



30 January 2013

Our ref: ICAEW Rep 05/13

IFAC, PAIB Committee
529 5th Avenue
6th Floor
New York
New York 10017
USA

Dear Sir,

PAIB Strategy and Work Plan for 2013-2016

ICAEW welcomes the opportunity to comment on the exposure draft *PAIB Strategy and Work Plan for 2013-2016* published by IFAC on 6 November 2012, a copy of which is available from this link <https://www.ifac.org/publications-resources/paib-strategy-and-work-plan-2013-2016>.

ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 140,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

Overall we are supportive of the proposed PAIB Strategy and Work Plan for 2013-2016. Our detailed comments are attached as an appendix. In general many of these comments seek to emphasise the need for the PAIB to focus on work they are uniquely placed to do. Such work would include developing our understanding of diversity in the profession, particularly with respect to national differences, and supporting such diversity.

We are pleased to be able to make reference to and summarise the material that the PAIB produces where appropriate. We know that it is difficult to assess the impact of such outputs but welcome PAIB's recognition of the need to do so.

Yours faithfully

Rick Payne, Finance Direction Programme
T +44 (0)20 7920 8451
E rick.payne@icaew.com

APPENDIX

Our response is set out in line with the questions used to guide feedback.

Q1 Do the proposed PAIB vision and objectives continue to reflect the best focus for IFAC to help its member organizations support their professional accountants in business and facilitate the profession's contribution to the development of sustainable organizations and financial markets and strong international economies (page 10)?

1. Yes

Q2 Do the six areas of focus continue to reflect the significant issues of importance to professional accountants in business in your jurisdiction (page 11)?

2. There is an emphasis on integration and we are not sure how integrated thinking is being defined. However, it is important to note that divergent thinking and the ability to challenge are important qualities sometimes required of professional accountants in business.
3. The six areas of focus remain relevant. While we do not suggest adding to the list it may be worth noting that information technology developments are likely to have a significant impact across each area.
4. We support the review of the positioning of IGPGs. This work should also be reflected in Appendix 2 in order to provide a complete picture.

Q3 Do you agree with the proposed activities and projects on the work plan? Are there any gaps that would benefit from consideration at an international level? Are any important new developments missing? (Appendix 2).

5. Developing a statement on the role of the senior financial officer/CFO

We are not convinced that such a statement would be of value given the diverse contexts within which CFOs operate. Contextual drivers include organisational size, national differences, the make-up of executive teams and industry sectors. An alternative approach would be to produce a series of case studies of CFOs from around the world which focus on economies where the professionally qualified CFO is less common. Ideally the CFOs covered would be from diverse backgrounds and the cases would demonstrate the wide range of potential contributions a professionally qualified CFO can make. The aim of the cases would be to provide evidence that professionally qualified CFOs and aspiring CFOs with evidence they can use to demonstrate to those outside the accounting profession that they can contribute more broadly to business performance.

6. Forward looking paper on future roles and expectations of professional accountants in business

Before embarking on this project an assessment should be made of the impact of previous forward looking papers on the roles of PAIBs/CFOs (see for example KPMG's report 'Finance of the Future – looking forward to 2020' published in 2008).

The themes highlighted do not look particularly forward looking. In particular balancing the tensions between the 'partner' and 'steward' role and the need for broad-based experience and specialist knowledge have been very long standing and inherent issues for professional accountants in business. Therefore it is unclear how a forward looking paper would have particular value in helping individuals cope with these tensions.

The value of forward looking papers usually lies in generating new thinking and preparing for possible scenarios which are not being widely considered. One approach might be to identify well thought through future scenarios and trends produced by other institutions and look at the possible

implications for professional accountants in business. The scenarios and trends should reflect a range of possibilities for how areas such as globalisation, automation, information technology developments, climate change, ageing populations etc. may play out.

7. Supporting the International Accounting Education Standards Board (IAESB)

PAIB's work in supporting the IAESB should seek to ensure that the development of competency frameworks does not inhibit diversity in the profession and the multiple qualities that professional accountants in business can bring to organisations.

8. Continuing to provide the profession a framework of fundamental principles on how professional accountants in business contribute to evaluating and improving governance in organisations.

By and large the principles set out in the current IGPG on 'Evaluating and Improving Governance' reflect general governance principles and guidance we observe in many jurisdictions, which generally do not set out specific guidance for CFOs or Finance Directors. The IGPG contains little detail on the specific role of professional accountants in business beyond that in other PAIB publications. Rather than updating the IGPG perhaps PAIB should consider the fact that the role of professional accountants in business in effective governance does not seem to have been analysed in any detail by commentators. This is a gap that PAIB could seek to fill. Again PAIB can add particular value by looking at how the challenges of effective governance for professional accountants in business vary between countries. One approach may be to look at specific governance failures and the lessons learnt.

9. Further developing relationships with national and international issuers of standards, frameworks, and guidelines for internal control and enterprise risk management.

We support continued and active dialogue with both ISO and COSO.

10. Providing a high-level comparison of the various risk management and internal control guidelines (e.g. COSO and ISO), highlighting commonalities and differences, particularly focused on concepts and terminology.

Assuming such work has not been carried out elsewhere this comparison could be of value. We would suggest a practical focus and aim the comparison at those tasked with designing organisational policy and guidelines while attempting to meet both the ISO and COSO guidelines.

The effort required to successfully carry out this work should not be underestimated.

11. Supporting the International Ethics Standards Board for Accountants (IESBA) in evaluating and improving the Code of Ethics for Professional Accountants, specifically in relation to professional accountants in business.

In providing this support we would emphasise the need to help professional accountants in business work across different national cultures because the interpretation of written ethical codes and concepts may vary significantly from country to country when explored in depth. Identifying and discussing such differences may help professional accountants in business deal with ethical issues when they arise, particularly when carrying out international assignments.

12. Developing the IFAC Sustainability Framework to further promote and encourage integrated thinking and management.

Greater clarity is required on how PAIB envisage developing the framework further. Any development should be based on assessment of the impact of the existing framework and how

PAIB can best meet its objective.

13. IFAC will continue its central role in the development of the International Integrated Reporting Council and its integrated reporting framework.

It is unclear how a project on 'defining and understanding business models from a performance management perspective to aid strategic and operational decision making and consider the role of professional accountants in business' will add to the existing and wide ranging literature on the role of accountants in business and performance management.

Q4 Are there proposed projects on the work plan that you or your organization would be interested in being involved with at the task force level? In addition to the organizations listed on page 15 and 16, IFAC would be interested in receiving feedback regarding other organizations that IFAC could possibly build relationships with in the future.

14. Resource constraints mean we cannot commit to task force involvement at this stage. We will review our position in July this year.

Q5 How useful have the PAIB publications since 2010 been? What could the PAIB Committee do differently to increase the usefulness of its output and activities for member organizations.

15. Please refer to our covering letter.