

Small and Medium Practices Committee

Strategy and Work Plan, 2011–2014

Small and Medium Practices Committee
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

This *Strategy and Work Plan for 2011–2014* was prepared by the Small and Medium Practice Committee (SMP) of the International Federation of Accountants.

The SMP Committee is charged with identifying and representing the needs of its constituents and, where applicable, to give consideration to relevant issues pertaining to small- and medium-sized entities (SMEs). The constituents of the SMP Committee are small and medium-sized practices (SMPs) who provide accounting, assurance and business advisory services principally, but not exclusively, to clients who are SMEs.

The SMP Committee will primarily seek to support SMPs by helping IFAC member bodies support their SMP stakeholders.

The mission of IFAC is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

This strategy and work plan is available for download free of charge from the SMP Committee website <http://www.ifac.org/SMP>. For questions about this document, and any other questions about the SMP Committee, please contact Mr. Paul Thompson, Senior Technical Manager (email: PaulThompson@ifac.org).

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**INTERNATIONAL FEDERATION OF ACCOUNTANTS
SMALL AND MEDIUM PRACTICES COMMITTEE**

STRATEGY AND WORK PLAN FOR 2011–2014

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Chair's Statement

I am pleased to present the Small and Medium Practices (SMP) Committee's *Strategy and Work Plan for 2011–2014*. This strategy is incorporated into the overall IFAC's *Strategic Plan for 2011–2014*.¹

Vision

Professional accountants working for or as SMPs represent a significant proportion of the combined membership of IFAC's member bodies. When we refer to an SMP we essentially mean an accounting practice that exhibits the following characteristics: its clients are mostly SMEs; it uses external sources to supplement limited in-house technical resources; and it employs a limited number of professional staff. Of course, what constitutes an SMP will vary from one jurisdiction to another.

SMPs provide a broad range of professional services spanning audit, assurance, accounts preparation, and tax through to payroll, financial management and more general forms of business advice. There is much evidence² that SMEs³ value external professional accountants for their competence, helpfulness and integrity and regard them as the most trusted source of business advice. Furthermore SMPs often provide personal financial advice to individuals, many of whom are SME owner-managers. A thriving SME sector is vital to job creation, social cohesion, innovation and economic growth. As such SMPs and SMEs make a crucial contribution to sustainable economic activity.

The 2011–2014 strategic plan provides a basis to further support the work of IFAC member bodies in representing the accountancy profession and in particular, their SMP constituents. The focus on IFAC member bodies is reflected not only in the Committee's operating principles but in the collaborative approach adopted by the Committee in its product development and communication activities to date. Accordingly the work plan reflects those initiatives that stand to have the greatest impact and value for the largest number of member bodies.

Ultimately, the strategy and work plan has been developed with an aim of supporting SMPs by enhancing their influence, profile, capacity and relevance, at a global level. The strategy and work plan represents a road map to position and equip SMPs so that they may more effectively help SMEs both comply with relevant financial regulations and achieve sustainable growth.

¹ See <http://www.ifac.org/About/StrategicPlan.php>.

² See <http://press.ifac.org/news/2010/04/ifac-analysis-highlights-the-expanding-role-of-smpps-in-advising-sme-clients>.

³ The definition of "smaller entities" contained in the Glossary of Terms of the 2010 edition of the IFAC *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncement*, has been used as a guiding principle for the purposes of the IFAC Board's strategic review referred to in this document.

Strategy

The development of this strategy and work plan document represents an evolution of the previous strategy and work plan for 2009–2012, adjusted to take account of the recommendations approved by the IFAC Board in June 2010 to further IFAC's work to support SMPs. The recommendations are the outcome of a strategic review initiated by the Board in February 2009 which involved a consultative process that included an online survey—sent to recognized regional organizations, other accountancy groupings, and all IFAC member bodies—which resulted in responses from a broad cross-section of IFAC stakeholders.

In addition, the strategy has been shaped significantly by the Committee's assessment of environmental challenges facing SMPs globally. These challenges include: competitive and economic pressures; changing client needs; risk of disproportionate regulatory burden; and applicability of international standards. This plan also covers a period that looks likely to be characterized by recovery from one of the sharpest economic downturns since World War II, set against a backdrop of great uncertainty. Although some of these challenges are common to the accountancy profession in general, the fact that SMPs generally have limited technical resources and policy-making generally does not seem to take specific account of SMP and SME considerations means that they are of particular significance to SMPs and SMEs.

The SMP Committee's strategic objectives can be categorized into the following key areas:

- **Representation:** Monitoring the work of IFAC groups with respect to the extent and effectiveness of SMP representation;
- **Standard-setting:** Shaping the form and content of international standards to ensure their stability, relevance, and proportionality to SMEs and SMPs;
- **Regulation and Policy:** Increasing the participation of SMPs and small- and medium-sized entities (SMEs) in global public policy and regulatory dialogue;
- **Resources and Tools:** Accelerated development of resources, in collaboration with IFAC member bodies, to provide practical assistance to SMPs.
- **Communication:** Raising the visibility and voice of SMEs and SMPs.

Much of the Committee's previous accomplishments centered on providing input to standard-setting, development of resources and tools, and communicating to key stakeholders about the role and value of SMPs. Through the review process and related recommendations, the SMP Committee's 2011–2014 strategy has been enhanced to include monitoring of regulation and policy reform as it impacts SMPs and SMEs and ensuring sufficient representation of SMPs in the standard-setting process. While the work plan will demand action from many parts of IFAC, the SMP Committee will play the lead role in their implementation.

Conclusion

On behalf of the SMP Committee, I would like to thank those who contributed to the IFAC review process and to IFAC member bodies, regional organizations and accountancy groupings for their continuing support to raise the profile of SMPs and assist in the implementation of practical support. I would also like to acknowledge the SMP and SME community for the services, benefits, and value they contribute to the global economy.

Sylvie Voghel

SMP Committee Chair

Section 1 Introduction

This strategy and work plan sets out the vision, strategic direction and corresponding work plan of IFAC's Small and Medium Practices (SMP) Committee for the period 2011–2014 within the context of the current and anticipated environment and the perceived needs of SMPs and the clients they serve. It sets the direction and priorities of IFAC's services relevant to SMPs that are delivered by the SMP Committee. While SMP-related activities of other parts of IFAC are not governed by this plan the SMP Committee will be expected to provide input and in some cases monitor work of other IFAC groups. IFAC's success in supporting SMPs rests on close coordination and collaboration across IFAC's activity areas.

The plan will be presented at international conferences so as both to promote awareness but also to garner feedback from stakeholders that will be used to help develop the annual Work Plans for 2012–2014. Interested parties may follow SMP Committee's progress through its meeting highlights which it makes publicly available through its website.

Section 2 Alignment to IFAC Strategy

IFAC's mission, as stated in the IFAC's *Strategic Plan for 2011–2014*, is to serve the public interest by:

- Contributing to the development, adoption and implementation of high-quality international standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms
- Promoting high-quality practices by professional accountants worldwide
- Speaking out on public interest issues where the accountancy profession's expertise is most relevant

IFAC's *Strategic Plan for 2011–2014* explains that IFAC seeks to achieve its mission by influencing various economic and social **outcomes**. An important aspect of IFAC's 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. IFAC's services fall into four **service areas**:

1. Standards and Guidance;
2. Adoption and Implementation;
3. Quality and Development; and
4. Representation.

The SMP Committee's *Strategy and Work Plan for 2011–2014* is designed to complement IFAC's *Strategic Plan for 2011–2014* and indeed both were developed in close coordination. The activities of the SMP Committee relate to most if not all of the service areas, mission, and outcomes but some are more directly relevant than others.

Appendix 1 illustrates the link between IFAC's strategy and the SMP Committee's strategic objectives and the outcomes over which the Committee has a more direct influence.

Section 3 Small and Medium Practices (SMP) Committee

3.1 Purpose and Objectives

In the pursuit of its mission and desired outcomes, the IFAC Board has established the SMP Committee. The SMP Committee has its origins as a task force of the IFAC Board back in 2002. In 2004 it was then constituted as the SMP Permanent Task Force with 12 members before assuming status as a full standing committee of IFAC with 18 members in January 2006.⁴

The SMP Committee has established its Terms of Reference which have been approved by the IFAC Board.⁵ These Terms of Reference were recently changed in the light of the aforementioned review into how IFAC can best support SMPs. As stated in the Terms of Reference:

The Small and Medium Practices (SMP) Committee is charged with identifying and representing the needs of its constituents and, where applicable, to give consideration to relevant issues pertaining to small- and medium-sized entities (SMEs). The constituents of the SMP Committee are small and medium-sized practices (SMPs) who provide accounting, assurance and business advisory services principally, but not exclusively, to clients who are SMEs.

3.2 Operating Principles

The SMP Committee recognizes that the availability of resources, as well as the effective and efficient application of such resources, will be critical to achieving its objectives. In addition, the SMP Committee needs to elicit the consent and support of member bodies in order to help it achieve these objectives. Hence, the following operating principles are followed:

- **Member body focus:** Help IFAC member bodies support their SMP members rather than help SMPs directly.
- **External funding:** Seek funds to support specific activities for example, member body sponsorship for events and practical tools.
- **Collaboration:** Work in collaboration with member bodies and others.
- **When to act:** Act only when uniquely positioned to lead, facilitate or collaborate.
- **Catalyst:** Encourage others to work in support of SMPs and SMEs.
- **Communicate:** Communicate its work widely to SMPs, SMEs, member bodies, regulators, and others.

⁴ See <http://www.ifac.org/SMP/CommitteeMembers.php> for the list of members.

⁵ See <http://www.ifac.org/SMP/Committee.php>

3.3 *Project Development*

In developing its publications and other project output, the SMP Committee consults at an early stage with IFAC member bodies, recognized regional organizations and acknowledged accountancy groupings,⁶ and others, primarily via delegates at its annual SMP Forum. Forum delegates may be surveyed for their general views. Draft material, including implementation guides, is subject to a quality review by a global advisory panel. Project development is staff-driven, a reflection of the need to operate efficiently and impartially. Volunteer Task Forces drawn from the SMP Committee's membership provide technical support, advice, and review for major projects.

The SMP Committee relies heavily on IFAC member bodies, recognized regional organizations and acknowledged accountancy groupings to communicate the availability of Committee products and resources and to adapt them to suit local needs. The committee will also try to promote and facilitate translations, reproductions, and adaptations of its output.

Section 4 Environmental Challenges

The SMP Committee monitors the environment in which it operates and seeks to proactively shape that environment, react to pressures being exerted where appropriate, and influence those outcomes related to IFAC's mission that are relevant to its constituents through its strategic objectives and services. The SMP Committee's strategic objectives and services recognize that its constituents are faced with the following environmental challenges:

- ***Competitive and Economic Pressures***

SMPs continue to be confronted with acute competition including from other professions, accountants lacking a professional qualification, and larger practices. In some instances SMPs may be at a disadvantage: for example, some competitors may not be subject to an ethical code and public oversight which places restrictions on what they can do while others may gain access to the benefits that come from economies of scale.

- ***Changing Client Needs***

SMPs are faced with having to adapt to rapidly changing client needs and expectations. Increasingly SMEs look to their SMP as a one stop shop for professional accountancy services spanning accounts preparation, tax, and business advice, the latter extending to advice on complying with non-financial regulation. Meanwhile there is a global trend towards exempting SMEs from the requirement to have an audit.

- ***Regulatory Burden***

The burden of implementing regulation and standards falls most heavily, in proportionate terms, on SMEs and SMPs. In the context of a one-size-of

⁶ See <http://www.ifac.org/About/RegionalAccountancyOrgs.php>

regulation-fits-all approach to regulation and policy-making, the risk to SMPs and SMEs of having to comply with ill-fitting regulation is even greater. This burden, largely born of complexity, is exacerbated by the need to keep up with constant changes to the body of regulation and standards. IFAC's Global Leadership Survey 2009⁷ revealed respondents thought the most important point made in IFAC's G-20 submissions was the need to avoid excessive burden of financial regulation on SMEs. In the coming few years SMPs and SMEs will likely be faced with having to implement a raft of new or revised standards including the *International Financial Reporting Standard for Small and Medium-sized Entities* (IFRS for SMEs),⁸ the redrafted International Standards on Auditing (ISAs),⁹ and the new *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (the IESBA Code).¹⁰

- **Applicability of International Standards**

There is widespread concern over the applicability of international standards to SMEs and SMPs in the following areas: quality control, auditing, review, other assurance, and related services; accounting; and ethics. This concern is exacerbated by the lack of suitable alternative services to audit for SMEs at a time increasing numbers of SMEs are exempted from having to have an audit. In addition, at present SMPs are under-represented on many of the independent standard setting boards.

The combination of these environmental factors may result in one or more of the following outcomes: insufficient SMP and SME consideration in the standard-setting process; viability of SME audits and the SMPs that perform them undermined, in turn impairing public confidence in financial reporting and reducing audit choice; compliance costs exceeding the benefits from using financial reports; proliferation of differential approaches comprising two or more tiers of standards; and jurisdictions seeking unilateral solutions resulting in diverging global practices.

Section 5 Strategic Objectives and Services

The SMP Committee's strategy for the period 2011–2014 comprises four complementary strategic objectives intended to address the aforementioned challenges and capitalize on SMPs' strong reputation for being competent, trustworthy and able to offer personalized services. Ultimately, these objectives contribute towards IFAC's mission and achieving its desired outcomes. These objectives, together with a description of the nature of the services that support their attainment, are described below.

⁷ See <http://www.ifac.org/MediaCenter/?q=node/view/698>.

⁸ See <http://www.iasb.org/Current+Projects/IASB+Projects/Small+and+Medium-sized+Entities/Small+and+Medium-sized+Entities.htm>.

⁹ See <http://web.ifac.org/clarity-center/the-clarified-standards>.

¹⁰ See <http://web.ifac.org/publications/international-ethics-standards-board-for-accountants/code-of-ethics>.

- ***Input to IFAC's policy-making process and participate in its regulatory dialogue so as to ensure that SMP and SME issues are fully considered***

Through the experience of the SMP Committee and more recently, views expressed by respondents to the IFAC strategic review of SMP activities, concerns remain that SMPs and SMEs subject to complex or one-size-fits-all regulation may stifle growth and introduce inefficiencies to both of these sectors. Consequently, one of the IFAC Board's review recommendations was that IFAC's policy making and regulatory activities, including standard setting, should place greater emphasis on SMEs and SMPs since their constituencies are crucial to the public interest.

The SMP Committee believes there is an opportunity to encourage policy-makers to ensure regulatory reforms will result in frameworks that are stable, relevant and proportional to SMEs and SMPs. Regulation that is scalable from the bottom-up and principles-based is preferable to meet the test of being proportional and so be capable of cost-effective application by SMPs and SMEs. Consequently, the SMP Committee seeks to work with the IFAC policy-making and regulatory department to emphasize the value and need for a "Think Small First" principle. The Committee will also promote the need for policy-making processes to incorporate the use of impact analysis and post-implementation reviews (such as is being initiated by the IAASB) to ensure regulation achieves its intended objectives without overburdening the SMP and SME sector or introducing unintended consequences.

The SMP Committee is particularly interested in how it can help member bodies, national standard setters and regulators make informed decisions when it comes to determining their financial reporting and assurance framework for SMEs.

The SMP Committee will also help IFAC take a leadership position on public interest issues relevant to SMEs and SMPs. This may include issues such as: market concentration; public interest; professional liability reform; and G20 financial crisis reform. The annual SMP Forum and SME Policy Roundtable should help provide ideas and input as well as serve as a vehicle for communicating IFAC policy as it relates to SMEs and SMPs.

- ***Help shape the form and content of international standards so as to ensure their stability, relevance and proportionality to SMEs and SMPs***

As with regulation, more generally the SMP Committee believes that the public interest will best be served by ensuring the stability, relevance and proportionality of international standards to SMEs and SMPs. A stable platform will make it easier for SMPs and SMEs to keep up with changes in standards. The standards need to be relevant in so far as they are equally applicable and useful to SMPs and SMEs as they are to larger entities and practices. Standards should meet the test of being proportional and so be capable of cost-effective application by SMPs and SMEs.

Input to Standard-Setters

To help ensure this outcome, the SMP Committee will continue to commit a significant proportion of its resources to inputting to standard setting. This input is both internal, that is to the independent standard setting boards supported by IFAC¹¹, and external, that is to the International Accounting Standards Board (IASB). The input takes many shapes and forms including staff and volunteer dialogue, comment letters, presentations at respective meetings, and CAG and task force representation. Going forward the SMP Committee will increasingly endeavor to make this input strategic and pro-active, seeking to shape the agendas of IFAC's various committees and boards by inputting and encouraging SMPs to input to the development of their strategies and work plans. As with policy-making, the SMP Committee will also seek to encourage standard-setters to adopt a "Think Small First" approach and to incorporate the use of impact analysis and post-implementation reviews of new or revised standards and to establish whether they had their desired effect and take any actions where appropriate.

¹¹ The International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA), the International Accounting Education Standards Board (IAESB), and the International Public Sector Accounting Standards Board (IPSASB)

Representation

At present SMPs are under-represented on many of the independent standard setting boards supported by IFAC. The aforementioned review has identified a number of recommendations to enhance representation in the activities of the independent standard setting boards supported by IFAC. The Committee will increase its work to raise IFAC member bodies' and other stakeholders' awareness that the contributions of experienced SMPs and other relevant experts are needed to positively impact the activities of the independent standard setting boards supported by IFAC. The SMP Committee, therefore, will monitor the extent of SMP membership on the independent standard setting boards supported by IFAC, provide ideas on how to boost the number of suitable candidates, and help representatives be more effective. It is the SMP Committee's hope that these initiatives will result in increased participation of SMPs and others with expert knowledge on SMP and SME issues and in turn contribute positively and influentially to the standard-setting process. .

Engaging SMPs and SMEs

SMPs and SMEs, for various reasons including resource constraints and doubts over their ability to influence, often do not actively participate in the international standard-setting process. Consequently, the issues faced by SMPs and SMEs may not be sufficiently communicated to standard-setters. Hence, the SMP Committee promotes their input—either directly or via member bodies, recognized regional organizations and acknowledged accountancy groupings—through IFAC wide and SMP Committee communications vehicles, the annual SMP Forum, and the SMP/SME Discussion Board (see below). The SMP Committee is also encouraging the independent standard setting boards supported by IFAC to be more pro-active and innovative when it comes to getting input from these constituencies.

IAASB

The SMP Committee supports the principle of a single set of auditing standards as espoused in the IFAC policy paper *A Single Set of Auditing Standards – Implications for Audits of Small- and Medium-sized Entities*¹² and welcomes the August 2009 publication of the IAASB staff developed Questions and Answers, *Applying ISAs Proportionately with the Size and Complexity of an Entity*,¹³ which explains how the redrafted ISAs are designed to be applied in a manner proportionate with the size and complexity of the entity. Hence, close monitoring of their implementation should be a high priority for the IAASB so as to confirm that the redrafted ISAs are sufficiently scalable as to be capable of cost-effective application by SMPs on SME audits. Scalability should be assured, for example, by differentiating requirements into a core set that are applicable for all audits/practices and additional ones applicable for public-interest entities/larger practices. The committee, therefore, is participating in the

¹² See <http://web.ifac.org/publications/ifac-policy-position-papers-reports-and-comment-letters/policy-positions>.

¹³ See <http://web.ifac.org/publications/international-auditing-and-assurance-standards-board/practice-alerts-and-q-as#applying-isas-proportionate>.

IAASB's Clarity ISA Implementation Monitoring project. The committee will also focus its technical input to, and other forms of participation in, other projects of most relevance to SMEs and SMPs including: communication and support for redrafted ISAs; impact analyses; National Auditing Standard Setters (NSS) guidance catalogue; revision of ISAE 3000; and revision of the review and compilation engagement standards.¹⁴ The SMP Committee will provide timely and substantive input to the development of the IAASB's *Strategy and Work Plan, 2012–14*.¹⁵

IESBA

The SMP Committee will continue to closely monitor and input to the relevant work of the IESBA. Closer and more regular interaction at both staff and volunteer level can be expected. In its response to the Exposure Draft for the IESBA's *Strategy and Work Plan, 2010–12* the SMP Committee welcomed a combination of increased help for SMPs implementing the Code, impact analysis, implementation monitoring, and increased stability in the Code. The Committee has some doubts that certain aspects of the Code can be cost-effectively applied by SMPs and SMEs. Close monitoring of the Code's implementation by SMPs and SMEs should be a high priority and were it found that certain aspects of its provisions do not meet the cost-benefit test then the IESBA should be encouraged to consider how the Code might be changed for example, by greater differentiation of requirements into a core set that is applicable for all entities/practices and additional ones applicable for public-interest entities/larger practices.

IASB

The SMP Committee will continue to help IFAC closely monitor and input to the IASB's SME project. The IFRS for SMEs was issued in July 2009. The SMP Committee is helping to raise awareness of this standard and the accompanying training materials as well as encourage member bodies and others to consider how they might use it. The SMP Committee will also participate in post implementation monitoring, largely through its representation on the IASB's SME Implementation Group, and continue to consider its suitability for micro-entities. Concern over suitability prompted IFAC to issue two research papers¹⁶ on the topic while the standard was under development. Finally, the SMP Committee will continue to encourage others to undertake research in this area as well as disseminate the findings.

Other

The SMP Committee will track developments of all other IFAC activity areas and provide input where relevant including to the International Public Sector Accounting

¹⁴ For all current IAASB projects see <http://www.ifac.org/IAASB/Projects.php#InProgress>.

¹⁵ See <http://press.ifac.org/news/2010/04/iaasb-launches-online-questionnaire-to-inform-development-of-its-future-strategy>.

¹⁶ See <http://web.ifac.org/publications/small-and-medium-practices-committee>.

Standards Board, the Professional Accountancy Organization Development Committee, and the Professional Accountants in Business (PAIB) Committee.

- ***Provide and promote practical support to SMPs so as to enhance their ability to provide high quality and relevant professional services to their clients***

SMPs lack in-house technical resources and economies of scale accessible by larger firms and so have an acute need for practical support. This practical support can take many forms including guidance, tools, and web-based resources. Regardless of form, the SMP Committee's approach is to collaborate with IFAC members in the production of these resources, work with IFAC members to identify the areas of needs (based on their role in representing SMPs in their jurisdictions); and ensure the resources are easily accessible for use. This approach will ultimately support SMPs in three complementary ways: to help SMPs efficiently implement international standards so that they can provide high quality compliance services in a cost-effective manner; to help position and equip SMPs so that they may adapt to the changing needs of their clients; and to help them manage their practices better.

Guides

The SMP Committee has developed a suite of three guides as follows:

- *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities*¹⁷ (ISA Guide; about 550 pages). The first edition of this non-authoritative implementation guide, providing guidance on how to cost-effectively apply ISAs in the audits of SMEs, was issued in December 2007. The second edition, comprising two volumes and in full compliance with the redrafted ISAs, was issued in October 2010.
- *Guide to Quality Control for Small- and Medium-Sized Practices*¹⁸ (QC Guide; about 180 pages). The first edition of this non-authoritative implementation guide, providing guidance on how SMPs can cost-effectively apply the redrafted ISQC 1, was issued in March 2009. The second edition followed in July 2010.
- *Guide to Practice Management for Small- and Medium-Sized Practices*¹⁹ (PM Guide; about 450 pages; eight stand-alone modules). The first edition of this good practice guide, designed to help SMPs better manage their practices, was issued in June 2010.

These guides were developed by member bodies that were commissioned by the SMP Committee. IFAC retains full copyright ownership of all three guides. However, the guides are available for free download in PDF format from the "Publications and Resources" section of the IFAC website²⁰ or via the SMP Committee homepage²¹ (see

¹⁷ See <http://web.ifac.org/publications/small-and-medium-practices-committee/implementation-guides>.

¹⁸ See <http://web.ifac.org/publications/small-and-medium-practices-committee/implementation-guides>.

¹⁹ See <http://web.ifac.org/publications/small-and-medium-practices-committee>.

²⁰ See <http://web.ifac.org/publications>.

²¹ See <http://www.ifac.org/SMP/index.php#Resources>.

'Publications'). In addition, member bodies and firms are free to use them as they so wish—promote their use as is, extract material from, adapt, translate, and reproduce—subject to obtaining the necessary permissions from IFAC. The guides have proven to be amongst IFAC's most popular publications as measured by downloads and number of reproductions and translations.

The guides are updated on a regular basis so as to keep them current and to continuously improve them. The SMP Committee will develop guidance on how member bodies can make best use of these guides—including showcasing how some have used it—and materials supporting their use for education and training purposes. The latter help enhance the competence of practitioners and in so doing assist member bodies' compliance with IES.²²

The SMP Committee recognizes that SMPs need help implementing the new IESBA Code, especially the independence provisions. The SMP Committee is collaborating with the IESBA to determine what form of implementation support would be most effective. One possible model is a plain English guide summarizing the requirements of the Code, focusing on areas of most relevance to SMPs, and presenting illustrative scenarios.

Web-based Resources

The SMP committee will continue to develop its website, the International Center for Small and Medium Practices (the Center)²³, which presently serves as a portal to various resources including: IFACnet—the search engine tailored for accountants tailored for which the SMP Committee provides advice on future development; relevant links—links to various resources on websites of member bodies and others; SMP eNews—archive of past copies of this free quarterly electronic newsletter reporting on IFAC and other relevant news; links to other IFAC resources including the Clarity Center, the IESBA Resource Center and the Translations Database;²⁴ SMP Committee publications; and SMP/SME Discussion Board—a way of sharing views and ideas on practice management issues and international standards and guidance. The Center's resources can also be extended to include links to pay-for-use/access materials that support the implementation of IFAC standards and guidance, including derivatives of the SMP Committee's guides subject to demand by constituents for a central repository of such resources.

²² IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* requires member bodies to facilitate access to CPD opportunities and resources and IES 8, *Competence Requirements for Audit Professionals* fixes competence requirements for audit professionals (see <http://web.ifac.org/publications/international-accounting-education-standards-board>)

²³ See <http://www.ifac.org/smp>.

²⁴ See <http://www.ifac.org/translations/database.php>.

Articles Promoting Cost-Effective Application of Standards

The SMP Committee is keen to promote the cost-effective application of international standards and considers one effective way of doing this is to produce a series of articles suitable for member bodies to use in their member body journals and other communications vehicles. The first such article on ISAs was issued in early 2010 and was used by more than 15 member bodies. As well as sharing ideas the articles help raise SMPs' awareness of IFAC resources that can help with implementation.

Facilitate Member Body Sharing of Information

The SMP Committee recognizes that IFAC member bodies are challenged by a lack of financial, technical and human resources to develop the guides, resources, and tools needed by their SMP constituents. At the same time, member bodies may have developed or are planning on developing guides, resources, tools that are easily adaptable to a wider audience and which they are interested in sharing with other member bodies. Hence, the SMP Committee will facilitate the communication and sharing of ideas and provision of guides, resources, and tools amongst member bodies. By doing so, those member bodies who wish to participate will gain greater awareness of opportunities to work with other member bodies on similar initiatives and in doing so, avoid duplication of effort. The exchange of information is also expected to highlight resources and tools not being produced by member bodies which should be considered for development by the SMP Committee. Member bodies will be encouraged to offer whatever they consider other member bodies might benefit ranging from articles and surveys on SMP and SME matters through to guides and toolkits that provide practical assistance to SMPs. It is likely the medium for sharing will be the IFAC intranet while the annual SMP Forum will be used to showcase notable examples. In some instances the SMP Committee might determine an IFAC product be developed by adapting the material supplied.

Adoption and Implementation Support (AIS)

Much of the above activity relates to the development, or facilitating the development of, or access to guidance or other tools that support the implementation of international standards by SMPs. This activity is important since the public interest can only properly be served when international standards are consistently and rigorously implemented. The SMP Committee can take some credit for being the first part of IFAC to incorporate this activity into its strategy and work program. AIS activities, including translations, are now the primary responsibility of IFAC's AIS unit which sets strategy for, coordinates, oversees, budgets and reports for AIS activities. The SMP Committee's role in respect of AIS consists of: helping AIS develop its strategy and work plan; project managing certain AIS projects (in particular the ISA and QC Guides and related activities); and endorsing some of the final output.

- ***Communicate the importance of the SME sector and the role SMPs can play in supporting this crucial sector so as to enhance the visibility, voice and recognition of SMPs***

A thriving SME sector is vital to job creation, social cohesion, innovation and economic growth. In many—if not most—countries around the world, SMEs represent the vast majority of entities as well as the majority of private sector employment and Gross Domestic Product. The SME sector is seen as the key to sustainable economic recovery. The health of the SME sector is, therefore, a public interest priority. The SMP Committee considers that SMPs, through their provision of a range of high quality professional services, play a key role in the health and prosperity of SMEs. The SMP Committee believes this role needs to be publicly promoted and, furthermore, that its activities should increasingly focus on raising awareness as to how SMPs can better support SMEs.

In 2010 the SMP Committee issued a paper summarizing the global evidence on the role of SMPs in providing business support to SMEs.²⁵ This paper signified the first step in increasing general awareness amongst SMPs, SMEs and others as to the different types of services SMPs can provide SMEs as well as how SMPs can position and equip themselves with the necessary competencies to provide high quality business advice.

Various activities will help achieve this objective including videos of key events, brochures and member body articles, presentations by IFAC leadership, and the annual SMP Forum.

Annual IFAC SMP Forum

The SMP Committee hosts an annual IFAC SMP Forum, usually co-hosted by a member body and recognized regional organization/acknowledged accountancy grouping, to help identify and understand key issues, obtain input to its strategic development and work plan formulation; discuss work plan priorities and individual projects; and provide feedback to constituents on progress. Increasingly this event will be used as a forum for discussing SME regulation and to promote the visibility and voice of SMPs. The forum is aimed at representatives from member bodies, recognized regional organizations and acknowledged accountancy groupings, and other relevant international organizations such as the IASB, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting of the United Nations Conference for Trade and Development (UNCTAD-ISAR), the World Bank, the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) and other similar regional organizations, the International Chamber of Commerce (ICC), and the International Council for Small Business (ICSB) etc.

SME Policy Roundtables

The SMP Committee held its first roundtable as part of the CECCAR Conference in September 2010 and plans to make this an annual event directed at discussing SME issues as it relates to policy and regulation for example, SME access to finance, complexity etc.

²⁵ See <http://www.ifac.org/MediaCenter/?q=node/view/708>.

Practitioner Symposiums

Alongside one meeting a year the SMP Committee, in conjunction with the host member or regional body, organizes a Practitioners' Symposium for the benefit of their SMP members. SMP Committee members serve as presenters.

Other Presentations

The committee chair, staff, and members will also present at significant international events across all major regions in order to promote the work of the committee and enhance liaison with stakeholders. In addition, committee staff and/or volunteers will maintain ongoing dialogue with the aforementioned international organizations. Some of these organizations will be invited to observe committee meetings. SMP Committee members will also present at various national conferences and workshops to communicate the work of the committee and obtain input to its future work plan.

Section 6 Work Plan

6.1 Work Plan for 2011

The detailed Work Plan for 2011 is in Appendix 2. This is reflected in the *IFAC Operational Plan for 2011* and the corresponding budgets. Under each of the four IFAC service areas – standards and guidance, adoption and implementation, quality and development, and representation, a description of each activity together with indicative timing is provided. The approximate percentage of the resources available committed to each service area is also shown. It should be noted that some activities straddle more than one service area. In addition, some of the projects listed in the work plan have already commenced, some will not be completed until 2012 and beyond, and some are ongoing until such time as the SMP Committee determines otherwise.

6.2 Work Plan for 2012–2014

The work plan for 2012 will be determined in late 2011 accompanied with a review of the environmental challenges and feedback from IFAC member bodies and SMP constituents on areas of need. Through comments submitted by respondents to the above mentioned strategic review process and SMP Committee activities over the last few years, the Committee has identified a number of potential projects for the 2012–2014 and beyond. These are described in Appendix 3.

Section 7 Reporting and Communication

The SMP Committee has its own annual communications work plan which complements this strategy and work plan as well as complements the *IFAC Communications Strategy*. In addition to reporting periodically to the IFAC Board the SMP Committee will report publicly on its work program, activities and progress made in achieving its objectives at its SMP Forum. All speeches and presentations from the Forum are made available on the IFAC website. As well as the annual forum the SMP Committee plans the following communication activities to help it achieve its strategic objectives in the period 2011–2014:

- Developing a communications plan and appropriate materials for all major projects;
- Presentations by chair, staff, members and technical advisers at international, regional and national conferences and other events;
- Leveraging off IFAC communications vehicles as well as its own such as SMP eNews;
- Expand the use of the SMP Committee Twitter;
- Continually develop the Center's public SMP/SME Discussion Board;²⁶ and
- Making available, through IFACnet²⁷ search engine, materials from member bodies and others to help SMPs in their work.

The SMP Committee will seek to communicate more often and in more innovative ways, such as video and webcasts. Most communication will be directed at member bodies so as to help them communicate on our activities to their SMP members. The SMP Committee will also raise awareness of its initiatives to regulators, government agencies and others as appropriate.

²⁶ See <http://web.ifac.org/forum/SMP/1>.

²⁷ See <http://www.ifacnet.com>.

Appendix 1: Linkage of SMP Committee Strategic Objectives to IFAC Strategy

IFAC			SMP Committee
Service Area	Mission	Outcomes	Strategic Objectives
Standards and Guidance Adoption and Implementation	Contributing to the development, adoption, and implementation of high-quality international standards and guidance	<ul style="list-style-type: none"> Confidence in international standards Adoption of high-quality international standards Effective implementation and enforcement of international standards 	<p>Help shape the form and content of international standards so as to ensure their stability, relevance and proportionality to SMEs and SMPs</p> <p>Provide and promote practical support to SMPs so as to enhance their ability to provide high quality and relevant professional services to their clients</p>
Quality and Development	Contributing to the development of strong professional accountancy organizations and accounting firms, and to high-quality practices by professional accountants	<ul style="list-style-type: none"> Strong professional accountancy organizations Strong accounting firms High-quality services by accounting firms and practitioners High-quality financial management and reporting practices in all types of organization 	<p>Provide and promote practical support to SMPs so as to enhance their ability to provide high quality and relevant professional services to their clients</p> <p>Communicate the importance of the SME sector and the role SMPs can play in supporting this crucial sector so as to enhance the visibility, voice and recognition of SMPs</p> <p>Provide and promote practical support to SMPs so as to enhance their ability to provide high quality and relevant professional services to their clients</p>
Representation	Promoting the value of professional accountants worldwide	<ul style="list-style-type: none"> Global recognition of professional accountants as business leaders and 	Communicate the importance of the SME sector and the role SMPs can play in supporting this crucial sector so as to enhance the visibility, voice and recognition of SMPs

STRATEGY AND WORK PLAN FOR 2011-2014

Speaking out on public interest issues where the accountancy profession's expertise is most relevant	strategic partners in building long term sustainable organizational success	Input to IFAC's policy-making process and participate in its regulatory dialogue so as to ensure that SMP and SME issues are fully considered
	All of the above	Communicate the importance of the SME sector and the role SMPs can play in supporting this crucial sector so as to enhance the visibility, voice and recognition of SMPs

Appendix 2: Work Plan for 2011

Service Area (%) = percentage of resources directed at this area)	Action / Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
Standards and Guidance (25%)	Input to international standard setting (of IASB, IAASB, IESBA, etc.) on behalf of the SMP constituency	<ul style="list-style-type: none"> • Monitor developments • Submission of comment letters • Meeting/conference presentations • Representation on international standard setting boards, their CAGs and task forces • Representation and contribution to ad hoc consultations 	Ongoing
	Input to international regulatory dialogue (directly and via IFAC Policy and Regulation) on SMP and SME issues	<ul style="list-style-type: none"> • Monitor developments • Contribute to IFAC policy papers and comment letters • Meeting/conference presentations • Representation and contribution to ad hoc consultations • Representation on IRLG and any other relevant groupings 	Ongoing
Adoption and Implementation (25%)²⁸	Update ISA Guide Companion guide on how member bodies can make best use of the ISA Guide	Electronic publications (PDF and Word)	Q2 2011–Q3 2011 (both together)
	Update QC Guide Companion guide on how member bodies can make best use of the QC Guide	Electronic publications (PDF and Word)	Q3 2011–Q4 2011 (both together) ²⁹
	Materials to support use of ISA Guide for education and training	Electronic publication(s)	Q2 2011–Q3 2011
	Materials to support use of QC Guide for education and training	Electronic publication(s)	Q3 2011–Q4 2011
	Article on 'Tips for Cost-Effective	Electronic publication	Q2 2011–Q3 2011

²⁸ These activities are budgeted and reported under the IFAC Adoption and Implementation Support function.

²⁹ Updating QC Guide may be deferred to early 2012 if changes to underlying standards are minimal.

Service Area (%) = percentage of resources directed at this area)	Action / Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
	Application of Code of Ethics' for use by member bodies		
	Determine the need for, nature and extent of support SMPs need to implement the revised Code of Ethics	<ul style="list-style-type: none"> • Desktop research and consultation • Develop and maintain catalogue of available implementation support materials • Continue to foster closer collaboration with IESBA • Disseminate catalogue and/or other materials 	<ul style="list-style-type: none"> • Q1 2010 then ongoing • Q1 2010 then ongoing • Q1 2010 then ongoing • Q3 2010 then ongoing
Quality and Development (25%)	Enhancement of International Center for SMPs	<ul style="list-style-type: none"> • Provide advice on format and navigation of Center • Update relevant links (especially ISA implementation, business advisory and practice management) • Expand topic coverage on SME/SMP Discussion Board • Increase awareness of IFAC SMP activities through the SMP Twitter 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Ongoing
	Enhancement of IFACnet	<ul style="list-style-type: none"> • Provide advice on websites to spider • Periodically evaluate quality of search results and general usability 	<ul style="list-style-type: none"> • Ongoing • Ongoing
	Update Practice Management Guide Update companion guide on how member bodies can make best use of the PM Guide	Electronic publications (PDF and Word)	Q2 2011–Q4 2011 (both together)
	Series of articles (2-4) promoting PM Guide	Electronic publications	Q2 2011–Q4 2011
	Develop and maintain a 'vehicle' for member body sharing of products/services	<ul style="list-style-type: none"> • Launch online member body sharing 'vehicle' • Evaluate suitable materials for sharing and distribute suitable content on a timely basis 	<ul style="list-style-type: none"> • Q2 2011 • Q2 2011 then ongoing

Service Area (% = percentage of resources directed at this area)	Action / Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
	Promote awareness and value of SMEs and the SMPs that support them	<ul style="list-style-type: none"> • SMP/SME 'Issues' Survey and brochure summarizing results • Issue electronic brochure(s) on 'SMPs as Business Advisors to SMEs' and/or 'Working for SMPs' • IFAC SMP Forum summary video 	<ul style="list-style-type: none"> • Q1 2011 • Q2 2011 • Q1 2011
Representation of the Accountancy Profession (25%)	General liaison, awareness raising/promotion, and outreach with key stakeholders	<ul style="list-style-type: none"> • Maintain Leadership intranet database of speeches and presentations • Chair/staff presentations at 4 international conferences • Member presentations at national/regional events • SME Policy Forum, Brussels (with FEE) • IFAC SMP Forum (with TURMOB and FCM) • Incorporate SMP and SME messages into IFAC Leadership's communications (speeches, articles, interviews etc.) • Issue quarterly SMP eNews 	<ul style="list-style-type: none"> • Ongoing • Q1 2011 – Q4 2011 • Q1 2011 – Q4 2011 • Q3 2011 • Q1 2011 • Ongoing • Q1, Q2, Q3 and Q4 2011
General	Monitor and report on the implementation of the review recommendations that can be implemented in the short-term.	<ul style="list-style-type: none"> • Written report to the IFAC Board 	<ul style="list-style-type: none"> • Q3 2011

Appendix 3: Work Plan for 2012

Service Area (% = percentage of resources directed at this area)	Action/Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
Standards and Guidance (25%)	Input to international standard setting (of IASB, IAASB, IESBA, etc.) on behalf of the SMP constituency	<ul style="list-style-type: none"> • Monitor developments • Submission of comment letters • Meeting/conference presentations • Representation on international standard setting boards, their CAGs and task forces • Representation and contribution to ad hoc consultations 	Ongoing
	Input to international regulatory dialogue (directly and via IFAC Policy and Regulation) on SMP and SME issues	<ul style="list-style-type: none"> • Monitor developments • Contribute to IFAC policy papers and comment letters • Meeting/conference presentations • Representation and contribution to ad hoc consultations • Representation on any relevant groupings 	Ongoing
Adoption and Implementation (25%)³⁰	Maintenance update of ISA Guide	Electronic publications (PDF and Word)	Q2 2012–Q3 2012
	Maintenance update of QC Guide	Electronic publications (PDF and Word)	Q1 2012–Q2 2012
	Update companion guide on how member bodies can make best use of the ISA and QC implementation guides	Electronic publications (PDF and Word)	Q3 2012–Q4 2012
	Expand and/or update materials to support use by member bodies of ISA Guide for education and training	Electronic publication(s)	Q2 2012–Q3 2012

³⁰ These activities are budgeted and reported under the IFAC Adoption and Implementation Support function.

Service Area (% = percentage of resources directed at this area)	Action/Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
	Expand and/or update materials to support use by member bodies of QC Guide for education and training	Electronic publication(s)	Q3 2012–Q4 2012
	Support the IESBA SME/SMP Working Group (identifying challenges faced by SMPs in applying Code and recommending actions to address these) Collaborate in the development of any deliverables agreed by the IESBA	<ul style="list-style-type: none"> Representation by 2 committee members on the WG and staff support as required Desktop research and consultation including collation of implementation experiences and available implementation support materials Communication and implementation materials for the Code (contingent) Revisions to the Code (contingent) 	<ul style="list-style-type: none"> Ongoing Ongoing TBD TBD
	Research into resources and tools that assist in the implementation of ISAs, ISRE 2400, ISRS 4410 and other IAASB standards	<ul style="list-style-type: none"> Electronic publication (directed at member bodies) 	<ul style="list-style-type: none"> Q3 2012
Quality and Development (25%)	Enhancement of International Center for SMPs	<ul style="list-style-type: none"> Advise on improvements to the Center Update Relevant Links (especially ISA implementation, business advisory and practice management) Extend topic coverage on SME/SMP Discussion Board Maintenance of IFAC SMP Twitter 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing
	Enhancement of IFACnet	<ul style="list-style-type: none"> Provide advice on websites to spider Periodically evaluate quality of search results and general usability 	<ul style="list-style-type: none"> Ongoing Ongoing

Service Area (% = percentage of resources directed at this area)	Action/Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
	Update PM Guide (substantive)	Electronic publications	Q2 2012–Q4 2012
	Update companion guide on how member bodies can make best use of the Practice Management	Electronic publications	Q3 2012–Q4 2012
	2-4 articles for member bodies to help promote adoption of best practices by SMPs	Electronic publications	Q1 2012–Q4 2012
	Launch and maintain vehicle for member body sharing of products/services (subject to it being approved in 2011)	<ul style="list-style-type: none"> Online member body sharing vehicle launched Evaluation of suitable materials for sharing and distribution of suitable content on a timely basis 	<ul style="list-style-type: none"> Ongoing
	Develop materials to help member bodies assist SMPs in provision of business support	Videos and electronic publications	Throughout 2012
	Develop guidance for establishing member body SMP Committees and form community of such committees	Electronic publication and a contact database	Throughout 2012
Representation of the Accountancy Profession (25%)	Promote awareness and value of SMEs and the SMPs that support them to SMEs, regulators and governments	<ul style="list-style-type: none"> Quarterly or semi-annual SMP Quick Poll operated through member bodies and year-end brochure summarizing results Issue electronic brochure(s) for member bodies on SMPs as Providers of Assurance and Business Advice to SMEs 	<ul style="list-style-type: none"> Q1 2012-Q4 2012 Q2 2012 Q1 2012

Service Area (% = percentage of resources directed at this area)	Action/Service Description	Delivery Method (shading denotes external delivery)	Timeframe (commencement, duration and completion)
		<ul style="list-style-type: none"> • IFAC SMP Forum videos • Video promoting the SMP Committee's role • Establish relations with reputable global SME organizations 	<ul style="list-style-type: none"> • Throughout 2012
	General liaison, awareness raising/promotion, and outreach with key stakeholders	<ul style="list-style-type: none"> • Maintain Leadership intranet database of speeches and presentations • Chair/staff presentations at international conferences • Member presentations at national/regional events • IFAC SMP Forum (Asia) • Develop and incorporate SMP and SME messages into IFAC Leadership's communications (speeches, articles, interviews etc.) • Issue quarterly SMP eNews and 2-4 topic focused issues • Brochure stressing the value of SMPs to regulators and governments • Strategic alliances with global organizations 	<ul style="list-style-type: none"> • Ongoing • Throughout 2012 • Throughout 2012 • Q1 2012 • Ongoing • Q1, Q2, Q3 and Q4 2012 • Q1-Q2 2012

Appendix 4: Work Plan for 2012–2014

Potential projects for the work plans spanning 2012–2014 are as follows:

- ***Global Train the Trainer Road-Show***

As noted above the IASCF has produced a comprehensive suite of training materials to support implementation of its IFRS for SMEs. These materials are being used on a series of regional train the trainer events which IFAC is helping to promote. This model may be worth emulating for the ISAs.

- ***SMP/SME Online Networking Center***

Some have argued the need for an online networking facility, including a global directory of SMPs, as a means for SMPs and SMEs to network with one another across borders.

- ***Professional Education Center***

An online education and training portal, accessible either through the IFAC website and/or via branded portals on the websites of member bodies, provides access by professional accountants to subsidized e-learning materials. IFAC could partner with provider(s) that already have the technology and content. IFAC may wish to develop some core content, for example its ISA modules,³¹ and/or provide advice on content of new courses. Such a facility would also help member body compliance with IES 7.

- ***SMP Certification***

An international certification scheme, managed through IFAC's network of member bodies, whereby SMPs obtain certification for meeting certain minimum levels of quality control and/or practice management proficiency based on an independent and expert examination. The scheme could run like the International Organization for Standardization (ISO).

- ***Practice Reviewer's Guide***

A practice reviewer's guide for use by member bodies, practice reviewers and firms would promote a harmonized approach to firm inspection by helping educate those involved as well as providing supporting tools. The guide could contain the requirements for a standard practice review supplemented by the recommended experience and/or training of reviewers, programs and checklists for the file inspection (of audits, reviews and compilations) and separate sections for practice reviewers and quality control managers/monitors.

- ***Sample SME Audit File***

An SME audit file that comprises a complete set of checklists and forms, fully indexed and conforming with the ISA Guide's approach and illustrations.

³¹ See <http://web.ifac.org/clarity-center/support-and-guidance#support-modules>.

- ***Guide to Providing Business Advice***

A guide on how an SMP can provide high quality business advice. The guide could include guidance on how SMPs determine what types of services to provide and to whom, how to acquire the requisite skill set and expertise, how to market their services and ultimately how to profit from such services.

- ***Raising Awareness of the Value of Professional Accountants to SMEs***

SMEs are increasingly relying on professional accountants, either in their capacity as employees (PAIB) or as external providers (practices), to perform a range of services to help their business comply with regulation and perform better. The committee could collaborate with other IFAC groups to help raise awareness about the value of SMEs employing or engaging professional accountants.