

## Challenges in Accountancy Profession in SAARC Region



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### Writing a New Growth Story

South Asian Federation of Accountants (SAFA), an Apex Body of SAARC was set up in 1984 for promoting the accounting profession in the countries in South Asia and internationally with a mission to bring the accounting bodies in the region together at a common forum and facilitate professional cooperation in the areas of education, training, technical and ethical standards. It has been playing a pivotal role for the harmonisation of professional standards in the areas of accounting, auditing, ethics and education and is committed to raise the level of profession in the Region. SAFA provides special impetus to co-operation amongst its member bodies for the overall growth of the accountancy profession in the SAARC region and explores means in which, it as a representative forum, could play prolific role

in the development of the accountancy profession.

SAFA aims to augment its visibility through increased stakeholders' engagement and position itself as an effective regional accountancy forum. It also wants to contribute in accelerating the convergence of international standards of the region with the IFAC's declared ones. Through promotion of qualification reciprocation in the region, it aspires to increase cooperation among its members, professional accounting bodies of the nations falling in the region. The federation is working in several important fronts through active engagement of several of its committees. Among the important work is the one towards harmonising the accounting education in the SAARC region with the objective of having in due course a qualification that could be recognised as *South Asian qualification*.

The profession in South Asian Region has grown tremendously in the recent past and all the member bodies of SAFA have grown in reputation as well as in size. Over the years, SAFA has proven its importance to develop the accountancy profession in South Asian Region through its various committees. From time to time, it also takes up the role to promote within its jurisdiction accountancy



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### Some Significant Developments

#### Proactive Support for Institutionalised Accountancy in SAARC Region

SAFA has been taking a proactive role in promoting and supporting the cause of institutionalisation of the profession in the countries in its jurisdiction. SAFA has been in continuous touch with the authorities in Afghanistan, Bhutan and Maldives directly or through its member bodies for the institutionalisation of accountancy profession. Continuing the efforts, SAFA has recently organised its Board and Committee meetings and Workshop on 'Efficiently Managing Small & Medium Practices' in Maldives on June 8-10, 2014, which were hosted by the Audit Office of Maldives.

During those programmes in Maldives, we met His Excellency Mr. Abdulla Yameen Abdul Gayoom, President of Maldives, and assured our willingness to work closely with the Auditor General's Office and other concerned Government authorities in Maldives for the development of accountancy profession in the country. The President of Maldives has assured that the Government will welcome the establishment of an accountancy institute in the Maldives, in order to ensure compliance of Maldivian accountants to international standards. The meeting was held at the Maldivian President's Office.

SAFA is also planning for organising a Conference in Bhutan and a proposal in that regard is under consideration of the Accounting & Auditing Standards Board of Bhutan, Ministry of Finance.

#### SAARC Aligned SAFA Strategy Matrix

Given the fact that SAFA is an Apex Body of SAARC, it is necessary that the work programme of SAFA

should be aligned to the broader areas of economic cooperation for which the SAARC has been formed. The revised SAARC Aligned SAFA strategy matrix of SAFA is an attempt to align the work output of the individual committee with that of SAFA mission linked strategy with the relevant Committees of SAARC. Following eight important strategic themes were identified on which SAFA should focus upon.

- a) The capacity building of the SMP of SAFA region and to promote Inter Region Networking of Firms Across SAFA Region
- b) The SAFA should contribute towards building up Ethical Framework and to combat with corruption in the SAARC region
- c) Increased Member Body cooperation
- d) Development and Strengthening of Accountancy Profession in SAARC Countries
- e) Increased International Convergence
- f) Qualification Reciprocity within Region
- g) Collaboration with International/Regional Accountancy Bodies
- h) Sustainable Business Practices and Reporting in SAARC

The objective of SAARC Aligned Strategy Matrix is to work upon a strategy that how SAFA can work more closely with the SAARC.

#### SAFA as Regional Organisation of IFAC

Given the fact that SAFA represents around 3,13,000 member accountants and 14,50,000 students, we have approached IFAC for recognition of SAFA as Regional Organisation of IFAC. Currently SAFA is an Acknowledged Accounting Grouping of IFAC. We feel that the issues and concerns of the accounting profession of such a large region do not receive enough emphasis, and the region, as a whole does not found the place on the international map of accountancy. SAFA will help in presenting the regional view at a global stage. Recognition of SAFA as a Regional Organisation would be in a larger interest of accounting fraternity.

#### SAFA Summit and SAFA-IFAC Regional SMP Forum

SAFA Summit is very prestigious function of SAFA where members from all the member bodies and corporate world participate. Content coverage of the Summit is just based on accounting concepts but economic environment of the region and world is also focus areas. In view of the importance of the event, important dignitaries from the SAARC

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Region have been requested to share their concerns and perspectives on accountancy profession. SAFA summit is organised once in two years and is organised in the country from where the President is appointed for that year. The host country plays the lead role in funding and logistics and other member bodies assume the role of technically structuring the event and marketing it in respective countries.

This time, SAFA is organising a joint SAFA-IFAC Regional SMP Forum in October 2014 in New Delhi that will be hosted by The Institute of Chartered Accountants of India. The Forum will dwell upon some of the important issues such as global and regional trends impacting SMPs, enhanced practice management and new services for SMPs, quality control and efficient auditing and alike. IFAC's SMP Committee Chair Mr. Giancarlo Attolini and Deputy Chair Mr. Brian Bluhm, among others, have kindly consented to attend the proposed Forum.

SAFA has also extended invitation to European Federation of Accountants & Auditors (EFAA) and Asean Federation of Accountants (AFA) and asked them to nominate speakers for the Forum.

### Website Revamped

SAFA has recently revamped its website [www.esafa.org](http://www.esafa.org) to make it more interactive and informative. The new SAFA portal would further enhance the information value to member bodies. The new dynamic SAFA portal was the need of the hour to promote better knowledge sharing among the member bodies. I urge all of you for your valuable inputs for further improvement of the website.

### e-Newsletter Launched

SAFA successfully issued its first e-Newsletter for the quarter Jan-Mar 2014 and hosted it on the SAFA website. The decision to bring out the SAFA e-Newsletter will play a crucial role in strengthening

the relationship between its member professional accounting bodies, since we aim to inform all our member professional accounting bodies about the contemporary changes and developments in the profession in the SAARC region through this Newsletter.

### Survey on Corporate Governance and Accountant's Role

*(Based on Survey by Federation of Mediterranean Accountants)*

The Federation of Mediterranean Accountants that represents the accountancy profession in the Mediterranean Region has conducted a survey on Corporate Governance and Accountants role. The Board on consideration of the survey report has decided to replicate the same in the SAFA Region. We have suggested for drafting a questionnaire based on the survey and circulate the same to all member bodies for their comments. The matter has been scheduled to be considered in the forthcoming Board meeting.

### SAFA SMP Survey 2013

The SAFA SMP Survey 2013 was conducted by Small & Medium Practices (SMP) Committee of South Asian Federation of Accountants (SAFA) on key issues confronting small or medium-sized practices (SMPs) and their small and medium-sized entity (SME) clients in SAARC Countries. The objective of the survey is to take necessary Capacity Building measures to raise the profile of SMPs at respective Institute's level based on the finding of the survey. The summary of responses received was considered at the meeting of Small & Medium Practices Committee held on 8<sup>th</sup> June 2014.

### Awards for Best Presented Annual Report and Corporate Governance Disclosures

With an objective of promoting best practices and to promote transparency, accountability and governance in SAARC Region, SAFA has been organising Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosure Awards since 1996. The winners of awards competition organised by SAFA member bodies participate for the SAFA competition.

The process of evaluation for SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures

Competition 2013 has been initiated and the Awards Ceremony is expected to be organised in November 2014 at India.

### Rising Expectations from SAFA

The foremost challenge before the accountancy profession in the South Asian region is to enhance the competency of professional accountants of the region. To address this challenge, SAFA endeavours to raise the education standard by adopting innovative methodology and modern techniques. Being the Executive Board, SAFA Board is considering to develop a strategy to demonstrate SAFA's status as a forum for deliberating upon technical and other issues having global implications, elevating the role of accountancy profession in SAARC Region.

We are working to harmonise the various facets of accountancy profession in the Region - education, accounting, and auditing, professional and ethical standards. We want to increase the awareness about SAFA and its ongoing activities among the members of the SAFA member bodies, the regulatory bodies nationally in each jurisdiction and alike to enhance the bond of culture and professional environment among the member bodies. Dissemination of information about the SAFA conferences/seminars amongst the general membership is also being significantly worked upon, as this will facilitate increased participation and attendance of the professionals of member bodies to such seminars, contributing to a greater exchange and sharing of knowledge and feedback which will assist in furtherance of the development of accountancy profession in the region. The Board may also suggest on policy initiatives to SAARC for increasing trade within the SAARC countries and how accountancy profession can help support the broader mandate of SAARC. Technical committees of SAFA are being guided to promote more transparent and the best accounting

practices among the countries in the SAFA region and also to be in line with the global developments. The Board is also considering to actively promote Inter Region Networking of professional firms across SAFA region. Our secretariat is working to prepare and present a document on the 30 years' of SAFA history to historically analyse the objectives and the achievements over the past years of its existence.

To harmonise the accounting practices with the global development, the Board is emphasising on raising the concern on the issues germane to the accountancy profession so that while drafting international standards, SAFA's concerns are adequately considered. For this, a system could be developed whereby comments of any member body could be circulated to all the member bodies on different Exposure Drafts issued by IFAC/IASB so that views expressed by one member body could be suitably considered by other member body. We are working to ensure to work closely with International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA), Federation of European Accountants (FEE), Inter American Accounting Association, Pan African Federation of Accountants (PAFA) and other Regional Accountancy Bodies. We stressed upon to ensure timely submission of Activity Plans to IFAC and SAARC and other compliances also. The Board is also focusing to actively initiate to get associated with the World Congress of Accountants (WCOA) to be held in November 2014 and to get arrange a speaking slot for SAFA there, so as to promote SAFA globally.

In order to meet the financial requirements to work for the development and strengthening of Accountancy Bodies in the SAARC region, financial support may be requested through MOSIAC and other donor bodies, and the representatives of donor agencies may be invited as observers in the meetings of the SAFA Board.

SAFA believes that competent professional accountants can play a vital role for the success of business organisations in their respective countries and sustainable development across the region which is very important to raise the quality of life at par with the developed part of the world. The expectations from the profession have risen tremendously over the years and SAFA is conscious of its responsibilities and is committed to ensure that the highest standards shall be observed by all professional accountants. ■

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