle is unusually public, but the issues it faces are shared by many other traditional professions, whose value is challenged by our inexorable move into a demanding, global, data-rich and trust-poor world.¹

We believe that the decisions made by the audit profession in the coming years could prove influential in shaping the future value of professionalism. We hope that this report will serve to encourage greater collaboration and debate across all the professions.

Detailed discussions about regulations, standards and processes are important and arguably plentiful, but they tend to focus on specific failures and they can be sourced extensively elsewhere. However necessary they may be, their focus on incidents and events tends to confirm audit within its backward-looking comfort zone. This report offers a place for the profession and its peers to look forward, to assess the bigger picture and express their highest aspirations.

1. For a brief account of challenges to professionalism in established professions (insurance, accountancy, law and architecture), see The Chartered Insurance Institute (2011) “Professionalism for the 21st Century – revisited”, CII, www.cii.co.uk/media/854465/Papers_in_professionalism_no10_V5_PROOFED.pdf

2. New economy

Our popular images of capitalism's birth and growth are dominated by its most vivid aspects. We see the power of steam, imperial appropriation, massive factories and regulated ranks of workers. An alternative image would focus on something less dramatic, but arguably even more potent: a ledger set up for double-entry bookkeeping. Modern accounting, and the extension and application of its processes and controls into audit, have been fundamentally important in transforming our world.² Conceptually and instrumentally, they have encoded the economic rationalism that has brought us to where we are today; and we are at a difficult place economically, socially and environmentally.

Businesses of the Future

Globalisation, changing technologies and demographics are driving transformations that will have far-reaching implications for the audit profession's function and purpose. The profession's traditional object of review – the single business or business group – is becoming increasingly multi-faceted, as companies become woven together in intricate alliances and dependencies. One aspect of this is the spread of complex, and potentially opaque, forms of cross-national governance, ownership and partnership. In the past, these have often been designed on good professional advice to combine operational assets efficiently and access markets effectively but also to minimise tax liability. Popular and political opinion is hardening against this.

Firms are able to exploit ever more sophisticated information technology analytics to manage information – including financial data – across the business. While success remains dependent on being prudent about managing tangible assets, for many organisations the most important value-producing assets they have are not bricks, mortar and plant – assets that the audit profession has traditionally verified and quantified – but brand value, and intellectual and human capital. These assets, whether substantive or subjective, can be fragile; prone to sudden appreciation and equally sudden depreciation. Yet only some of these are routinely captured in financial reports that are then audited.

The life and health of companies is increasingly assessed on a rolling basis. Seventy years ago, the average shareholding period was eight years; 30 years ago it was four years; today it is measured in weeks, days or even seconds. Traditional business information regularly issued by companies, and to which audit can provide assurance, will continue to have some value; but that value is diminishing. The judgments of diverse

2. Jane Gleeson-White (2012) *Double entry: how the merchants of Venice created modern finance*, London: Allen & Unwin

stakeholders are now made throughout the year on the basis of diverse formal and informal reports and pieces of intelligence from a variety of sources.

The retrospective assurance of a clean audit report on historic and dated information in the annual report buys relatively little confidence in a business world where fortunes can fluctuate overnight on the basis of a tweet or a negative news story.

Tomorrow's businesses will have to thrive in a world where markets, goods and services can be originated and reinvented at unprecedented speed. Waves of new start-ups and micro-businesses – which currently largely fall outside the scope of statutory audit and have relatively weak links to the profession – will epitomise and fuel this volatility. Regardless of whether or not they grow their market share substantially, these are likely to be among the key innovators that will, for example, test new forms of governance, financing and radical transparency.

The public services of the future

Public services are also being transformed. They are coming to bear little relation to the institutions the public and the audit profession have become familiar with, where accountability and value for money have been tracked and rated within single organisations. Tomorrow's public services will be provided by a wider range of organisations and sectors through partnerships, collaboration and transparent outsourcing. The strategic coherence of alliances at neighbourhood, town, county or city level will become more important than the performance of any single agency within the network.

More important still, in terms of how value is created, will be the relationship that services establish with citizens and communities. It will be based on the assumption that the resources (skills, networks, values and information) that citizens and communities can bring to public services are just as valuable as the resources brought by service providers. Increasingly services will be designed with the aim of enhancing the capabilities of citizens and their communities, individually and collectively to achieve the social outcomes they desire.

Public services based on relationships and capabilities will need to shift their spending from remedial responses to focus on longer-term investments. Auditing their performance will increasingly become linked to tracing long-term value. Services will also be expected to account for their local economic and social value: how their activity has contributed to the economic and social flourishing of the communities they are part of.

Tomorrow's uncertainties

The sheer pace of change brings massive uncertainties. Audit faces profound challenges to its epistemological and methodological assumptions. The profession has traded on regular, authoritative, methodical assessments of business information, on the assumption that these processes result in useful knowledge or confidence in information. But as Jan-Eric Furubo, Auditor General of the Swedish National Audit Office, has pointed out, the role of knowledge in relatively stable business and public service environments is categorically different than in an age of turbulence.

Services will also be expected to account for their local economic and social value: how their activity has contributed to the economic and social flourishing of the communities they are part of

The problem is that many of our ideas about the role of knowledge in decision making are based on the notion that we can do the same things today as we did before, and which we intend to do tomorrow.³

Audit for the future

The audit process risks being overtaken by current events. It is quite possible that statutory audit could be maintained much as it is now to provide a basic policing function within the corporate world, assuring consistency around minimum standards. Those standards could be marginally more or less demanding, the information provided slightly more or less expansive. But the technical focus of much of the current debate – for example, about auditor rotation, non-audit services, the Capital Asset Pricing Model or International Financial Reporting Standards – fails to engage with the risks and opportunities of a changing society, let alone advance a case for how audit can help to drive that change in the public interest.

Ironically, the constricted debate is not the result of an isolated profession drifting into self-absorption. On the contrary, this is a profession that feels itself to be squarely in the spotlight of political, public and corporate attention. It knows that it is being subjected to scathing criticism, and that, following the financial crisis – and a series of scandals – it stands in the dock alongside a financial sector whose actions plunged Western economies into deep and long recession.

The economic system is viewed by many as being broken. Broad confidence in its ability to generate sustainable and equitable benefits has fallen away. As currently constituted, both as a practice and a profession, audit assesses a system that is suspect, and reports on it in a variety of ways that miss the big picture.

Many in the audit profession feel wounded or irritated by what they regard as guilt through association and misunderstanding. Nevertheless, at the point in its history when the profession needs to examine its place in wider society and redefine its value in tomorrow's world, it appears to lack the confidence and voice to engage in a wider, and more forward looking conversation.

The current narrative is defensive, self-justifying, technocratic and led by governments and regulators rather than the profession itself. To date, perspectives from other professions have been lacking. Without looking at these wider views, the audit profession risks simply repeating its previous post-crisis reactions which will mean failing to meet the scale of the challenges the profession faces.

The future we have sketched here sees a diminishing value for familiar audit functions. However, it also suggests that the role of the profession – trusted rigorous intermediaries, skilled in whole business analysis and committed to transparency – should be more important than ever. A future with unprecedented organisational complexity, more information and an increased public demand for transparency, will surely need a body of people skilled at removing opacity and serving the public interest.

Audit assesses a system that is suspect, and reports on it in a variety of ways that miss the big picture

3. Jan-Eric Furubo, "Public audit in hard times" in SOLACE Foundation (2012) *The Future of Public Audit*

3. Renewing trust

Political economist Francis Fukuyama has stressed the fundamental importance of trust in social and economic life. The ways trust is distributed in different societies, he claims, directly affects their relative economic strength. The key to understanding trust's varied distribution lies in understanding the patterns of social capital.

The radius of trust

Defined by Fukuyama as 'an instantiated informal norm that promotes cooperation between two or more individuals', social capital constitutes any society's primary stock of trust-generating relationships.⁴ Trust spreads beyond the groups that are bonded by social capital, but expansion of what Fukuyama terms the 'radius of trust' depends on recognition of shared advantages. By this account, the economic wealth of modern nations depends less on their ability to formalise trading mechanisms, contracts and bureaucratic insurance functions, than their ability to extend the circles of trust that remove the need for formal controls that are ever more expensive, and never sufficiently comprehensive.

Fukuyama's description of trust and social capital is one among many, but framing a consideration of trust in audit, and in the professions more generally, is helpful for two main reasons.⁵ First, it makes it clear that trust and the cooperation it facilitates within groups can be opposed to the wider good, economically and socially. For example, it may not be a good thing that big corporations and multinational audit businesses share informal norms that potentially generate overlapping circles of trust.

Second, Fukuyama's invitation to understand trust in society as a complex, networked phenomenon, is a useful counterpoint to trust as a quantum that rises or falls at any particular point. The erosion or extension of trust depends on relationships and expectation. Put simply, you may trust someone to mend your car but you may not trust them to drive your children to school.

Building a trust-rich society

If we are seeking to improve levels of trust in the audit profession, and explore the contribution that audit can make to building a trust-rich society, it is important to be aware of the range of different networks and relationships in question. Do the managers and owners of the organisations that

4. Francis Fukuyama (1999) "Social capital and civil society", IMF Conference on Second Generation Reforms, www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm

5. Jonathan Rowson, Steve Broome and Alasdair Jones (2010) *Connected Communities: how social networks power and sustain the Big Society*. RSA www.thersa.org/___data/assets/pdf_file/0006/333483/ConnectedCommunities_report_150910.pdf

As a narrative, the 'crisis of trust' had taken hold long before the financial crisis. Post-crisis, it has become more important than ever

buy auditing services trust the profession? Do investment fund managers trust it? Or politicians? What about members of the public, who see big business continuing on as before, with privileges intact?

Audit faces challenges in renegotiating its relationships in a number of directions. Strengthening trust with one set of stakeholders may not be possible without causing discomfort to another.

Properly understanding different stakeholders – the potential radius of trust – is important. But the specifics should not obscure the bigger picture. Trust in audit is fraying as part of much wider social and professional change. Academics and commentators have become fascinated by social capital, precisely because we fear that it is slipping away and that we are on our own. As a narrative, the 'crisis of trust' had taken hold long before the financial crisis.⁶ Post-crisis, it has become more important than ever.

The seriousness of the events that precipitated the financial meltdown accounts, to some extent, for the decline of faith in big business (and their auditors). But even putting these specific abuses aside, there are longer-term trends, systemic and cultural changes that are disrupting established patterns of trust and authority. Banking and finance have been hit by scandal. But so too, and quite separately, have policing, nursing, general practice, journalism and retail.

Our ways of living are shaking our traditional bonds of trust. Our relationships with each other and the business and services we use are becoming more distanced, more complex but more immediate. If trust is a solution to the problem of strangeness, the scale of that problem is being magnified by modern life.⁷ We are becoming more unequal and more individualistic, even though evidence from countries with social democratic political systems indicates that equality and solidaristic values are supportive of trust.⁸

In a globalised world, the goods and services that we are offered often appear detached from their complex histories of production. The overly complicated deals behind the latest financial products, the international brokering behind our bargain burgers, and the technology behind our latest tablets are mysteries to many of us; so when products or services fail to deliver on their promises, we often feel betrayed and blindsided. Some of us try to rebalance the equation, often turning to the internet to find our own sources of information and platforms of dissent. We find someone else to trust.

Trust and audit

Trust is what auditors sell. They review the accuracy, adequacy or propriety of other people's work. Financial statement audits are prepared for the owners of a company and presented publically to provide assurance to the

6. Baroness Onora O'Neill (2002) "A question of trust", The Reith Lectures www.bbc.co.uk/radio4/reith2002/lecturer.shtml

7. Florencial Torche and Eduardo Valenzuela (2011), "Trust and reciprocity: a theoretical distinction of the sources of social capital", *European Journal of Social Theory* 14(2), 181-198 https://files.nyu.edu/ft237/public/torche&valenzuela11_reciprocity_trust.pdf

8. LLAKES Centre for Learning and Life Chances in Knowledge Economies and Societies (2011) "Education, opportunity and social cohesion" www.llakes.org/wp-content/uploads/2011/06/SocialCohesion_webversion.pdf ; Adolfo Morrone, Noemi Tontoranelli and Gilula Ranuzzi (2009) "How good is trust? Measuring trust and its role for the progress of societies", OECD Statistics Working Papers, 2009/03, OECD Publishing www.oecdilibrary.org/docserver/download/5ks712zkbrow.pdf?expires=1391446034&id=id&accname=guest&checksum=74A2051574049285535C0960D4493164

market and the wider public. Public service audits are presented to governing bodies and, in some cases, directly to parliament.

It is the independent scepticism of the auditor that allows shareholders and the public to be confident that they are being given a true and fair account of the organisation in question. The auditor's signature pledges his or her reputational capital so that the audited body's public statements can be trusted.

“We want to be seen to be professionals and trusted counsel as lawyers might be, upholding the integrity of systems of governance and control and providing assurance that people can trust – assurance that underpins a fair and efficient economy and society.”

Interviewee

Given the fundamental importance of trust, should auditors not then feel immensely valuable in the context of declining trust? Not so. Among our interviewees, a consensus emerged that the audit profession is under-producing trust at a critical time. One aspect of the problem is the quietness of audit: it is a profession that literally goes about its work behind the scenes. The face and processes of the auditor are rarely seen in the organisations they scrutinise, and relatively rarely in the outside world. Yet, if we listen to the mounting evidence of the importance of social capital, we know that frequent and reliable contacts between groups are important to strengthening and expanding trust.

So what can be done? Our research suggests that more frequent dialogue with audit committees, and a more ambitious, outward facing role for the sector's leadership would be welcome. But we think more is needed. Audit for the 21st century should be understood and designed as primarily a confidence building process within the audited organisation and across its stakeholders. If the audit is a way of ensuring the client's accountability, much more needs to be done to make the audit itself exemplary in its openness and inclusiveness.

Instead of an audit report being a trust-producing *product*, the audit process could become a trust-producing *practice* in which the auditor uses his or her position as a trusted intermediary to broker rigorous learning across all dimensions of the organisation and its stakeholders. The views of investors, staff, suppliers and customers could routinely be considered, as could questions from the general public; online technologies offer numerous opportunities to inform, involve and invite.

From being a service that consists almost exclusively of external investigation by a warranted professional, auditing needs to become more co-productive, with the auditor's role expanding to include that of an expert convenor who is willing to share the tools of enquiry. Audit could move from 'black box' to 'glass box'.

Audit could move from 'black box' to 'glass box'

Trust, audit and outcomes

But the profession will still struggle to secure trust unless it can stake a stronger claim to supporting improvement. Does it increase the economic, social or environmental value of the organisations it reviews? It is one thing to believe in the accuracy of a financial statement audit, but it is another thing to believe in its utility.

For the most part, audit has been a preventative service that reports on historic activity. Regulators review the ‘quality’ of audits on a regular basis, but little has been done to construct models of quality that take account of the *outcomes* for the audited business. In a strangely circular manner, these reviews offer a scrupulous, systematic review of whether auditors have undertaken scrupulous, systematic reviews. It is as if school inspections were designed solely to review lesson plans and attendance but took no interest in results, qualifications, welfare or progression. Little wonder then that some business people candidly admitted to us that their highest aspiration while being audited is simply to receive a clean report requiring no action. This has led to a situation where much of the learning that could be most valuable from a business perspective falls outside the formal audit processes and may or may not be looped back into the company:

“It’s almost like we have audit with a capital ‘A’ and one with a lowercase ‘a’. The one with a capital A is the public-facing bit, but the ‘a’ is the added value internally, the one when you can have free discussions with the client. The challenge is to join the two up and steer clients towards good behaviour.”

There is a careful balance to be struck here. Moving closer to a support and learning model of audit is problematic, as it presses on the critical issue of independence. Audit cannot provide trust to markets and the public unless its views are clearly independent from, rather than beholden to, the organisations they report on. Some of the people we talked to were strongly critical of what they saw as a creeping tendency for audit to mix advice and reporting, falling in with business managers rather than standing back to provide independent assurance for business owners. The controversy over provision of non-audit services adds another dimension to the debate, which includes visibility and competence, but the core issue is the same: payment.

Trust and independence

Other professionals sell their services to clients on the basis of acting with independence and objectivity, and we would suggest that dialogue with these would be helpful. But audit professionals are unusual, perhaps unique, in being employed as a matter of course to look into the heart of their client’s business and take a public view on its health and propriety. Their fortunes are entwined, to the extent that a heavily qualified or adverse opinion is a public statement that is likely to put the client’s future in jeopardy.

Trust and regulation?

Trust and regulation exist in an uneasy relationship, and the consensus among those we spoke to is that the relationship is not working. Successive financial failures have seen the imposition of new tiers of regulation designed to secure a trustworthy process, but this emphasis on process has reduced professional scope and dampened aspiration.

We might think that job satisfaction in the audit profession is not the weightiest consideration, but the underlying point is much more

*Other professionals
are also
acknowledging
the power of
uncertainty*

significant. When we heard repeatedly that regulation was crowding out judgment, the issue was one of purpose rather than pride. If the highest aim of the auditor is to carry out prescribed audit processes, messy truth will escape; and if – as we argue in the next section – public interest is just such a messy truth, then focusing on compliance can lead to perverse outcomes.

Many in the profession counter the criticism that audit was ‘the dog that didn’t bark’ during the financial crisis by stating that it followed the rules laid down for it. Adding new rules in the hope that they will be the right rules to catch the next set of follies might be less effective than inspiring the profession through appeals to the value of transparency, accountability, business improvement and public interest.

This requires the audit profession to ask for trust from the public, politicians, business and the market. In any trust-building process, admitting vulnerability can be much more effective than claiming power. In place of the false assurance offered by dense regulation, the audit profession will offer more realistic levels of certainty, based on a more complex, multidimensional account of the truth. Other professionals are also acknowledging the power of uncertainty. Today, doctors are encouraged to be open with patients about the complexity and uncertainty of some conditions. Actuaries have recently allowed themselves to tell clients that there is no single version of the truth, but rather a range of possibilities. Auditors, too, need to admit greater uncertainty and offer a more nuanced account of the businesses they review. Sadly, government and regulators unintentionally promote the view that perfection can be achieved and certainty produced.

“Yes, every audit could be perfect. Yes, audits could detect every fraud. The cost would be so astronomical that no business could afford to pay for it and the country would go bust. The same cost–benefit equation occurs in most professions – most obviously in the NHS and police – but the public is blissfully unwilling to meet this issue head-on and therefore has unrealistic expectations of what can be achieved. As a profession, we cannot deal with this issue alone: government needs to be more open about realistic expectations ... although expecting that is probably unrealistic.”

4. Public interest professionals

The audit profession is not alone when it comes to declining levels of trust. It is hard to think of a modern profession that genuinely enjoys unequivocal public trust. Even where levels are still high, our relationships with professionals can nevertheless be uneasy. As one of our interviewees put it:

“Professions are where a vague degree of suspicion meets complicated respect.”

Interviewee

Public perceptions of the professions

Professional services have never been so pervasive. In the UK, for example, they grew by 3.4 percent in the decade to 2014. The professions also account for £15,849m of British trade in services, or over half of the total £29,194m and represent the largest single category of employment – 11.5 percent of total UK employment.⁹ But these buoyant figures mask changes and anxieties. Sub-contracted by society to represent the public good above personal gain, the professional was once seen by many as a trustee of the public interest. But there is a pervasive concern that since at least the 1980s, the professional’s expertise has significantly lost its value and the public trust that would once be taken for granted is now waning or new conditions are being attached.

Medical professionals are a case in point. Recent scandals notwithstanding, they are still amongst our most trusted professions.¹⁰ Most people believe that doctors act in the best interests of their patients and do not give advice that will maximise their own material rewards. This social regard varies with the structures that define the healthcare system; the fact that the UK’s NHS is still trusted helps, but as provision becomes more complex, so does trust.

Doctors’ status has been challenged in parts of the world where patients are able to access a widening range of self-help tools, information

9. Spada (2008), *The British professions today: the state of the sector*, Spada, www.ukipg.org.uk/executive_group_resources/spada-british-professions-today.pdf

10. Reader’s Digest (2013) Trusted Brands survey includes trust in professionals (www.rdtrustedbrands.com/about.shtml); the Edelman Trust Barometer reviews levels of trust internationally in business, government and professions (www.edelman.com). The most recent controversy over professional standards in healthcare has been subjected to review by Robert Francis QC, *Report of the Mid Staffordshire NHS Foundation Trust: Public Inquiry, Executive Summary* (2013), Stationery Office www.midstaffspublicinquiry.com/sites/default/files/report/Executive%20summary.pdf

Do professionalism's structures, disciplines and forms of accountability – internal and external – provide socially valuable assurance?

for self-diagnosis, and opportunities for peer discussions. Patients can also review performance data, sometimes for individual practitioners. Technology and education have democratised information and enabled patients to become more active partners in treatment decisions, challenge doctors' opinions and request the treatments that they themselves deem to be best.

People are better educated, better informed and used to making their own decisions, so why rely on professional knowledge and judgment? Do professionalism's structures, disciplines and forms of accountability – internal and external – provide socially valuable assurance? Certainly, in what Baroness O'Neill has termed an 'age of suspicion' the way professions are often called to account seems to be problematic.¹¹ The popular response to failures and abuses has been increased regulation (internal and external) – one consequence of which has been that professional behaviour has necessarily become more bureaucratic. It is a bitter irony – not lost on people whose experience of being audited has been one of irksome processes and demands – that today's audit profession is itself feeling burdened by red tape, distracted by tick-boxes.

"There is a subtle difference between this approach and the logic which defines 'red tape is bad. Audit is red tape; audit is therefore bad'."

Interviewee

The identification of audit with bureaucratised professionalism sets up a negative loop which makes it more and more difficult to attract entrants with diverse mindsets, high ideals and empathetic skills. Our interviews for this report revealed a weary sense of a profession whose motives are misunderstood.

Trust and respect are afforded most readily to professions with the least direct financial self-interest, and whose services are provided in a way that can be observed and understood by the wider public (on both counts, audit fares badly). Yet of course, motives for choosing one professional path over another can very rarely be reduced to either self-rewarding rationalism on the one hand, or unselfish altruism on the other.

In reality, the dispositions and incentives with which people enter a profession are often reshaped and reformatted over time by the internal culture that persists within the professional community. The defined knowledge and expertise, the technical capacities, the ethical code, the aims and goals all define the culture and legitimise the expertise of the professionals. While personal incentives define the way a person performs his or her job, they are supplemented and actualised by the culture that defines the professional.

The profession as an institution also provides the script that articulates what a successful career is like in a given profession. The administration of a profession determines the relationships between its professionals, but also influences the nature of its relationship with its clients and the public.

11. Baroness Onora O'Neill (2002) op. cit.

*Notoriously messy
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What is the public interest?

The audit profession occupies a unique position, with unique privileges and responsibilities. Audit is a publicly mandated service for publicly listed companies, designed by government to support a public good; this is the case whether audit is being performed on a private corporate or a public authority. It is a public service, and auditors should recognise themselves as public servants with a duty to pursue the public interest.

Notoriously messy as a concept, the public interest is most often understood by what it is NOT. We find it difficult to know as an entity itself: finding out what it is primarily through tests of whether it has been breached or compromised. Nevertheless, it is crucial that professionals use it to account for *why* they perform their role.

Public interest is conceptualised most fruitfully as a process, not as an identifiable end point. As Denhardt and Denhardt argue,¹² it can be simultaneously seen as a state of being and an ongoing process. Its quality and significance are bound up in both the process of seeking it and in the realisation that it must always be pursued.

Inquiry and reflection help us evaluate the impact of our actions on society. Critically, this process of reflection and review – and ultimately accountability – cannot be conducted simply within the bounds of any single profession. It must be an intrinsically *public* process. Professional associations and bodies form potentially valuable vessels for reflection, but to explore the public interest they need to reach out and collaborate more widely. This may be by establishing formal cross-professional groups to review challenges and grey areas, or by bringing in lay reviewers to qualification processes. (In 2007, lay assessment was introduced for doctors undertaking speciality training in general practice and applying for membership of the Royal College of General Practitioners.) Without taking visible – and therefore confidence-building – steps to bring wider society into a dialogue, there is a risk that professions are simply seen as their own keepers. Professions have been too quick to professionalise the maintenance of the public interest.

“If the interests of the public are to be well served, the activities involved in each of the areas of ‘public interest’, in the sense indicated, must be well done. This requires extraordinary dedication and training on the part of individuals engaged in those activities, as well as significant regulation of what they do. Because of the special knowledge such regulation requires, however, it must largely be regulation by others trained and immersed in that same activity. Special dedication, training, knowledge and self-regulation, when institutionalized in the appropriate respects, form a profession as a social entity.”

D. Willard¹³

The audit profession and the public interest

Embracing a definition of the public interest as an inherently public dialogue would be extremely challenging for the audit profession. It would

12. Janet Denhardt and Robert Denhardt (2011; 3rd Edition), *The new public service: serving not steering*, New York, M.E. Sharpe

13. Willard, D. *Professions and the Public Interest in American Life*, University of Southern California (2007)

mean taking responsibility and stepping away from the security provided by its rules and regulations. This could be uncomfortable.

To be credible it would have to involve a generous invitation to wider society and its peer professions based squarely on the proposition that audit for the public good involves the promotion of the public good rather than the minimisation of harm and abuse.

From the outset, it will be crucial to acknowledge the scale of disquiet and the gulf of trust to be bridged. A senior figure in financial services has recently spoken of the need for a truth and reconciliation process in the aftermath of the financial crash. Whatever forms it takes, the initiative needs to come from the profession. As we heard from our interviews:

“We need to be seen to promote the public interest and not self-interest. Much of this is about perception but at present the audit profession often seems to quickly explain why something, such as the financial crisis, is not our fault.”

A major challenge for many professions is the commercial side of their activity. As noted earlier, audit faces particular challenges in this regard, as its relationships – often long-term – with the businesses it works for are characterised by an unusual combination of confidential analysis, public accountability and shared jeopardy.

The audit profession should aspire to be independent of commercial pressures and to be the servant of the public interest. Yet we have heard much public criticism of audit being dominated by big business; concerned with business interests first, followed by clients, with society in last place. In protecting their clients’ interests, accounting firms are criticised for avoiding social and environmental obligations. Critics also argue that firms need to demonstrate that they can be more transparent about the commercial pressures that exist within the firms and how they are managed. Too often, the interests of clients are seen as paramount regardless of the consequences for society, especially if the fee is right. Bigger organisations are more often in the public eye and are inevitably perceived as synonymous with the profession.

One solution offered in our interviews was to remove statutory audit entirely from the market:

“My views are that auditing of company accounts should not be provided by the market but rather is inherently a government function. The process whereby corporations selected their own company accounts inspector has an inherent conflict of interest built into it, which was a prime reason for so many banks not being audited properly prior to the 2008 crash.”

Interviewee

This was a minority view but could it address the problem of trust? Perhaps, but not necessarily. Successive governments have established regulatory inspection bodies, with responsibilities ranging from finance to social care. Some have stood the test of time, but many more have presided over scandals that have damaged their credibility and have seen them replaced.

A different approach to the problem of how independence and financial relationships could be tackled comes from the credit rating agencies, where commercial negotiations and fees are completely separated from the analytical work. Credit analysts do not know the correlation between the fees their company is being paid and the work that they do, and are not permitted to discuss these matters with rated companies. Yet an audit partner is both responsible for the audit quality and for the fee. Audit will need to consider similar separations and protections, if it is to secure the trust it needs to be a full partner in creating economic, social and environmental value.

Audit today appears to be in the worst of both worlds: unable to give a satisfactory account of financial disinterest; and unable to realise its potential value to the business it is reviewing. Field auditors have become more junior and less able to play the role of adviser or confidant; indeed, they are encouraged not to do so. They have little immediate awareness of their impact on the business, let alone their impact on wider society.

The audit profession as a public interest educator

An open dialogue about audit's role in supporting the public interest will take in complex issues and divided opinions. It would be a process, not a panacea. As our interviews as part of this project underline, the core elements of a public interest conversation are actually very simple. People within and outside of businesses want accuracy of financial information, a clear narrative about performance, an understanding of why things are happening the way they are, and the risks ahead. The public also value assurances that companies act within the law, do not harm or unnecessarily pollute their environment, pay an appropriate amount of tax, behave ethically, treat their workers fairly, give good customer service, and do what they have promised.

We have suggested that the fundamental challenge for 21st century audit is to adapt the way it works in order to become an exemplary trust-building process in which stakeholders within and outside the audited organisations are participants, rather than passive subjects. Exciting developments are underway that are shifting audit in the direction of more inclusive practices and a wider set of reckonings – including social and environmental value. But audit is still a long way from the publically enlightening profession that its unique public service role implies. Far from using its insights to extend understanding and learning about modern businesses for the public good, audit has for the most part maintained rather narrow processes and products. Our interviewees acknowledged that there is still some way to go. For example, we heard that in the final audit report and audit opinion, auditors still struggle to find a language that can be understood by shareholders, let alone a language that engages and secures the trust of society more widely.

Exciting developments are underway that are shifting audit in the direction of more inclusive practices and a wider set of reckonings – including social and environmental value

5. An enlightening profession

The partnership between the RSA and AuditFutures started by asking what value audit could bring to society in the 21st century. This has been our central focus. We have recognised that there are controversial structural aspects of how audit as a business operates today, but have attempted to explore the possibilities of audit without being confined by its current institutions. Nevertheless, future institutions will have to look and behave quite differently in order to produce value in the way we have suggested. If they are to build trust through exemplary open learning and integrated inquiry in the public interest, the institutions will need to continue to adapt. This section, therefore, sets out some of the changes we would like to see. Most involve audit as a profession and a business sector taking the best of practice emerging in other professions, and moving towards business forms that draw on the best talent and incentivise innovation.

Leadership and collaboration

Step change in other fields has been initiated by people who recognise the need to change, and are then prepared to ‘go back to the drawing board’ and redesign how services are delivered based on the outcomes demanded. These leaders look at the whole ecosystem their service operates in and they are willing to recognise and adapt to technological and social developments. Crucially, they do not construct solutions within their own institutions, but look to use partnerships.

“We need to think about audit as a collaborative activity rather than [activity] by the expert in the pinstripe suit.”

Interviewee

Collaboration works best when it involves sharing values and aspirations. Some of the most transformative instances of cross-professional work have brought people together from diverse backgrounds in order to face shared social and economic challenges. For example, buildings today are much more energy efficient in large part because architects, engineers, constructors and technology experts have come together with a shared purpose. The research that underpins many advances in science and

Technology should be in service of a public interest vision, rather than simply a tool for efficiency

medicine is rooted in multidisciplinary teams that establish a common framework and language for discovery and innovation.¹⁴

Audit leaders and innovators now have the technological tools to push collaboration in ambitious new directions, up to and including crowd-sourced Open Audit, for example. But the technology should be in service of a public interest vision, rather than simply a tool for efficiency. Audit works best by engaging widely. In order to take charge of its own destiny, the audit profession will need to reach out and collaborate, not fragment into small specialisms. It needs to learn from existing developments that can provide valuable lessons and models to adapt. For example, in the UK, doctors in the first two years after graduation are asked to perform an audit, which forms part of clinical governance and aims to ensure that patients receive the best quality of care. A 2008 *British Medical Journal* article suggests four key areas to improve the value of the audit:

- The audit needs support and collaboration to work
- The scope of the audit should concentrate on high-risk areas
- Data collection needs to be carried out to a high standard
- The aims of the audit and its findings need to be well communicated

A new architecture for the profession

Over the centuries, several structures for the professions have emerged – from classical models, emphasising the importance of broad education and specific expertise, to the technocratic models of mediaeval trade occupations and industrial production. Work in the future will be organised in ways that are far more decentralised and networked, making organisational forms more complex. Traditional departmental structures and tiers of authority will be disrupted, and with them, routes of progression and assumptions about authority.

The incoming ‘millennial generation’ is more project-based than its careers-based predecessors. Companies will have to devise ways to orchestrate work talent in an environment of constant churn. Specialist staff may increasingly be necessary as it is unlikely that every auditor will be able to understand all the necessary issues – for example, complex financial instruments and how information is processed by computers. The structuring of audit teams to include individuals who have particular skills relevant to the risks may become increasingly important and this may mean accountancy and audit firms becoming more interdisciplinary, without losing the core value of the audit skills themselves.

The audit profession has seen significant and controversial consolidation in recent years. Yet the skills and technologies that will be needed to produce valued audit services in the modern business world will not sit neatly in traditional firms with vertical hierarchies. A successful audit firm in the future, able to capture and analyse the diverse information needed by businesses and society, may take the form of firms within firms, or a

¹⁴ Jill Trehwella (26 June 2009) “Multidisciplinary research: an essential driver for innovation”, GlobalHigherEd, <http://globalhighered.wordpress.com/2009/06/26/multidisciplinary-research-an-essential-driver-for-innovation>

platform enabled by modern technology to plug into talent, intelligence, and user-generated content wherever it can be accessed.

More than a technique for mass collaboration, crowdsourcing has become a fully fledged business model for some companies and sectors. Distributed, open innovation can be used to provide even the most technically demanding products or services. The successful pharmaceutical maker InnoCentive is a virtual firm whose employees work from locations around the world using remote-networking technologies.

As the boundaries of the firm become more permeable and elastic, many of the established privileges of scale will not apply. Does this mean that small audit firms will develop strategic advantages over large firms? Potentially. Top-heavy organisations may simply be too inflexible to meet the myriad of needs and opportunities of modern business. Ambitious young auditors, or audit entrepreneurs, may feel that they can achieve more, personally and professionally, outside of the bureaucratic norms of large organisations. In recent years, a variety of socioeconomic forces have led to the declining appeal of partnerships because of their increasing organisational size and complexity, the increasing need for capital, and an increasing risk of litigation.

New organisational forms could be helpful in addressing some of the challenges and opportunities raised by this report. Innovation and ambition are sorely needed. But organisational change would also bring fresh challenges, including how to maintain reasonable assurances about quality of service to clients, and where to locate accountability in complex, multidisciplinary practices.

Innovation as the new default¹⁵

The audit profession has been accustomed to incremental change and consistent methodologies. It now has the chance to create a sea-change in practice through understanding and embracing open and social auditing, new technology, real-time auditing, co-creation with social enterprises, and crowdsourcing. These developments all provide opportunities for more direct contact with the wider stakeholders of the organisation being audited, opening up dialogue and access to information.

In many areas – and particularly when it comes to public services – the driver of change is a focus on what is produced with stakeholders. In many cases, a clearer focus on outcomes means ‘going back to the drawing board’ and redesigning how things are administered and delivered. This process needs to be expansive: exploring the whole ecosystem the service is delivered in, including technological and social developments. The development of services such as Skype have revolutionised the telecoms market. Online retailers such as Amazon have done the same in their industry. This meant being prepared to redesign from scratch, based on a detailed understanding of what their stakeholders were demanding, using changing technology as the enabler.

Audit would benefit from offering support to the most innovative parts of the economy, including those it has yet to develop strong relationships

15. For more discussion on the theme of innovation in auditing see Chapter 2 of Catasús, B., Hellman, N. and Humphrey, C. (2013) “Thinking Differently: Making Audit Innovation the New Practice Standard”, in *Revisions Roll i Bolagsstyrningen*, SNS Förlag: Stockholm

with. The social enterprise sector has the fastest growth of all start-up company types in the UK.¹⁶ Over half of new graduates looking to start a new business want to use the social enterprise model.

The new audit professionals

The audit profession includes people of exceptional talent and energy. Entry is fiercely competitive, and is, in most instances, dependent on impressive formal qualifications. Training within the profession is no less demanding, requiring auditors to continue updating their skills and prove their competence to practice. Yet audit education is thin in areas where it needs to be rich.

Auditors with a wider vision, a deeper sense of personal accountability, and a greater appetite for innovation need support to become professional learners. Rigour of course needs to be maintained in terms of specialist knowledge, but, in the long term, it is the learning skills of tomorrow's doctors, architects and accountants that will be critical.

We believe that education and training for audit should become much broader. To deliver a more enlightened profession, new skills, capabilities and attitudes will be essential, some of which may feel alien to professionals schooled in harder-edged disciplines:

“We’ve got to recognise that the real high-value work, ironically, may not fit within our classical cognitive framework, but may actually have an imaginative component.”

Interviewee

Empathy

“The stock of global empathy has to grow if we are to reach an agreement on [putting] the long-term needs of society ahead of short-term needs of individual businesses.”

Matthew Taylor¹⁷

If auditors are to become the relational professionals referred to in this report – trusted intermediaries who bring together stakeholders to ensure transparency and produce trust – they will need strong interpersonal skills, grounded in good emotional intelligence. This involves knowing one's self, being able to self-manage, being able to connect to others and being able to show empathy toward others.

Vulnerability

“Vulnerability is the birthplace of innovation, creativity and change.”

Brene Brown¹⁸

¹⁶. UKGov website 2013.

¹⁷. Matthew Taylor, *21st Century Enlightenment*, the RSA, (2010), <http://www.thersa.org/about-us/rsa-pamphlets/21st-century-enlightenment>

¹⁸. TED blog – Brene Brown <http://blog.ted.com/2012/03/02/vulnerability-is-the-birthplace-of-innovation-creativity-and-change-brene-brown-at-ted2012/>

The audit profession includes people of exceptional talent and energy.

In a profession that has become used to labouring under fears of liability, willingness to admit vulnerability could be powerful and disruptive. Ultimately it could nurture confidence and encourage trust between the profession and its stakeholders.

Philosophy and ethics

“Audit should rethink its role as a custodian of moral good.”

Lehman, 2013¹⁹

The success of our society has been dominated by three logics: the logic of science and technological progress, the logic of markets and the logic of bureaucracy. An enlightened professional needs to be able to introduce a stronger element of ethical reasoning.

Audit education is at a moral crossroads. In many universities, ethics courses have been replaced by more business case scenarios that illustrate how ethics, profit and sustainability can be combined.

Change will come from within

True reformation will only come from within, led by new leaders and the best and brightest. AuditFutures’ work with young auditors has found that they want change, and they want to prove that what they do is important.

Change is possible and the audit profession can rise to the challenge. But the scale of challenge should not be underestimated. Leadership will need to encourage truth and reconciliation, a co-designed and positive view of the future that all practitioners can aspire to. A mood that today is darkened by frustration and defeatism will need to shift to one energised by active engagement and bold exploration.

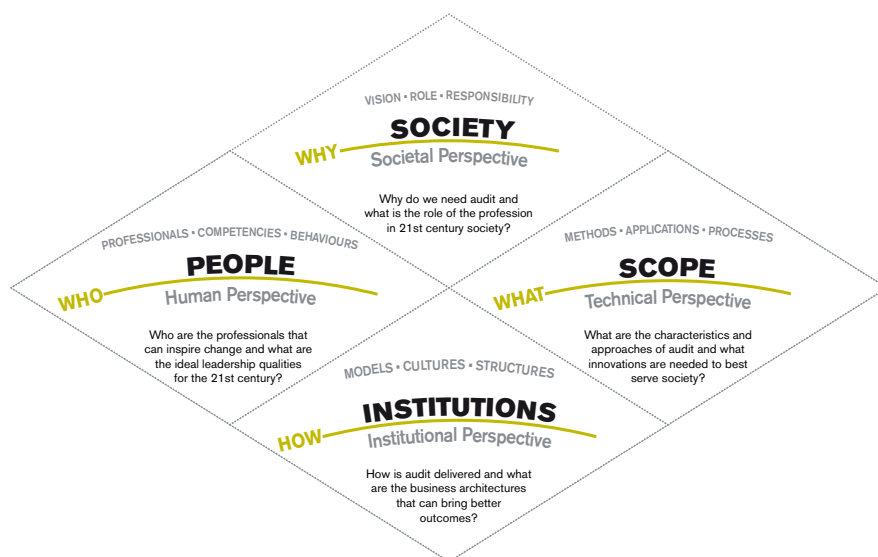
This paper argues that a self-imposed technical evolution will not be sufficient: what is needed is a transformation of the profession, led by the profession and focused on the public good.

19. Lehman, G. *Moral will, accounting and the phonemos*. Crit Perspect Account (2013), <http://dx.doi.org/10.1016/j.cpa.2013.10.004>

6. Beyond Groundhog Day

This report ties in with AuditFutures' systemic view of the future of the profession. Too many recent discussions in the profession have taken on a Groundhog Day dimension. By starting with individual areas rather than considering the whole system, discussions have simply repeated themselves. It is crucial to review all aspects of the audit profession's work and understand that they are not static but are dynamic and interdependent. AuditFutures has therefore developed a framework to help this broader thinking.

The model defines four dimensions: societal, institutional, technical and human. The theory of change underpinning it sees real change as possible through reflecting on all four areas at the same time.



Instead of a conclusion

This paper is a discussion piece and instead of a conclusion we would like to offer a group of challenges and provocations to maintain and encourage dialogue.

Society

- Should the mission of the audit profession be to create a trusting society that needs less formal auditing?
- What would Steve Jobs have made of the 'expectation gap'?

Enlightening professions? A vision for audit and a better society

- Would a truth and reconciliation process enable audit and the financial sector to move on?
- Can auditors move to meet social expectations or should society be moving to accept what auditors regard as legitimate audit practice?

Scope

- How much confidence in the integrity, success, sustainability and social accountability of business is currently provided by audit? How much confidence is audit capable of providing?
- How does audit provide useful information at the speed demanded by modern businesses and society while guarding against the risks of short-termism?
- What purposes should be served by automation and new applications of information technology in audit?
- Should a financial statement audit be graded and differentiated, more like an Ofsted inspection, so as to provide a more complete picture?

People

- What makes a good auditor?
- How can audit broaden its interdisciplinary skills base while maintaining technical expertise?
- Will tomorrow's bright minds want to be auditors?
- Is recruitment from a wider socio-economic background essential to building trust?

Institutions

- How is it best to coordinate the multi-disciplinary demands on audit and nurture the requisite skill sets of auditors?
- Does audit have a legitimate place in the professional services firm of the future? What is the role for audit only firms? Or 'no audit' large firms? What can be learned from other professions that deliver independent advice and review services to clients?
- What of the relationship between professional bodies and leading professional firms? Can this change in ways that have a positive impact on audit futures?
- If audit becomes an integrated and collaborative review activity, drawing on interdisciplinary skills, will we need firms specialised in professional audit services?

In planning forms of audit for tomorrow's society, people, institutions and public expectations need to be well aligned. We could design a new audit product and recruit the ideal people to deliver it, but if we retain insufficiently adaptive institutions, and pitch these services to a market and a society that does not care about them, the future of audit is not bright. If our society and its markets want more from audit, but firms are not set up to deliver, and the right set of skills are not in place, then the future for the profession is not bright. If we have bright minds, smart structures and an ambitious and informed public, the future of audit should be bright.

For many years now, audit as a profession has been told what to do, or told others what it cannot do. Some changes have been imposed on it; others have been resisted or modified. In some cases the profession's own initiatives have been seen by some as too self-interested, or have jarred with traditional ideas of what auditing can or cannot do.

The spirit of this report is different. It encourages the profession to go beyond Groundhog Day and seize the initiative as the best way of repairing trust, sparking innovation and increasing the economic, social and environmental value it generates. We suggest that it aims high, not just by finding more efficient ways of doing what it does today, but by playing an active role in influencing the development of a society – and within that, an economy – that is better informed by the standards, skills and insights of audit.

The RSA: an enlightenment organisation committed to finding innovative practical solutions to today's social challenges. Through its ideas, research and 27,000-strong Fellowship it seeks to understand and enhance human capability so we can close the gap between today's reality and people's hopes for a better world.



8 John Adam Street
London WC2N 6EZ
+44 (0)20 7930 5115

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The ICAS Strategic Plan

Building a professional community



Introduction

Building a professional community



The ICAS Strategic Plan is founded on the concept of professionalism...

A strong accountancy profession is an asset to the business community and to society. What has traditionally distinguished ICAS as a professional accountancy body is excellence in education, thoughtful applied research, rigorous but fair regulation and a powerful sense of professional community amongst our members. This strategic plan is designed to reinforce these qualities against a backdrop of difficult economic conditions.

The plan addresses the public interestand the need to revitalise public confidence....

Public trust in business and finance has been damaged by the biggest financial crisis of our era. The public interest requires professional advice delivered from a basis of specialist knowledge, sound judgement and ethical integrity now as never before. The primary focus for governments will be the economic challenges created by the crisis but there is also a deficit in public confidence. Professionals and professional bodies acting in the public interest can play a major part in rebuilding public confidence and that is why the promotion of professionalism is the theme which underpins the plan.

ICAS serves four constituencies, with the emphasis on service....

The plan firstly defines the Institute's purpose, which is to serve four 'constituencies': our members; our CA students; our firms and practitioners; and business, government and the voluntary sector. The promotion of professionalism flowing from delivery of the plan will enhance the quality of service to all four of these constituencies.

Being a CA is a career as well as a qualification....ICAS will support our members throughout their careers....

For our members, the knowledge that being a CA is a career, as well as a qualification, will be reinforced. Members will receive more targeted and relevant education opportunities, more scope to interact with an expert professional community and greater opportunity to influence the profession. Our members strive to make a leading contribution wherever their career takes them. ICAS will ensure it provides members with valuable support and services at all career stages, wherever our members live and work, whether in practice or in business. Connecting and supporting our diverse professional community is central to this strategy.

Our CA students are our future members.... they are a vital part of our professional community....

For our CA students, the education delivered by ICAS will continue to be pre-eminent, equipping future members with the tools to demonstrate business and ethical leadership. This will be delivered with greater flexibility than ever before to support both our students and our training firms. The sense of belonging to a community of professionals will be an integral element of the education system and will be supported by access to valuable materials and expertise. The importance of ethical behaviour, already a key component of the CA qualification, will be further underlined.

The firms we serve demand more flexibility and relevancewhich we will deliver

For our firms and practitioners, ICAS will offer services that enhance levels of professionalism in their businesses. Flexible and relevant educational methodology, broader development opportunities for staff, more expert guidance and support from ICAS staff and extensive online resources will help individual practitioners and support the performance of the firms. A rigorous but fair approach to regulation will provide reassurance to users of firms' services and promote confidence in doing business with CAs and CA firms.



Introduction

Building a professional community

We will offer informed, independent views on policy, rooted in practical business application....

ICAS will improve its service to business, government and the voluntary sector through the support offered to members working in these sectors, developing communities of professional interest and enabling our members to make an even more positive contribution throughout their careers. Our distinctive views on vital matters of public interest will be heard more widely than ever before. Through the skills of our members and the influence we can bring to bear on matters where ICAS has relevant expertise, we will encourage positive change across a range of areas.

The plan reflects wide consultation with members and non-members....

A strategy working group chaired by Graeme Bissett, Council member, led the review process which has culminated in this strategic plan. The process has been thorough and the consultation wide-ranging. We believe this strategic plan lights the professional path that ICAS must now take. We are grateful to all those in the group who have devoted considerable time and skill to the process and also to the many members and non-members who provided valuable input and challenge.

Recognition of our professional values is the fundamental aim

The aim of this plan is to achieve recognition by the public of the professional values for which ICAS stands and for our members to be prominent in leading this re-engagement. Success will not be instant - public trust is a commodity that is hard won – but ICAS is determined to help CAs and our profession achieve this crucial goal.

Alan Thomson, President
Anton Colella, Chief Executive
January 2011

In brief.....

This strategic plan comprises four main elements.

A **statement of purpose** identifies the 'constituencies' that ICAS serves, answering the question 'What is the purpose of ICAS?'. The statement recognises that our responsibility to act in the public interest defines how we engage with and deliver services to our members, our CA students, our firms and practitioners and business, government and the voluntary sector.

The **opportunities and challenges** section of the document provides an analysis of the economic, regulatory and social context within which the ICAS strategic plan must be delivered.

Taking account of the opportunities and challenges, we then identify six **strategic objectives** which, when met, will ensure we achieve our purpose. The strategic objectives address relevance; community; building trust; influence; pre-eminence; and sustainability.

These objectives are then linked to the definition of a **sustainable business model** which will drive execution of the plan by embedding the strategic objectives in the Institute's operational planning.

The purpose of ICAS

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Our purpose is to serve our four
constituencies...

Our purpose and the public interest

At the heart of the strategic review process was an assessment of the purpose of ICAS. The conclusion is that our purpose is to serve four constituencies within an over-arching commitment to the highest standards of professionalism which ensures that the public interest informs all that we do. In all cases, we recognise that our interaction is with individuals and our approach and the services we provide will address the impact on individuals.

...and the public interest..

Recognition of the public interest is central to the philosophy of ICAS as defined in the Royal Charter, requiring the maintenance of a high standard of efficiency, probity and professional conduct in the interests of the profession and of the public generally. To serve the public interest effectively requires that we retain the confidence of the public in the profession and that we deliver those services that society expects from ICAS members. In conducting our activities, ICAS takes account of society's rights, hopes and aspirations.

Respect for the public interest within ICAS is achieved through rigorous regulatory procedures, the application of democratic principles, effective governance processes and responding to the needs of the public. Adherence to due process, independence, relevant consultation, transparent public accountability mechanisms, research and public policy work are all governed by this.

It is acknowledged that the public interest will take precedence over members' interests if there is a conflict between the two, this also being in the long-term interest of members.

The ICAS commitment to the highest standards of professionalism, respect for the public interest and ethical principles informs our approach to the practical business of serving our four constituencies.

Our four constituencies

...providing services which complement our
members' careers every step of
the way...

Our members

Our members comprise a group of individuals active in business and in practice, retired and not in active employment. Members in business are in organisations of varying sizes, sectors and geographies and their individual roles vary markedly including many in senior board positions. Members in practice also work in firms of varying size, from sole practitioners to the Big 4 global firms, providing services to clients across a range of disciplines. Around one-sixth of our members are retired or not in active employment, but many retain strong links with our Institute. As ICAS has developed in recent years, the traditional Scottish-based membership has been rapidly complemented by members based elsewhere in the UK and there is an increasing and equally welcome presence of foreign nationals.

The purpose of ICAS

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...and service to our students, our future members, which is an investment in them ...and ICAS

pre-eminent education, enlightened regulation... a teacher and a guardian...

...and members who are ambassadors for professional values...

...that is the purpose of ICAS.

Our CA students

The profile of our CA student body reflects wide variation in geography and scale of training firm. This reflects the diversity of their interests and their work experience reflects the range of services offered by the training firms and companies. In addition to our continuing strong presence in Scotland, we have a significant number of students based outside Scotland, mostly in England.

Firms and practitioners

Our client firms and practitioners include those firms and companies whose students we train and those regulated by ICAS. The two groups overlap but are different. An additional dimension is the group of businesses in industry and commerce which finances members' subscriptions. Within the firms, the interests of larger firms, including the Big 4, are often different from those of smaller practices and the services provided by our members in these organisations vary widely.

Business, government and the voluntary sector

The business community served by ICAS includes wide-ranging interests across the private sector. ICAS, through our members, provides services to governments across the UK and in certain overseas countries. Many of our members are active both professionally and on a pro bono basis in the voluntary sector, providing valuable services to different organisations and their people.

These four constituencies, served in different ways by ICAS, vary greatly in their nature and service requirements but we must nonetheless ensure that the highest standards of service are delivered consistently to each. The means by which ICAS will seek to meet this challenge is captured in the statement of purpose which answers the question, "What is the purpose of ICAS?"

Statement of purpose

ICAS exists:

- To uphold the **public interest** by educating and regulating Chartered Accountants to the highest professional and ethical standards and maintaining the confidence of the public in the profession;
- To deliver career-long support to a community of finance professionals, **our members**, enhancing their personal value to local and international markets and the confidence of those markets in our members' judgements;
- To endow our **CA students** with leadership potential through technical excellence and an ethical grounding that informs their approach to business;
- To exceed the expectations of **client firms** and **practitioners** through the pre-eminent education and development of their employees and a constructive regulatory regime that inspires public confidence; and
- To serve **business, government and the voluntary sector** by supplying high-calibre CAs to the market and by developing the principles and standards that lead to improvement in financial reporting and business management.

Opportunities and challenges

Building a professional community



The economic events of 2008-09 and their consequences make it vital that ICAS demonstrates the real tangible value of expert professionals who are grounded in ethics and deploy exceptional business and financial skills. In assessing how to deliver the highest quality of service to our four constituencies, we must understand the main strategic opportunities and challenges faced by ICAS and by our constituencies.

Economic environment

- Adverse economic conditions have had an impact on both recruitment of CA students and the Institute's commercial income.
- The Scottish plc market is contracting.
- Globalisation opens up international markets for CAs.
- Fiscal change in the UK creates opportunity for CAs' services.
- Strong finance functions are critical to the successful performance of organisations, particularly in a time of financial constraint

Tougher regulatory environment and increased scrutiny of members

- Increased scrutiny of finance professionals is one legacy of the credit crunch, bringing challenges in relation to public expectation and potential regulatory change.
- The greatest issue in this area relates to public interest regulation, a complex and sensitive subject which must be successfully managed to balance the public interest with fairness to individual members and the professional bodies.
- A heightened interest in ethics and good governance offers opportunities to lead the profession.

Changes in global economic focus

- The emerging economies will be the global engines of growth. As an Institute that has international standing and reach, ICAS is well-positioned to develop its presence in a number of ways which will enhance service to our constituencies in these markets.
- Opportunities to contribute to the growth of the profession as emerging economies across the world develop.

Competition

- ICAS competes in a congested market, against larger bodies with significant resources, but with opportunities to differentiate based on quality, speed of execution and independence of thought.

Engagement with members in business and members outside Scotland

- Members in business and members outside Scotland are growing demographic groups and our engagement programme needs to be relevant to the changing demographic.
- Our members are learning and developing in worldwide markets.
- ICAS must create the conditions to deliver the skills development, networks and alliances that mean CAs can compete with the best in their chosen markets.

Opportunities and challenges

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Post qualifying vision

- ICAS has the opportunity to develop a range of educational and support services which members will value throughout their career beyond qualification.
- Adapting and enhancing our lifelong learning models will recognise and support the different career routes taken by a diverse membership.

Exploiting digital opportunities

- The application of digital technology offers opportunities to engage and communicate with our constituencies and to transform our services.
- This also offers opportunities to transform the delivery of services and education.

Diversity of membership and of the interests of our firms and practitioners

- ICAS must meet the needs of a very diverse group of members. Understanding the needs and characteristics of the membership population will be essential. If ICAS is to provide the highest quality of services to our firms and practitioners, a greater level of understanding will be needed.

Geographical migration of firms' activities

- The location of members' and firms' activities is a critical aspect of how ICAS serves and communicates with its members and firms.

Global collaborative models

- Increasingly, global operations are key drivers, firms are increasingly global operations and members need to operate in global capital markets.
- Collaboration with other professional bodies may offer strategic opportunities.

The quality of our strategy will be tested by how successfully our business planning addresses these opportunities and challenges over time and how we follow through with the rational and determined action necessary.

Strategic objectives and the sustainable business model

Building a professional community

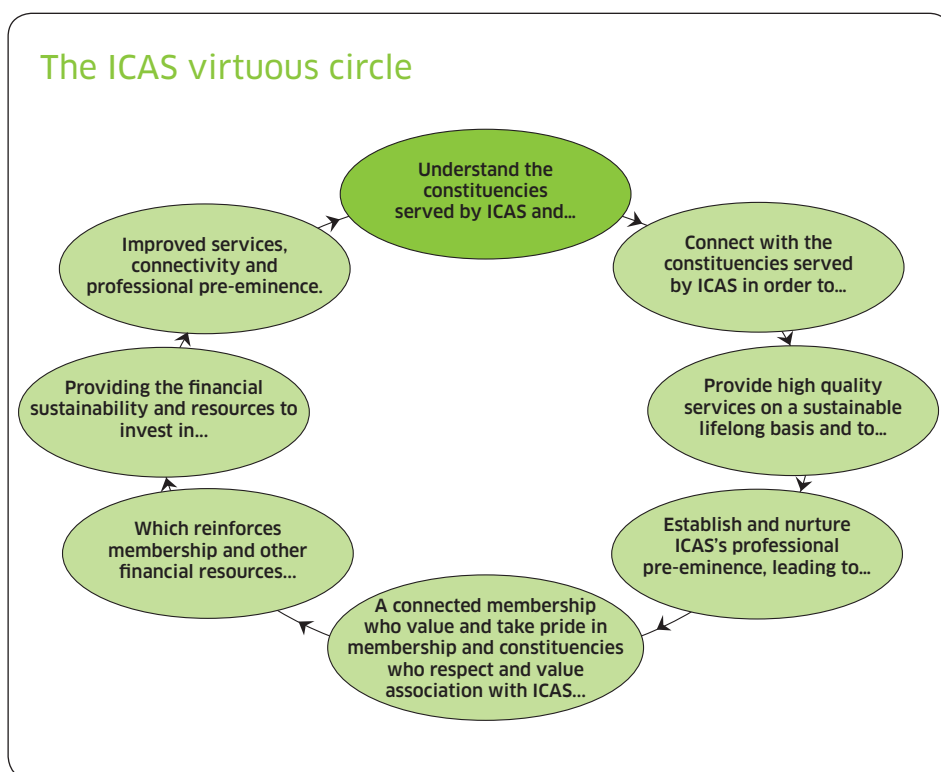
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Strategic logic

The statement of purpose sets out what the Institute is seeking to achieve and the analysis of the strategic opportunities and challenges illustrates the principal issues to address. It is necessary to design strategic objectives which address these opportunities and challenges and which link our statement of purpose to a sustainable business model which in turn will drive execution.

The logic which underpins our strategic objectives is summarised in the diagram below:



This logic leads to six strategic objectives which will result in fulfilment of the statement of purpose.

Strategic objectives and the sustainable business model

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Six strategic objectives

Relevance	ICAS will be relevant to our members' interests throughout their training and subsequent careers and in all of the main locations and sectors in which our members operate, by providing high quality education and development and valuable services.
Community	ICAS will be connected with our members through efficient application of communication technologies, enabling our members to engage in communities and networks which will keep them informed about and able to access efficiently the development opportunities and members' services offered by ICAS and also to contribute to the interests of other members and the constituencies we serve.
Building Trust	ICAS will sustain the highest standards of regulation of our members in a manner which is efficient but rigorous, to ensure so far as is possible that our members operate to the highest standards of professional practice in the public interest and are properly sustained.
Influence	ICAS will deploy a public voice which offers independent, timely, insightful and practical guidance on matters of interest to the public, the business world, government, regulatory and other stakeholders, increasingly on an international basis.
Pre-eminence	ICAS will seek to reinforce and develop, through the actual and demonstrable achievement of these strategic objectives, a pre-eminent standing within our profession.
Sustainability	ICAS will operate in a sustainable way, financially, reputationally and with full regard to the environmental and social impact of the organisation and its people.

Strategic objectives and the sustainable business model

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The sustainable business model

The sustainable business model addresses three important areas.

Participative membership and engagement with firms

Ensuring ICAS has a participative membership and engages effectively with firms will be achieved through sustained excellence and relevance in education services and a strong framework of career-long support for CAs. Our relationships with major firms must be strong and firms and employers of all sizes will be supported by flexible training and development opportunities for CAs, wherever they operate. Our services to members should add value to their work and lives and be relevant to their individual experience. Engagement opportunities for CAs should provide tangible benefits and build a sense of belonging to a supportive professional community.

Pre-eminent brand and reputation

Maintaining the global reputation of ICAS through a pre-eminent brand and reputation will reinforce the value of membership and association with ICAS. This will be achieved by a high quality student and new member intake, by a lifelong commitment to ethical behaviour and through a high-performing regulatory function. ICAS must ensure that CAs and the skills and services that they offer remain relevant to the market and our thought leadership work and external activities must promote the quality of our membership. The governance of ICAS must be rigorous and transparent to the public.

Efficient and sustainable organisation

The foundation of this model is a financially and reputationally sustainable organisation. Key criteria in this area must be rigorous financial planning and management and the intelligent use of technology to transform communications, create strong communities of interest and drive efficiencies. We must at all times have a deep and up to date understanding of the needs of the constituencies that we serve and exploit collaborative opportunities to enhance our ability to serve these constituencies. High-calibre staff must deliver services against a backdrop of clear commercial focus and an understanding of the costs and benefits of the activities that we undertake.

These are the characteristics of the sustainable business model which will provide the framework for the Institute's operational business planning.

Conclusion

Building a professional community



We are clear about the constituencies we serve...

ICAS exists to serve four constituencies – our members, our CA students, our firms and practitioners and business, government and the voluntary sector. ICAS will serve their needs through effective delivery of the six strategic objectives, developed after a robust analysis of the opportunities and challenges that we face.

...and the importance of demonstrating professional values...

The theme running through the plan is the promotion of professionalism and its values of life-long education, independent judgement, effective organisation and rigorous ethical standards. For some, professionalism is an old-fashioned notion. Members operate today in a business environment that is tougher and faster than ever before which is why an emphasis on professionalism is so important. It takes an individual of substance and judgement to question activities that may take the wrong path. The last few years have demonstrated how important it is that professionals stand up to be counted. Above all, CAs belong to a profession, not a firm or a business.

...which will reinforce commercial success...

There is no conflict between professional values and sustainable commercial success. When our members succeed in their careers, it is due to their skills, professional standing and commercial instincts. ICAS will complement those qualities with career-long support, advice and access to the expertise of our international professional community. Our CA students qualify by application and intellect, supported by the highest standards of technical and ethical training. Our firms and practitioners succeed because they provide their clients with excellent professional service, a standard which ICAS will match through the quality of our education services and regulatory procedures. Successful business, government and voluntary organisations very often enjoy considerable benefit from the work of our members, firms and practitioners, driven in turn by the qualities we will help them to develop.

...and deliver practical benefits to our constituencies.

No strategic plan is valuable without determined execution and the means by which we will do so have been mapped out in the description of the sustainable business model. This is the framework for successful delivery of practical benefits to our constituencies and against which ICAS should be continuously assessed. By placing professional values at the heart of the services to our constituencies, we are confident of achieving that success.

The Institute of Chartered Accountants in Australia 2011 - 2013 Strategic Plan

Vision: Leading the profession

The Institute of Chartered Accountants in Australia will be:

- > A visionary organisation with respected thought leadership and key strategic relationships
- > Providing a Chartered Accountants brand which is the passport for life long career success
- > Setting the benchmark for the highest ethical and educational standards
- > Representing and leading the members nationally and influencing regionally and globally

2011 - 2013 Strategic Issues

Relevance to members and stakeholders	Leadership and competitive positioning of the Institute	Growth to ensure a sustainable future for the Institute and Chartered Accountants	Global positioning	Ensuring the Institute is fit for the future	People and culture
2011 - 2013 Strategic Objectives					
- A differentiated segmentation strategy which delivers value to members throughout their life cycle - Effective and valued interaction with members - Ongoing development and revision of products & services to ensure value to members - Mutually beneficial partnerships with leading industry bodies and stakeholder groups	- A focused leadership strategy which ensures influence nationally, regionally and internationally - Effective, visionary and well-publicised thought leadership initiatives which profoundly and positively impact business and the accounting profession - A well recognised and differentiated Chartered Accountants brand - Continuing regard for the importance of discipline, ethics and conduct for the profession	- An evolving Chartered Accountants Program to ensure relevance and pre-eminence - Innovative, engaging and influential careers marketing to ensure the attractiveness of a professional career in chartered accounting - Ensuring ongoing recruitment, development and retention of members	- Thinking globally and acting locally - Influencing the initiatives of the Global Accounting Alliance - Supporting the development of the profession globally - Ensuring participation in international forums is relevant and targeted - Broadening reach and influence in Asia to support development of the profession	- Driving quality in all our activities - A sound financial base to enable investment in key strategic issues - Appropriate quality driven infrastructure and processes to underpin organisational sustainability and development - A nimble governance structure with relevant committees providing quality input - Strategic thinking which identifies and responds to emerging trends and markets	- A constructive culture which is proactive, responsive and innovative with strong leadership - Best practice in recruitment, retention and rewards - Rigorous succession planning with high achievers identified and mentored for staff and committees - Key people recognised as experts in their fields

Core Purpose:

Through its leadership, the Institute enhances and promotes the reputation and role of Chartered Accountants, both individually and collectively, and ensures the highest professional quality of its current and future members, for the benefit of the business community and the public interest.

Organisational Core Values:

Play it straight
Respect builds success
Improve and innovate
Deliver to win together
Expect the best

Key Projects:

CA Program Strategic Review
 CAANZ Collaboration
 ICT Renewal

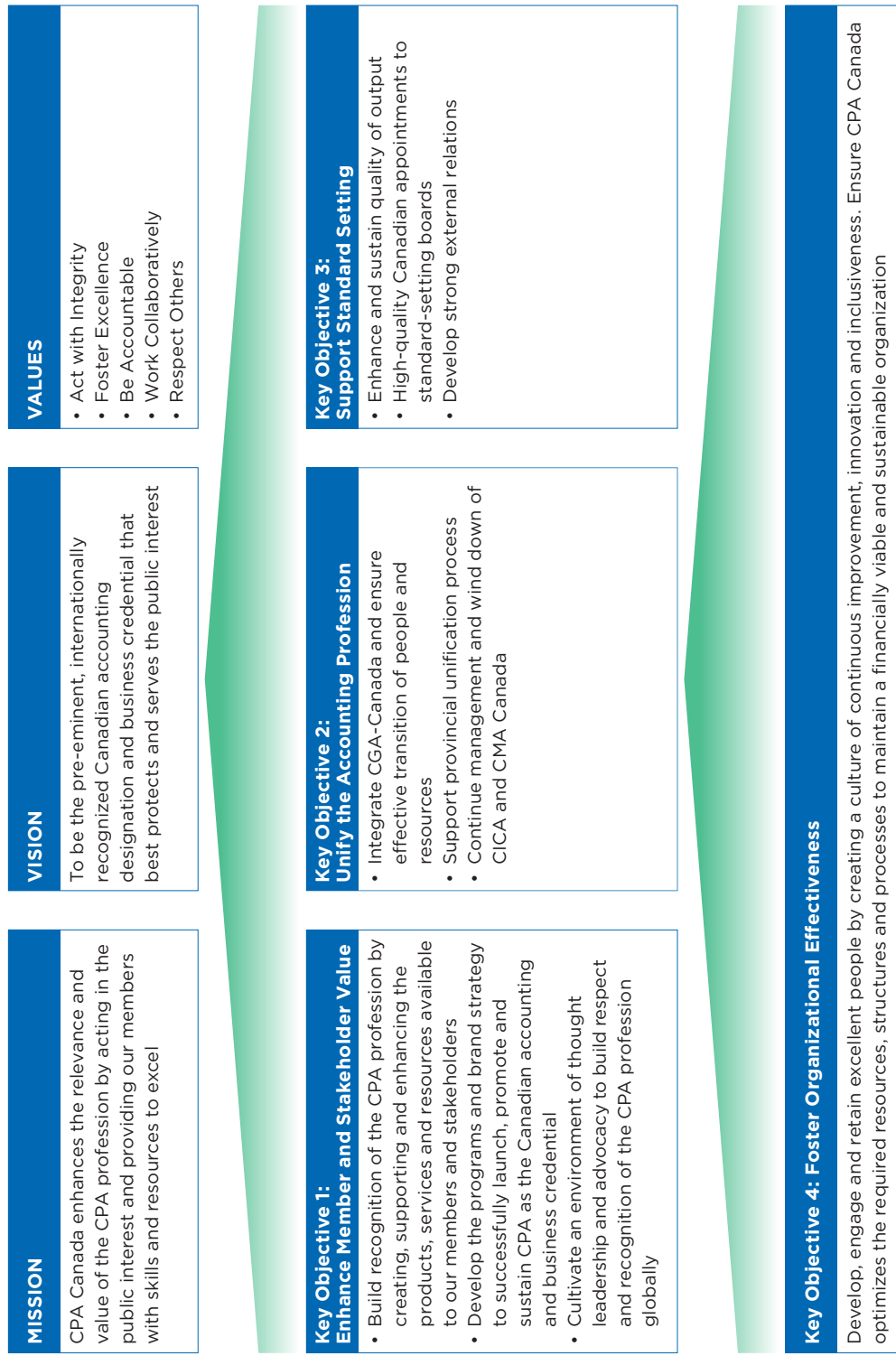


The Institute of
Chartered Accountants
in Australia



CPA Canada Strategic Framework 2014-15

CPA Canada Strategic Framework 2014-15



Key Objective 1: Enhance Member and Stakeholder Value – Top Priorities by Department

- Build recognition of the CPA profession by creating, supporting and enhancing the products, services and resources available to our members and stakeholders
- Develop the programs and brand strategy to successfully launch, promote and sustain CPA as the Canadian accounting and business credential
- Cultivate an environment of thought leadership and advocacy to build respect and recognition of the CPA profession globally

KEY PRIORITIES by Department	Services to Engage and Enhance Member and Stakeholder Value	Develop and Launch CPA Certification Programs	Enhance Thought Leadership and Advocacy
Education Certification		• PEP: Complete development and launch nationwide • PREP: Complete development • Mid-Tier: Develop and agree on launch • Develop/administer CPA exams	
Communications	• Implement Member Engagement and Value Strategy to enhance CPA brand • CPA stakeholders communication strategy to increase awareness and recognition of CPA Brand Value proposition	• Marketing and communications for CPA education programs • Build “Become a CPA” national website	• Public and consumer interest. CPA Canada is leading body on fiscal, economic and professional issues
Professional Learning and Development	• Reassess overall approach to Professional Learning and Development • Develop and launch specialization programs • Continue development of new In-Depth Tax Course • New program offerings for consolidated membership		
Member Services	• CPA Magazine • Deliver publications relevant to our membership and their clients • Deliver value-added resources and increase member awareness of resources • Review/expand data profile collected on members		• Financial Literacy program
Research, Guidance & Support	• Members have access to relevant technical resources to help them advance and excel • Enhance communications for monitoring and assessing value of products		• Position CPA Canada as a leader in supporting Canada's capital markets • Emerging issues research • Research and advocacy on contemporary issues

Key Objective 1 (Continued)

KEY PRIORITIES by Department	Services to Engage and Enhance Member and Stakeholder Value	Develop and Launch CPA Certification Programs	Enhance Thought Leadership and Advocacy
Standards	• Leverage recommendations for audit quality process • Increased focus on broader stakeholder outreach		
Tax	• Position CPA as leader in tax education • Position CPAs as leaders in provision of tax services • Best practices in tax/codes of conduct • Tax specialization		• Promote extension of privilege for accountants • Thought leadership in tax evasion, avoidance, and competition
Finance and Administration	• Deliver a new website infrastructure including new CMS • Develop CPA Canada's first annual report • Provide high-quality interface with French-speaking members	• Provide IT platforms required by Education certification programs • Implement extended hours student help desk	
Executive	• Develop and implement international strategy • Support Audit Quality/Value of Audit Process • Commence relevance of financial reporting project • Oversee overall stakeholder engagement plan		• Support tax thought leadership

Key Objective 2: Unify the Accounting Profession – Top Priorities by Department

- Integrate CGA-Canada and ensure effective transition of people and resources
- Support provincial unification process
- Continue management and wind down of CICA and CMA Canada

KEY PRIORITIES by Department	Integrate CGA-Canada and Ensure Effective Transition of People and Resources	Support Provincial Unification Process	Continue Management and Wind-down of CICA and CMA Canada
Education Certification	• Utilize CGA-Canada staff where possible		• Effective wind-down of legacy programs
Communications	• Utilize CGA-Canada staff where possible	• Continue unification momentum strategy • Facilitate national and provincial communications committee • Facilitate Government Relations sub-committee	
Member Services	• Import and manage new members within unified membership data-base	• Ensure access to accounting, auditing and assurance is available to full membership	
Research, Guidance & Support	• Ensure composition and mandate of all volunteer groups include perspectives and appropriate representation of legacy memberships	• A national strategy for the identification, development and delivery of member engagement, and technical research, guidance and support	
Tax	• Active tax committees reflective of combined membership		
Finance and Administration	• Integrate technology services • Manage human resource transition and integration of CGA-Canada staff	• Support centralization of any services	• Continued financial management of legacy wind-down
Executive	• Develop ongoing management structure and oversee integration of CGA-Canada operations • Make a decision re ongoing Vancouver presence • Resolve CGA-Canada insurance issue	• Provide assistance to provincial bodies as required • Support Education with Ontario Public Accountants Council matters • Strategy for dues harmonization	• Support legacy national boards

Key Objective 3: Support Standard-Setting – Top Priorities by Department

- Enhance and sustain quality of output
- High-quality Canadian appointments to standard-setting boards
- Develop strong external relations

KEY PRIORITIES by Department	Enhance and Sustain Quality of Output	High-Quality Canadian Appointments to Standard-Setting Boards	Develop Strong External Relations
Education Certification			• Strengthen relationships/partnerships with academic community • Support academic research
Communications			• Establish and communicate role of CPA Canada in relation to the Standards Boards
Professional Learning and Development	• Provide education-related support for standards implementation		
Research, Guidance & Support	• Conduct research in financial accounting and assurance • Assist Standards group in engagement with stakeholders in development and implementation of new standards		
Standards	• Improved collaboration within CPA Canada • Increased focus on process improvement and sharing best practices	• High-quality appointments to Canadian and international standard-setting committees • Improve diversity of oversight councils	• Improved collaboration with other stakeholders (e.g., regulators) • Focus on broader stakeholder outreach
Finance and Administration	• High-quality translation of all Canadian and international standards in a timely manner • Assist Standards group in effective distribution of information		
Executive			• MOU with CPAB • Financial support for IASB and IFAC

Key Objective 4: Foster Organizational Effectiveness – Top Priorities by Department

- Develop, engage and retain excellent people by creating a culture of continuous improvement, innovation and inclusiveness. Ensure CPA Canada optimizes the required resources, structures and processes to maintain a financially viable and sustainable organization.

KEY PRIORITIES by Department	Create a Culture of Continuous Improvement, Innovation and Inclusiveness	Optimize Resources and Structure	Enhance Collaboration both within CPA Canada and with CPA Provincial Bodies
Education Certification		• Develop a cost-recovery model for CPA certification programming • Complete reorganization of Education structure	• Establish CPA certification governance model
Communications	• Develop employee communication strategy for culture initiative		• Facilitate national/provincial branding committee
Professional Learning and Development		• Meet fiscal 2015 sales and contribution targets	• Governance model with provinces for Professional Learning and Development
Member Services		• Meet fiscal 2015 sales and contribution targets • Increase market share • Employ new methodologies for publishing • Develop new volunteer management strategy and program for all CPA Canada volunteers	• Collaborate across organization and provincially • Work interdepartmentally to meet business needs • Support research needs of all departments
Research, Guidance & Support	• Work with other CPA Canada groups to create formal processes for communication, co-planning and product development	• Explore opportunities to collaborate in process and output of other CPA Canada groups	
Standards	• Support efforts in culture, evaluations and management development	• Greater focus by staff and volunteers on process improvement	• Improve collaboration across CPA Canada

Key Objective 4 (Continued)

KEY PRIORITIES by Department	Create a Culture of Continuous Improvement, Innovation and Inclusiveness	Optimize Resources and Structure	Enhance Collaboration Both within CPA Canada and with CPA Provincial Bodies
Finance and Administration	Lead change management and culture initiative	- Instill business partner focus in all administrative departments - Review/replace reprographic and AV equipment - Create long-term technology strategy - Implement ITIL processes/training to increase stability of systems - Implement workflow software system - Improve backup systems in technology infrastructure (risk mitigation) - Meet 2014/15 financial targets - Implement new improved information systems	- Explore ways to establish key areas (finance, HR, translation, IT) as trusted advisors and key partners for all business units - Increase collaborative technologies for information distribution - Maintain and promote national platforms when possible
Executive	Champion culture change		Manage Council of Chairs, Chief Executive, and national/provincial oversight committees

Strategies and Issues for New Executives of the JICPA

1

Environment surrounding the JICPA

- CPAs and audit corporations are under public scrutiny due to high-profile accounting scandals.
 - CPAs are expected to act as watchdogs over the capital markets.
 - Fields requiring a CPA's knowledge and skills are expanding and diversifying as social and economic structures become more complex, sophisticated, and globalized.
- ⇒ CPAs need to recognize the public need for the roles that CPAs play.

2

Five strategies for new executives

- I. Restore public confidence in CPA audits by implementing self-regulatory measures in a visible manner.
- II. Voice our views on reforming the regulatory framework and developing accounting standards.
- III. Ensure the necessary resources by contributing to the professional development of CPAs.
- IV. Expand and diversify CPA services by responding appropriately.
- V. Continue to reform JICPA governance.

3

Implement self-regulatory measures in a visible manner (1/2)

1. Restoring confidence in CPA audits through self-regulatory measures
 - (1) Implement various self-regulatory actions
 - ① Quality control reviews
 - ② Disciplinary actions against JICPA members
 - ③ Continuing Professional Education (CPE)
 - ④ Improve the JICPA Code of Ethics
 - ⑤ Develop implementation guidance for audits
 - ⑥ Develop practical guidelines for industry-specific accounting treatments
 - (2) Relationship between governmental regulation and self-regulation

4

I. Implement self-regulatory measures in a visible manner (2/2)

2. Establish an appropriate registration system for firms that audit listed companies

- (1) Require audit firms that perform audits for 3,900 listed companies to register with the Center for Listed Company Audit Firms and establish an effective quality control system.
- (2) Require audit firms to submit outlines of the audit firms and their quality control systems. Make the information publicly available.
- (3) Improve the quality control systems of audit firms by conducting quality control reviews, making recommendations when deficiencies are identified, and promoting implementation of corrective actions.
- (4) Publish recommendations for firms that do not take corrective action. Firms with significant deficiencies should be unregistered and declared to be lacking the quality control system needed for auditing listed companies.

5

II. Voice our views on reforming the regulatory framework and developing accounting standards

1. Company auditors should have the power to appoint an independent auditor and determine audit fees. These company auditors are responsible for monitoring corporate management. Call for the amendment of the Companies Act or the enactment of the Public Companies Act
2. Promote further convergence with IFRSs. Encourage the ASBJ to accelerate convergence with IFRSs so as not to isolate Japanese GAAP from the IFRS community.
3. Develop accounting principles for revenue recognition. Urge the ASBJ to develop standards and practical guidelines that clarify revenue recognition in order to avoid earnings manipulation.
4. Ensure sufficient audit hours and fees. Seek an increase in the audit fees, which are one fourth those in the U.S. Send the message that adequate audit hours and fees are essential factors for ensuring high quality audits.

6

III. Ensure the necessary resources by contributing to the professional development of CPAs

1. Reform the CPA Examination.
 - (1) Short term: reform within the current framework.
 - (2) Long term: amend the CPA Laws.
2. Cooperate with graduate schools of professional accountancy
 - (1) Education at undergraduate schools is insufficient due to the increasing sophistication and specialization of accounting and auditing.
 - (2) Recognize classes at graduate schools as professional accountancy education programs (pre-qualification education).
 - (3) Provide support by introducing internships.
3. Enhance the “Hello! Accounting” programs
 - (1) Boost interest in accounting among elementary and high-school students.
 - (2) Develop educational materials.
4. Improve workshops provided under CPE programs
 - (1) Case studies
 - (2) Discussions

7

IV. Expand and diversify CPA services

1. Develop studies that improve services, such as taxation, public sector auditing, CSR, internal control, M&A, and support for SMEs. (Develop materials that serve CPA services.)
2. Support SMPs.
 - ① Provide information and support for SMP incorporations and mergers.
 - ② Develop audit and IT tools.
 - ③ Separate clients into two groups: those best served by big firms and those best served by SMPs.
3. Review assurance and other engagements.
Examples: comprehensive external audits of local governments, audits of political parties.

8

V. Continue reforming JICPA governance

In order to operate effectively as a self-regulatory body and accomplish our social mission of responding swiftly to environmental changes, the JICPA should become an organization that is capable of timely and appropriate decisions and actions.

1. Strengthen the JICPA Secretariat.
(1) Create the new position of Chief Executive.
(2) Improve the expertise of each member of the Secretariat staff.
2. Reinforce the coordination between the JICPA head office and the local chapters.
3. Review the financial position of the JICPA.
4. Review operation of the continuing professional education and publishing.

Action Plan 2014 - 15



Moving Towards New Frontiers



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



The Institute of Chartered Accountants of India

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by the Chartered Accountants Act, 1949 for the regulation of the profession of Chartered Accountants in India. The ICAI has achieved recognition as the premier Accounting body in India and second largest accounting body in the world.

Vision:

ICAI aims at harnessing the opportunities and addressing the challenges presented by the rapidly changing environment so that by 2030, ICAI becomes: World's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accounting, assurance, taxation, finance and business advisory services.

Action Plan 2014-15

CA. K. Raghu

President, ICAI



Moving Towards New Frontiers

We will move towards new frontiers through securing better professional opportunities and avenues for our members in practice and industry, and empowering them with cutting-edge technology that will enable us to create a formidable and robust future for the profession. Empowerment of women members and attending to the need of generation next accountants will be one of our primary concerns.

Promoting transparency and ethics will be our constant enterprise and we shall continue playing critical role in the core domain of Standard Setting, Financial Reporting, Auditing, Corporate Governance and alike. We will adopt global best practices for the examination and education standards and thoroughly strive to increase the quotient of trust and transparency in our profession.

Areas of Strategic Focus



Areas of Strategic Focus

1. Leadership and Influence
2. Global Recognition
3. Members in Industry
4. Members in Practice
5. Women Empowerment
6. Young Members Empowerment
7. Students Initiatives
8. Technology Initiatives
9. Infrastructure and Governance
10. Branding and Capacity Building
11. Member Support and Benefits
12. Research Initiatives



Areas of Strategic Focus:

1

LEADERSHIP AND INFLUENCE



- ▶ Playing a greater role in nation-building and public participation.
- ▶ Propelling the profession's interest by gaining public confidence.
- ▶ Supporting the government in effective implementation of the Companies Act, 2013.
- ▶ Forming a politically neutral group to promote a dialogue between the Parliament, business and accountancy profession on issues of economic importance.
- ▶ Collaborating with institutions of national importance to formulate successful strategies for various projects launched by the government.
- ▶ Coordinating effectively with the government departments, central and state PSUs for compulsory adoption of double entry system of accounting.
- ▶ Collaborating with global standards setters and regulators for positioning the ICAI in more proactive role in international standards-setting process.
- ▶ Leading the initiative to communicate the benefits of IFRS convergence in a holistic manner and building a nationwide commitment and consensus among key stakeholders.
- ▶ Upholding the disciplined and ethical professional conduct.
- ▶ Making the Peer Review and Quality Review processes more effective to encourage the members to demonstrate the highest standard of ethics.
- ▶ Strengthening the regulatory regime so as to uphold the fundamental edifice for which the Institution has been set up.

2

GLOBAL RECOGNITION

- ▶ Promoting the ICAI's qualification abroad by reciprocal recognition through potentially important accountancy jurisdictions.
- ▶ Developing interface and communication channels with multilateral forums including global standard-setters for twinning arrangements on technical cooperation, standard-setting and rechanneling thought leadership to reflect the Indian perspective.



- ▶ Strengthening the existing foreign chapters and opening up new chapters of ICAI in the countries of strategic importance to India.
- ▶ Promoting opportunities abroad for the benefit of membership.
- ▶ Promoting training for accountancy professionals in the developing and underdeveloped economies.
- ▶ Extending technical cooperation to emerging and least-developed economies, with a focus on Middle East and African nations.
- ▶ Playing a proactive role at global forums like IFAC/ SAFA/ CAPA / IIN to espouse special and differential needs of Indian membership.
- ▶ Promoting knowledge management by association with the relevant international organizations in emerging and niche areas and paving way for augmenting and facilitating multilateral networking, B2B and B2C by building a resource framework through intra country resource sharing.
- ▶ Providing technical support constantly to accountancy bodies in the SAARC region.
- ▶ Promoting the ICAI qualification among the overseas citizens of India.
- ▶ Strengthening interface between the Institute and the members abroad in order to provide more and better services to them and take their inputs for external reach of the Indian accounting profession.

3

MEMBERS IN INDUSTRY

- ▶ Creating a full-fledged Placement Cell to provide continuous career development of members in industry seeking employment.
- ▶ Institutionalizing interface with members-in-Industry in standard-setting process.
- ▶ Organizing programmes on contemporary topics on a regular basis for the senior officials of PSUs, multinational companies.
- ▶ Collaborating with the reputed Institutions to promote research among the working executives.



5



- ▶ Undertaking steps to enhance participation of companies in Campus Placement.
- ▶ Organising special training programs to facilitate members to switch over from employment to practice.
- ▶ Opening more CPE study circles for members-in-industry.
- ▶ Organizing nationwide outreach programmes in industries and webinars and e-learning courses for members-in-industry.
- ▶ Exploring tie-ups with reputed institutions for executive development programmes to develop managerial skills for senior positions.
- ▶ Taking steps to enhance employment opportunities for Chartered Accountants in Government Departments and PSUs.

4

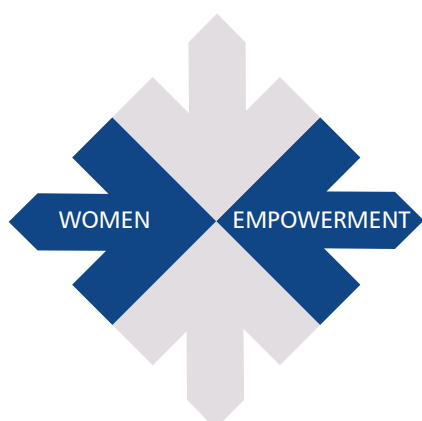
MEMBERS IN PRACTICE



- ▶ Introducing new certificate courses to equip our members to venture into new and emerging areas of practice.
- ▶ Identifying and addressing the new facets of audit emerging from the Companies Act, 2013 – internal control framework, risk management, fraud detection, internal audit and rotation of audit.
- ▶ Studying the global best practices to align the ICAI practices as per the emerging imperatives.
- ▶ Setting up a special cell to promote mergers and networking with the Indian and international accounting firms in terms of Networking Guidelines.
- ▶ Identify countries with significant opportunities for the ICAI members to provide professional services and developing opportunity assessment report of these countries for creating awareness amongst the members.
- ▶ Organising special training for the members encompassing international rules, regulations and practices followed in jurisdictions of special interest.
- ▶ Developing SMP kit including practice manual for audit compliance.
- ▶ Promoting development of IT-based tools for managing the professional practice.

WOMEN EMPOWERMENT

- Organising specialised training programmes for women members to prepare them for the role of women directors in companies.



- Creating a panel of women members to act as independent directors in companies.
- Promoting flexi working hours for women members through a dedicated women portal.
- Launching leadership programmes for women in finance and business.
- Introducing ICAI Women Achiever's Award to acknowledge and honour the accomplishments and contributions by women members.

YOUNG MEMBERS EMPOWERMENT

- Introducing ICAI Youngest CFO Award.
- Undertaking initiatives to assist young professionals in setting up new firms.
- Introducing mentorship programmes for hand-holding the young CAs.
- Enabling members engagement with the ICAI via digital media.
- Facilitating outsourcing opportunities in accounting, auditing, management consultancy services and alike.



STUDENTS INITIATIVES

- Introducing course curriculum and examination system dedicated more towards analytical reasoning and qualitative assessment.
- Creating sustainability and perpetuity in the examination evaluation process.



- ▶ Launching Articleship Training Portal- One Stop Solution for all training requirements.
 - ▶ Reviewing the course curriculum to meet the changing needs of society.
 - ▶ Making training framework more focused on practical learning.
 - ▶ Reviewing training entitlement of members and considering whether it should be based on the efflux of time or quantum of work.
-
- ▶ Organizing capacity-building programmes for firms to impart articleship training to provide guidance in methodology and mechanism to make the training more effective.
 - ▶ Increasing the number of examination centres.
 - ▶ Making examinations more practical with more case studies and practical problems.
 - ▶ Introducing Cloud Campus a next generation interactive learning management system for students.
 - ▶ Conducting student exchange programmes to share knowledge with the international institutions.
 - ▶ Introducing e-diary for students.
 - ▶ Introducing soft skill courses as part of e-learning.
 - ▶ Setting up a single window system for enquiry, availability of application forms and confirmation on application status.
 - ▶ Making provision for online submission of application forms for students.

TECHNOLOGY INITIATIVES

- ▶ Setting up ICAI Global Technology Centre.
- ▶ Establishing ICAI Knowledge Gateway with specialized knowledge under one roof.
- ▶ Introducing advanced ITT hi-tech labs to provide training to our students.
- ▶ Engaging members via social media.
- ▶ Providing service interface through the Mobile-App of ICAI.
- ▶ Making website more interactive and user-friendly.
- ▶ Launching Online Store of ICAI.
- ▶ Converting ICAI publications into e-books.
- ▶ Expanding web-enabled services for regulatory and other requirements.



INFRASTRUCTURE AND GOVERNANCE



- ▶ Building an organizational structure that will embrace and drive challenges and results across levels.
 - ▶ Implementing good corporate governance in the Institute's affairs to meet the expectation gap of varied stakeholders.
 - ▶ Implementing the best HR practices to attract and retain capable, passionate and committed employees.
- ▶ Developing a succession plan for key management roles.
- ▶ Opening 100 reading rooms and e-libraries across the nation to provide better infrastructure facilities to our students.
- ▶ Expanding infrastructure to provide improved services to members and students by opening new centres of excellence and branch buildings.

BRANDING AND CAPACITY - BUILDING

- ▶ Driving the campaign of global Indian Chartered Accountant brand by highlighting the vital role that Chartered Accountants play in the global economy.
- ▶ Promoting core strengths and the values, which the profession provides to the industry and nation's economy in national and international brand-building initiatives.
- ▶ Launching welcome kits to facilitate members to leverage Global Opportunities.
- ▶ Augmenting the ICAI profile and Indian accountancy profession at forums and platforms of international accountancy institutions.
- ▶ Launching focused CPD programmes for specific knowledge-domains, specific demographic segments and meeting the aims and aspirations of those in employment/ practice on a standalone basis.





11

MEMBER SUPPORT AND BENEFITS



- Introducing Member Benefits, a privilege program to provide easy access to special products and services.
- Making online provision for member support services.
- Launching national help-line for guidance and assistance to the members.
- Upgrading the Grievance Management System.

12

RESEARCH INITIATIVES

- Working with leading universities and institutions to encourage doctorate programmes in accounting, assurance, taxation, finance and business management among the ICAI members.
- Encouraging research by appointment of full-time researchers in the area of taxation, finance and other allied areas of business management.
- Bringing out sector-specific research publications to provide better insight into the complex issues faced by the businesses today.



CONNECT

Head Office :

The Institute of Chartered Accountants of India
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg,
NEW DELHI – 110 002
Tel: (011) 39893989
Email: icaiho@icai.in

ICAI Bhawan, C-1, Sector 1,
NOIDA – 201 301, Dist. Gautam Budh Nagar, (U.P.)
Tel: (0120) 3989398

ICAI Bhawan, A-29, Sector 62
NOIDA – 201 309, Dist. Gautam Budh Nagar, (U.P.)
Tel: (0120) 3045900

Western Region

ICAI Tower, Plot No C-40, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel: (022) 33671400/33671500
Email: wro@icai.in
Website: www.wirc-icai.org

Southern Region

ICAI Bhawan, 122, Mahatma Gandhi Road, Post Box
No. 3314 Nungambakkam, CHENNAI – 600 034
Tel: (044) 30210356
Email: sro@icai.in
Website: www.sircoficai.org

Eastern Region

ICAI Bhawan, 7, Anandilal Poddar Sarani,
Russell Street, KOLKATA – 700 071
Tel: (033) 39893989
Email: ero@icai.in
Website: www.eircicai.org

Central Region

ICAI Bhawan, 16/77-B, Civil Lines,
KANPUR – 208 001
Tel: (0512) 3989398
Email: cro@icai.in
Website: www.circ-icai.org

Northern Region

ICAI Bhawan, 52, 53 & 54, Institutional Area,
Vishwas Nagar, Shahdara,
DELHI – 110 032
Tel: (011) 39893990
Email: nro@icai.in
Website: www.nirc-icai.org



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi-110002
www.icaai.org