

# Presenting: The Edinburgh Group



**Jelil Bouraoui**

Member of:  
The Edinburgh Group,  
The IFAC Board ,  
PAOD Committee.

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# Agenda



- **Background**
- **Vision**
- **Objective**
- **Constitution**
- **Group Members**
- **Global SMP/SME Congress (GSC)**
- **Edinburgh Group Today**

# BACKGROUND



**First meeting in May 2000 in Edinburgh, Scotland.**

**8 Professional organisations attended the inaugural meeting:**

- **ACCA (Global)**
- **CNDCEC (Italy)**
- **CGA-Canada**
- **ICAI (India)**
- **IAA (Regional Organisation for the Americas)**
- **ECSAFA (Eastern Central Southern African Federation)**
- **TURMOB (Turkey)**
- **ICPAI (Israel)**

# VISION



- To provide a forum of exchange of views between parties who have an interest in the advancement of the accounting profession
- To advocate for the Profession on Small and Medium Practices (SMP) and Small and Medium Enterprises (SME) related issues
- To ensure that the different sectors of the profession are represented within IFAC in a proportionate, balanced manner and that the diverse character of the profession is reflected in its work
- To promote the interests of developing nations
- To explore collaboration between the members of the Group in the interest of their constituents
- To develop policy on key issues of interest to the Group which IFAC should be addressing but is not yet doing so

# OBJECTIVES



- To identify and collaborate on initiatives which will benefit the various constituents of the Members of the Group
- To identify the needs of Members of the Group and, wherever necessary, to supplement the initiatives taken by IFAC and to focus more on certain issues than IFAC is doing to meet the expectations of Members (e.g. the needs of SMP/SMEs, accountants in business and developing nations)
- To ensure that the proper balance of interests between the sectors of the profession is represented at IFAC

# OBJECTIVES



- **To develop policy papers on suitable issues (e.g. networking opportunities)**
- **To play an advocacy role on behalf of SMP/SME and developing countries**
- **To carry out any other activities necessary to achieve the objective of the Group**

# CONSTITUTION



**In January 2004, the Group adopted a formal Constitution which incorporated the vision and the objectives of the Group**

# SAN JOSE DECLARATION



- **Signed in March 2004**
- **Called for the accountancy profession to be properly represented in terms of SMPs and to focus on the SME sector**
- **Prompted IFAC to upgrade the then existing SMP Task Force to an SMP Committee and to launch an International SMP/SME Forum which is held annually on a continent rotation basis.**

# CHARACTERISTICS



- **The character of the Group is inclusive rather than exclusive. It also welcomes member bodies which are credible but which may have decided not to join or been excluded from IFAC for whatever reason.**
- **The Group works on a less formal basis than other comparable international organisations. It works largely by telephone conferences and e-mail with minimum secretarial support.**
- **The Group adopts a pragmatic approach in terms of cost sharing and language ability.**
  - **It does discriminate between large and small member bodies**
  - **It accommodates all international languages even though the working language is English**

# CHARACTERISTICS



- **The Group seeks to represent all its members to the benefit of all and thus ensure solidarity of purpose and action. It is sensitive to human rights, cultural values, social development and environmental protection and to the needs of Developing Nations**

# GROUP MEMBERS



The Group is today much larger than the one that formed in May 2000. It now includes:

- ICPAI (Ireland)
- OECT (Tunisia)
- CECCAR (Romania)
- CPA Australia (Australia)
- NIVRA (Netherlands) is to join in 2011
- CFC (Brazil) will attend the next few meetings as observer before eventually joining it

# Global SMP/SME Congress (GSC)



- In the course of 2009, the Edinburgh Group submitted a project known as the Global SMP/SME Congress (GSC) to IFAC
- The GSC was intended to be an Independent international representative body of small and medium-sized practice constituencies of IFAC Member Bodies
- While the GSC was not formally adopted by IFAC, the Edinburgh Group obtained a full review of IFAC SMP/SME activities which resulted in a number of recommendations

# GSC RECOMMENDATIONS



The IFAC Board approved the following 17 recommendations:

- **Recommendation 1 – IFAC Strategic Development.** IFAC should consider the findings from the online SMP survey and consultation exercise when developing the IFAC Strategic Plan for 2011-2014
- **Recommendation 2 – Policy Making and Regulation.** IFAC's policymaking and regulatory activities, including standard setting, should place greater emphasis on SMEs and SMPs since these constituencies are crucial to the public interest.
- **Recommendation 3 – Voice, Visibility and Communications.** Emphasis should be placed on communicating about SME/SMP issues, the importance of the SME sector, and the role of SMPs in servicing this sector.

# GSC RECOMMENDATIONS



- **Recommendation 4 – IFAC SMP Forum.** The format of the annual SMP Forum should be reviewed by the SMP Committee so as to include expanded dialogue on SME policy making and regulation, how the profession can best support the SME sector and sharing of relevant member body SMP initiatives.
- **Recommendation 5 – Strategic Planning and Operations of Other IFAC Committees and Boards.** All of IFAC's boards, committees and other groups should determine in a timely manner what action, if any, to take in light of the findings from the online SMP survey and the consultation exercise.
- **Recommendation 6 – SMP Practical Support for Member Bodies.** The SMP Committee should consider the findings from the online SMP survey and consultation exercise when determining what SMP practical support for member bodies to include in its Strategic and Operational Plan 2011-2014.

# GSC RECOMMENDATIONS



- **Recommendation 7 – Facilitating Member Body Sharing.** Member bodies that provide significant member services to their SMPs should be requested to provide for free to IFAC at least one product or service that is either already suitable for international use or else capable of being readily internationalised.
- **Recommendation 8 – SMP Representation (1).** The Nominating Committee should aim to have at least one SMP representative on the Planning and Finance Committee, the Nominating Committee and the International Regulatory Liaison Group.
- **Recommendation 9 – SMP Representation (2).** The Nominating Committee should aim to have at least two SMP representatives on the relevant standard setting boards, in particular the IAASB and IESBA.

# GSC RECOMMENDATIONS



- **Recommendation 10 – SMP Representation (3).** The Nominating Committee should consider various ways of increasing the supply of suitable SMP representatives with adequate technical support.
- **Recommendation 11 – SMP Representation (4).** The Nominating Committee should consider the benefits of consulting with the SMP Committee during the nominating process.
- **Recommendation 12 – SMP Representation (5).** All SMP representatives and their technical advisors serving on IFAC boards and committees should maintain a dialogue with the SMP Committee.

# GSC RECOMMENDATIONS



- **Recommendation 13 – SMP Representation (6).** The standard setting boards, especially the IAASB and IESBA, should aim to appoint an appropriate number of SMPs or their proxies to serve on relevant project task forces.
- **Recommendation 14 – Delivery Mechanisms.** IFAC should make use of existing structures and processes, suitably adapted and strengthened, rather than create a new SMP entity.

# GSC RECOMMENDATIONS



- **Recommendation 15 – Communicating the Results of the Review.** In communicating the results of the review to member bodies and other key stakeholders the IFAC Board should do the following:
  - Stress the extent of consultation used as part of the review process.
  - Clarify certain matters raised during the review.
  - Highlight that some of the recommendations will take time to implement and their effectiveness even longer to appraise.
  - Emphasise that any additional planned services have been considered in the context of IFAC's current budget environment.

# GSC RECOMMENDATIONS



- **Recommendation 16 – Post-Implementation Review (Short-term).** The SMP Committee should conduct a post-implementation review of the recommendations that can be implemented in the short-term.
- **Recommendation 17 – Post-Implementation Review (Long-term).** The IFAC Board should conduct a post-implementation review of the recommendations that are more pervasive and longer-term.

# GSC RECOMMENDATIONS



- We can reasonably conclude that the initial Edinburgh Group's submission, namely the GSC, was a move in the right direction and for the benefit of the profession as a whole
- Is this the end of the GSC? We all believe, as stated by Pino Messina, that this is just the beginning of the GSC which is now an on-going strategic reflection across the board

# ROLE WITHIN IFAC



- According to Bob Bunting, the outgoing president of IFAC, **the Edinburgh Group played a crucial leadership role in promoting the interest of SMP/SME and proved to be a very authoritative and reliable “thought leadership partner” of IFAC**

# EDINBURGH GROUP TODAY



- **Ten years after its formation, the Edinburgh Group is as dynamic as ever.**
- **Three ad hoc task forces have been launched:**
  - **SMP/SME strategies and policies**
  - **Developing Nations**
  - **Accountants in Business**
- **A very ambitious programme for a Group which has so far proved that being small can well equate with targeting high**



**Thank You!**