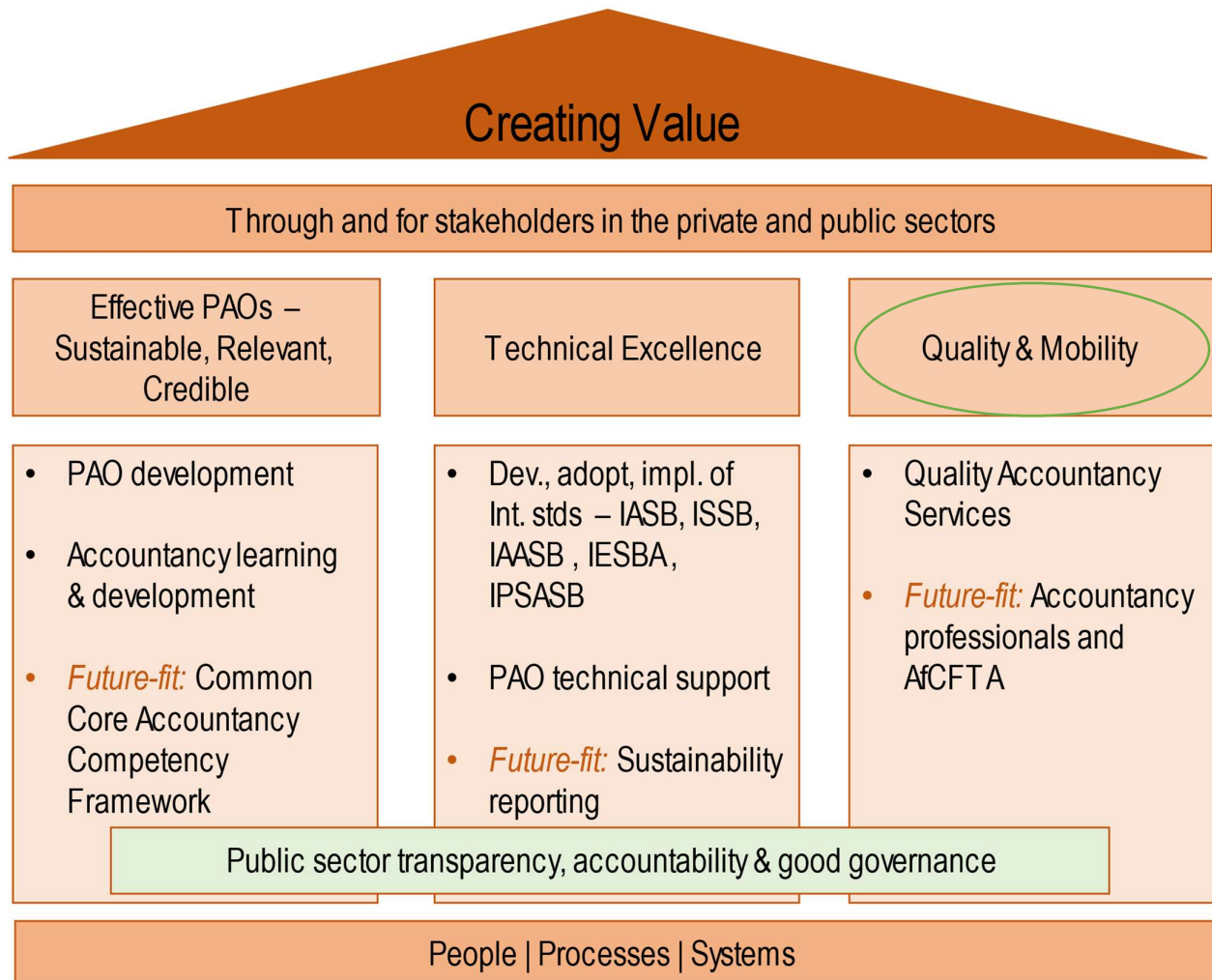




Quality & Mobility of Accountancy Services

Activity Plan – 2024 and Beyond

Reset. Reignite. Refocus.



This workplan demonstrates how PAFA will aim in 2024 and beyond to achieve the strategic objectives and implement the strategic actions through the established mechanisms set out below.

Strategic Objectives	Strategic Actions	Mechanisms
<p>Enhancing the quality and mobility of professional accountancy services in Africa</p>	<p>Facilitate the adoption and implementation of the new International Standards on Quality Management (QM):</p> <ul style="list-style-type: none"> • Create awareness. • Support PAOs to help their members and firms to implement the standards, • Facilitate access to practical and fit-for purpose implementation resources / support. 	<ul style="list-style-type: none"> • (Multi-stakeholder) Forum to Advance Accountancy Quality in Africa • Forum for Heads of Quality Assurance Review Departments in Africa • Accountancy Quality Advisory Group • Liaison relations with staff of the IAASB and IFAC
	<p>Strengthen PAO compliance with IFAC Statement of Membership Obligations 1 and 6:</p> <ul style="list-style-type: none"> • Enhance PAOs’ understanding of and compliance with the SMOs. • Facilitate access to practical and fit-for-purpose resources to strengthen national Quality Assurance Review Systems and Investigation & Disciplinary Systems, including guidance for and training of reviewers. • Explore the feasibility of providing a regional solution to automating national Quality Assurance Review Systems. • Explore the feasibility of a continental pool of qualified reviewers. 	
	<p>Facilitate the accountancy professions’ participation in the Africa Continental Free Trade Area (AfCFTA)</p> <ul style="list-style-type: none"> • Create awareness. • Finalise and commence implementation of plan guiding PAFA’s initiatives supporting the accountancy profession’s contribution to the implementation of the AfCFTA. 	<ul style="list-style-type: none"> • Partnerships to facilitate the accountancy profession’s contributions to the implementation of the AfCFTA

Enhancing Quality Management (QM)

ABOUT THE ACTIVITY

Background

The International Auditing and Assurance Standards Board (IAASB) has raised the bar for QM. Three new standards—International Standard on QM (ISQM) 1 and 2 and International Standard on Auditing (ISA) 220 (Revised)—aim to strengthen and modernise QM in an evolving and increasingly complex accountancy ecosystem that includes growing stakeholder expectations and a need for QM systems that are proactive and adaptable. The standards became effective 15 December 2022. The new standards provide an excellent opportunity to review and enhance firm QM in Africa. Smaller PAOs and their SMP members in particular will require support to implement the new standards.

A country quality review mechanism is key in ensuring quality financial reporting critical for enhancing confidence in business, trust in government, foreign direct investment, and the effective use of development assistance. Consequently, IFAC has included in the Statements of Membership Obligations (SMOs) the need for PAOs to ensure that professional accountants registered with them or operating within their jurisdiction are subject to quality reviews. Nevertheless, many PAOs / regulators lack resources to establish and maintain effective quality assurance review systems, while peer-to-peer quality reviews of self-regulated PAOs could be challenging.

PAFA is uniquely positioned to harness our comparative advantages—integrated Pan African platform for engagement | influential voice | effective convener | expert advisor | knowledge gateway | trusted intermediary—to support the adoption and implementation of the new international QM standards and IFAC SMOs 1 and 6 economically, efficiently, and effectively.

PAFA recognises the diversity of models applied across Africa to regulate the accountancy profession. The objective therefore is not to promote a specific model but rather work towards an effective country-specific fit-for-purpose model.

Impact we seek to achieve

- Quality financial reporting that contributes to enhanced confidence in business, trust in government, foreign direct investment, and the effective use of development assistance

Outcomes we seek to achieve

- Accountancy quality deemed a priority for PAOs in Africa with a focus on continuous improvement:
 - With PAOs equipped to assist members and firms to implement the international QM standards
 - With PAOs equipped to operate effective quality assurance review systems linked to effective investigation & disciplinary (I & D) systems
- An Africa Forum of Firms that meets certain QM requirements

Planned outputs

- Activities and tools that support the implementation of the international QM standards
- Activities and tools that support effective country quality assurance review systems linked to effective I & D systems
- Coordination of related activities of and enhanced collaboration among all interested stakeholders for greater impact

PAFA'S ABILITY TO DELIVER

SWOT Analysis

Strengths¹

- Brand recognition
- Reach across Africa
- Strong relationship with standard-setting board members and key stakeholders
- Relevant MOU partners and stakeholder relations, including development partners and donor agencies interested in quality financial reporting
- Interest of affiliates with global reach and quality resources to support PAFA
- Ability to convene and influence

Weaknesses²

- Limited financial and human resources
- Slow to market

Opportunities³

- Well positioned to provide a gateway to already-available international activities and tools to support the adoption and implementation of the international QM standards and IFAC SMOs 1 and 6 in an easy to access/navigate way
- Well positioned to partner with PAOs in Africa that have progressed the implementation of the international QM standards and IFAC SMO 1 and 6 to benefit other PAOs in Africa
- Well positioned to harness economies of scale to support the implementation of the international QM standards and IFAC SMO 1 and 6

Threats⁴

- PAOs are not aware of / find it difficult to access or navigate the already-available activities and tools
- PAOs have limited financial and human resources to undertake new initiatives / limited capacity to absorb
- Lack of PAO stakeholder interest / collaboration
- Limited understanding of the value of effective PAOs in enhancing accountancy quality
- Disengaged PAOs

Potential risks

- Resistance to the adoption of the international standards / low quality implementation of the adopted international standards
- Lack of PAO interest / resources / know-how to implement the international standards or comply with the IFAC SMOs
- Lack of Africa representation on international standard-setting boards / international standard-setting boards not "hearing" the voice of Africa
- Insufficient awareness of work of PAFA and therefore low participation in planned initiatives

¹ Factors that contribute to the continued success of PAFA and assist in achieving its mission.

² Factors that hamper PAFA's success and growth and prevent it from achieving its mission and full potential.

³ The environment within which PAFA operates offers opportunities. Which opportunities could PAFA harness to benefit its stakeholders?

⁴ Factors that exist in the external environment that are not within PAFA's control and pose risks to its stability and sustainability.

- Lack of international standard-setting board / IFAC interest to partner with PAFA
- Proposed projects not impactful / delivered in an impactful manner

Relevant stakeholders

- Developed PAOs in Africa that have progressed the adoption and implementation of the international QM standards and IFAC SMO 1 and 6
- Regional economic communities and other groupings—For example:
 - The African Forum of Independent Accounting and Auditing Regulators (AFIAAR), the main objective of which is formalise efforts for the collaboration and strengthening of independent audit regulation and, where relevant, accounting regulation across the continent. This has been done by formalising a common base and creating one voice from which to advance audit and accounting regulatory activities to build capacity, increase the quality of financial reporting and auditing, and influence and adopt international standards.
 - The Organisation for the Harmonisation of Corporate Law in Africa (OHADA) has an ambitious project to implement the international standards and quality assurance review systems. It would be important to engage with OHADA to avoid any duplication in efforts, as well as CEMAC and WAEMU
 - AFROSAI-E has an Institutional Capacity Building Framework (ICBF) Self-Assessment process and questionnaire from which PAFA could learn in progressing this activity
 - ABWA and FIDEF
- Development partners and donor agency—The importance of quality financial reporting in achieving the strategic objectives of development partners and donor agencies is widely recognised. As such, development partners and donor agencies have funded / are funding the development, adoption, and implementation of international accounting and auditing standards. This includes funding from the AfDB that assisted PAFA in 2015-2018 to develop a practical audit quality review mechanism based on the International Standards of Quality Control (ISQC) 1. This included an audit quality review methodology, manuals, and training.

PAFA groups

- [Accountancy Quality Advisory Group](#)
- Forum to Advance Accountancy Quality in Africa (See the appendix)

PAFA'S PLANNED ACTIONS

Capacity, advocacy, partnerships, and champions

- Engage with relevant stakeholders to promote this activity and seek their buy-in and commitment; this could culminate in the establishment of the Forum to Advance Accountancy Quality in Africa
 - Development partners and donor agencies: e.g., African Development Bank, Gavi, The Global Fund, USAID, World Bank
 - Firms: e.g., Forum of Firms, associations of firms, a selection of Africa firms
 - Regulators: e.g., AFIAAR, IFIAAR, as selection of developed regulators in Africa
 - Regional economic communities and other groupings: e.g., ABWA, FIDEF, OHADA
 - Software and other service providers: e.g., CaseWare
- Seek resources, including funding, from partners interested in enhanced accountancy quality in Africa to support and accelerate PAFA's efforts

PAO driven adoption and implementation of the international QM standards

- Create awareness of PAOs' public interest responsibility to drive the adoption and implementation of and ensure compliance with international standards that support good governance, transparency, and accountability in the private and public sectors
- Equip PAOs to assist members and firms to implement the international QM standards
- Assess the status of ISQM 1 and 2 and ISA 220 Revised implementation across Africa [[ISQM Firm Readiness Assessment Questionnaire](#)]

Effective country quality assurance review systems

- Strengthen country quality assurance review systems through continental solutions harnessing technology
 - Assess the status of quality assurance review systems across Africa [[PAO QAR System Self-Assessment](#)]
 - Facilitate the development of scalable guidance on country quality assurance review systems and processes
 - Support the establishment / strengthening and training of country quality review committees (or equivalent)
 - Support the training of country quality assurance reviewers
 - Establish a pool of qualified quality reviewers at the continental level (outsourced locally, harnessing automation and remote working for a cost-effective solution)
 - Facilitate the development of an automated cloud-based quality review process (developed and maintained continentally, owned locally, bank-level security, respecting confidentiality)
 - Establish a continental platform for knowledge sharing and strengthening QAR systems in Africa

Effective country investigation and disciplinary systems

- Strengthen country investigation and disciplinary systems through continental solutions harnessing technology
 - Assess the status of I & D systems across Africa [[PAO I & D System Self-Assessment](#)]
 - Establish a continental platform for knowledge sharing and strengthening investigation and disciplinary systems in Africa

Africa Quality Center and Africa Quality Forum of Firms

- Explore the establishment of a Quality Center at PAFA to which PAOs in Africa can outsource their quality assurance review systems or components thereof
 - Conceptualise a center – people, process, systems – in consultation with the Forum to Advance Accountancy Quality in Africa
- Ultimately, establish a Quality Forum of Firms in Africa that meet the quality standards as reference for, e.g., development partners and donors, foreign investors, auditors general and courts of auditors, etc.

Enhancing the mobility of professional accountancy services in Africa

ABOUT THE INITIATIVE

Background

The African Union's Agenda 2063 is a blueprint and master plan for transforming Africa into a global powerhouse of the future. It is the continent's strategic framework that aims to deliver on its goal for inclusive and sustainable development and is a concrete manifestation of the pan-African drive for unity, self-determination, freedom, progress, and collective prosperity pursued under Pan-Africanism and African Renaissance.

Among the flagship projects of Agenda 2063 is the establishment of the African Continental Free Trade Area (AfCFTA) which aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.

PAFA seeks to facilitate the accountancy professions' participation in the AfCFTA by creating awareness and establishing relevant partnerships to harness opportunities that arise with this initiative.

Impact we seek to achieve

- An expanded market for trade in accountancy services across the continent
- Liberalised accountancy training and practice in Africa
- Enhanced mobility of professional accountants across the continent

Outcomes we seek to achieve

- Increased participation of the accountancy profession in the AfCFTA
- Harmonised accountancy training and practice to facilitate mobility of accountancy professionals across the continent

Planned outputs

- Activities to raise awareness of developments in the implementation of the AfCFTA
- An established partnership with the AfCFTA Secretariat and other relevant stakeholders, and a clear description of the profession's contribution to a free and open market in services in Africa

PAFA'S ABILITY TO DELIVER

SWOT Analysis

Strengths⁵

- Brand recognition
- Reach across Africa
- Relevant MOU partners and stakeholder relations
- Interest of affiliates with global reach and quality resources to support PAFA
- Ability to convene and influence

Weaknesses⁶

- Limited financial and human resources
- Slow to market
- Limited understanding of the role of the profession in the AfCFTA

⁵ Factors that contribute to the continued success of PAFA and assist in achieving its mission.

⁶ Factors that hamper PAFA's success and growth and prevent it from achieving its mission and full potential.

<p>Opportunities⁷</p> <ul style="list-style-type: none"> • Enhancing relevance of PAOs to key stakeholders, i.e., government • Increasing mobility of accountancy skills across the continent • Harnessing economies of scale to address strategic areas of mutual interest to PAOs • Pursuing strategic areas of mutual interest with the African Union to contribute to Agenda 2063 	<p>Threats⁸</p> <ul style="list-style-type: none"> • PAOs have limited financial and human resources to undertake new initiatives • Diverse accountancy profession and accountancy learning and development models among PAOs; diverse cultures, including language; diverse legal frameworks • Disengaged PAOs • PAOs not engaged in country-level AfCFTA conversations, negotiations, and decisions
<p>Potential risks</p> <ul style="list-style-type: none"> • Resistance by PAOs that are keen to protect their market. • Diversity in the development status of the profession across the continent. Achieving a harmonised profession in terms of training and practice would be a challenge. • Fragmented legislation – individual countries have specific laws regulating the training and practice of the profession. Achieving a unified law for the continent would be a challenge. • Political instabilities – this may make entry into certain markets difficult. 	
<p>Relevant stakeholders</p> <ul style="list-style-type: none"> • AfCFTA Secretariat • PAFA Members, Associates, and Affiliates • Firms • Regulators • Regional economic communities and other groupings • Other Pan African organisations, some of which have MoUs with PAFA such and the AU, AFROPAC, AFROSAI, AAAG, etc. 	
<p>PAFA groups</p> <ul style="list-style-type: none"> • Partnerships with key stakeholders to facilitate mobility of accountancy professionals under the AfCFTA 	
<p>PAFA's PLANNED ACTIVITIES</p>	
<ul style="list-style-type: none"> • Develop a common core competency framework for future-fit accountants for Africa and take actions to advance mutual recognition agreements⁹ • Identify key stakeholders that can facilitate the accountancy profession's engagement under the AfCFTA and establish effective partnerships • Draw on the Journey to AU2063 – Professional Accountants Empowering the AfCFTA report to identify actions PAFA and PAOs can take to advance the accountancy profession's contribution to the realisation of the AfCFTA • Establish a group of experts to advise on and refine the actions PAFA can take to make an impactful contribution 	

⁷ The environment within which PAFA operates offers opportunities. Which opportunities could PAFA harness to benefit its stakeholders?

⁸ Factors that exist in the external environment that are not within PAFA's control and pose risks to its stability and sustainability.

⁹ See Accountancy Learning and Development Activity Plan for 2024 and Beyond.

- Create awareness among PAOs about actions they can take to make an impactful contribution and support them in their efforts

Appendix

FORUM TO ADVANCE ACCOUNTANCY QUALITY IN AFRICA

TERMS OF REFERENCE AND OPERATING PROCEDURES

In 2022, the Secretariat developed an activity to enhance the quality of accountancy services in Africa (referred to as *accountancy quality* in this terms of reference). This activity includes the following mechanisms through which to implement PAFA's strategy to enhance accountancy quality:

- Accountancy Quality Advisory Group
- **Forum to Advance Accountancy Quality in Africa**

The Advisory Group, which is a small group made up of technical experts, is informed by and inform the Forum to Advance Accountancy Quality in Africa, which is a larger group of PAFA stakeholders interested in accountancy quality.

As the CEO is accountable to the Board for the implementation of the strategy, the functionality of these mechanisms is overseen by the CEO.

Purpose

1. The Forum to Advance Accountancy Quality in Africa provides a platform for engagement and the exchange of knowledge and experience among a wide range of stakeholders interested in the quality of accountancy services in Africa.

Commitment

2. Forum members are committed to:
 - 2.1. Engage with PAFA to advance the development, adoption, and implementation of the International Standards on Quality Management (ISQM), International Standard on Auditing (ISA) 220 (Revised), and the IFAC Statements of Membership Obligations (SMOs) 1 and 6.
 - 2.2. Exchange knowledge and experience and facilitate capacity building in the adoption and implementation of the above pronouncements.
 - 2.3. Strengthen the participation and influence of the accountancy profession in Africa in international standard setting.
 - 2.4. Promote PAFA's accountancy quality activities.

Membership

3. Forum membership is open to all national, regional, and international stakeholders interested in accountancy quality.
4. The Secretariat issues an annual call for interested stakeholders to join the Forum.¹⁰ The PAFA Member Organisations are essential to helping the Secretariat identify in-country interested stakeholders.
5. The Secretariat maintains a database of Forum members and their representatives. Forum members communicate any changes in representatives to the PAFA CEO without delay.
6. The chairperson of the Accountancy Quality Advisory Group is the chairperson of the Forum.

¹⁰ The Forum will be established in 2024.

Term of Office

7. The term of office is unlimited.

Performance Evaluation

8. The Forum evaluates its performance annually in the spirit of continuous improvement.

Periodic Review of the Terms of Reference

9. These terms of reference will be reviewed in 2024 and thereafter every three years.

APPENDIX— OPERATING PROCEDURES**Meeting Procedures**

1. The Forum meets in person or virtually once per year.
2. The Forum chairperson convenes the meeting. In his/her absence, the members present elect another member to convene the meeting.
3. All members are expected to prepare for and participate in the deliberations at the meeting.
4. The Secretariat develops and distributes the agenda and material for each meeting at least two weeks in advance of the meeting.

Accountability

5. The CEO reports progress regarding implementation of PAFA's strategy to the Board on a quarterly basis.