



## **Compliance Advisory Panel Oversight Assurance Plan 2016**

### **1. 2015 experience**

CAP performance during 2015 was satisfactory for the PIOB.

The most important achievement during the year was the finalization of the new CAP 2016-2018 Strategy. The PIOB approved the due process followed in developing the Strategy by written procedure in early September 2015.

During the year, the PIOB directly observed 1<sup>1</sup> out of 4 CAP meetings, and remotely observed the other 3 meetings. The teleconference scheduled for August, when the Strategy was finalized, was also observed. This conformed to the Oversight Plan for the year. The experience with remote observations of CAP meetings was in general very good. RO are an efficient and effective tool to oversee the CAP. The CAP is a small body and can easily be joined in by phone/Webinar.

PIOB observers (both in DO and RO) provided input for the various discussions. The PIOB observer at the meeting directly observed raised an issue with one IFAC member body in Europe, where the member body was reporting to the CAP (via Action Plan) compliance with the ISAs while this appeared not to be the case in practice. The PIOB observer suggested the CAP that this case be investigated to conclude whether this was an isolated case or whether there is a structural issue behind that could affect other IFAC member bodies as well. The CAP reacted positively to this suggestion and agreed with the observer's suggestion. CAP staff has been working with this case. In December 2015 the CAP Chair's report to the PIOB notes that CAP Staff is still investigating, and that a formal reply will be submitted to the PIOB once the CAP has been consulted on the staff's conclusion.

One PIOB recommendation remains unaddressed by the CAP since the end of 2012, and relates to the suggestion that CAP membership would be open to all stakeholders, not only to IFAC member bodies. The PIOB believe that the CAP could benefit by the presence of third party members, who could make valuable contributions to the CAP. A member from a global development institution could be one option. The annual Call for Nominations keeps limiting nominations to the CAP to IFAC member bodies and within them, to those who are familiar with compliance/SMOs matters.

In December 2015, James Dickson ended his term as the CAP Chair. The new Chair, Kathryn Byrne, was approved by the PIOB during its October 2015 meeting.

### **2. Expected CAP Activity for 2016**

In 2016 the CAP will start implementing its new Strategy: (i) enhancing monitoring of and reporting by IFAC member bodies with the objective to have CAP staff produce qualitative and quantitative analyses (including statistics) regarding the status of adoption of international

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<sup>1</sup> This was a partial DO, 1 day out of 2.



standards and compliance with the SMOs by member bodies. This could require coordination or joint-work with the SSBs. The new Dashboard Reports (DBRs) and new DBR database, and the improved quality of the Action Plans that will be submitted by IFAC member bodies would support this. The CAP plans to publish all DBRs in the CAP’s website; and (ii) reviewing the current enforcement framework for IFAC member bodies, in order to focus on the qualitative progress made by IFAC member bodies in the implementation of the SMOs.

Further, the CAP plans to identify opportunities to work with international organizations (including development agencies) to exchange information and collaborate on events that focus on SMO related issues; as well as continue working with IFAC Regional Organizations, Accountancy Groupings, and IFAC’s PAO Development Committee to leverage complementary interests and efforts to assist IFAC member bodies.

The PIOB will monitor these activities during the year.

Finally, the CAP will continue with its other regular activities, including applications for membership with IFAC and enforcement issues (e.g.; suspensions of member bodies).

Initially, the CAP will not request PIOB approvals during 2016.

### 3. Oversight Assurance Team

	Team Leader	Team Member
2016	Jules Muis	Chuck Hortsman
2015	Jules Muis	Michael Holm
2014	Nick van der Ende	-

### 4. Oversight Assurance Model for 2016

In view of the activity expected for the CAP in 2016, and the role the CAP play in relation to monitoring adoption and implementation of the standards, we have concluded to apply in 2016 an **Oversight Model 3 (medium intensity)**, with a high intensity of direct observations.

The PIOB will oversee how the CAP progress the implementation of its new Strategy and how it monitors the adoption and implementation of the ISAs, the Code of Ethics, and the IESs across jurisdictions.

PIOB staff will follow up with CAP staff the analysis done over the case identified with the IFAC member body in Europe, as well as the final conclusions. This issue merits attention given that it might raise the need for a more critical review by the CAP of member bodies’ self-assertions in their action plans.

**Appendix I** details the PIOB 4 different Oversight Assurance Models.

### 5. Oversight Activities for 2016



### **5.1. Direct Observations of Meetings**

During 2015 the CAP will meet 4 times. Initially the PIOB will directly observe three of the meetings:

May 19-20 – NYC  
July 14-15 - NYC  
October 10-12 - NYC

### **5.2. Remote Observations and Monitoring & Reporting**

Initially, the following CAP meeting and teleconference will be subject to remote observations:

February 15-16 – San José, Costa Rica  
August 12 Teleconference

However, if the agenda for any of these meetings does not merit a RO, the PIOB will not observe that particular meeting at all.

Throughout the year, the Team Leader, supported by PIOB staff, will confirm whether the OAM planned for 2016 remains relevant. Should the PIOB determine that a change of OAM is required; the reasons supporting the change will be recorded as part of this plan.

**APPENDIX I - OVERSIGHT ASSURANCE MODELS**

	<b>INTENSITY of Oversight</b>	<b>WHEN</b>	<b>FEATURES</b>	<b>ASSURANCE</b>
<b>1</b>	Very high	Risk of failure. Low confidence.	100% observations Third party verification	High
<b>2</b>	High	Higher risks in standard development. Medium confidence.	100% observations	High
<b>3</b>	Medium	Lower risk in standard development. Higher confidence.	Medium level of observations	Medium
<b>4</b>	Low	Excellent performance. Highest level of confidence.	Minimal or no observations	Lower