The New Zealander Warren Allen was inducted into the presidency of the International Federation of Accountants (Ifac) in November 2012 for a term of two years. Ifac Board Member since 2006, the accountant took previously part for more than ten years of the International Standards Committee of Education (International Accounting Education Standards Board - IAESB), of which he was president from 1998 to 2004.

The International Federation of Accountants consists currently of 172 associates in 129 countries. In Brazil, are part of Ifac the Federal Accounting Council (CFC) and the Institute of Independent Auditors of Brazil (Ibracon), which are represented at the Ifac Board by Ana Maria Elorrieta.

Ifac was founded in 1977 in Germany, during the 11th World Congress of Accountants, with the mission to strengthening the accounting profession in the world, through the development of international standards for quality in the areas of audit, public accounting and professional education. Moreover, Ifac aims to facilitate cooperation between agencies, collaborate with other international organizations and serve as a spokesperson of the profession in the world.

On the 1st of March this year, the presidents of CFC, Juarez Domingues Carneiro, and Ibracon, Eduardo Pocetti, met with Warren Allen at the headquarters of Ifac in the United States, to address the direction of the profession in Brazil and in the world among other issues.

In addition, the vice-presidents of the CFC in the areas of Professional and Institutional Development, Maria Clara Cavalcante Bugarim; and Technical Development, Veronica Souto Maior, and the executive director, Elys Carvalho, attended the General Directors’ Strategies Forum in New York (USA), held in February, to discuss, among several themes, the Constitutional Review of Ifac.

In this interview with RBC, Warren Allen announces plans to come to Brazil, talks about the most relevant challenges of the profession in the world, presents his main goals, opines about the process of convergence with International Accounting Standards (International Financial Reporting Standards - IFRS) and among other matters, provides an overview of the reality of the profession in the world.
RBC – You have taken office in November 2012, as the president of Ifac. What are your main goals for the two years of your term?

Warren Allen – My main goals align with the key initiatives documented in the Strategic Plan 2013-2016, approved at the Ifac Council meeting in November 2012.

There are seven key initiatives, with the first four being my personal priorities:

- Supporting the ability of the standard-setting boards to respond more rapidly and proactively to the public’s concerns;
- Working with the Members Bodies and firms to advance proper public sector financial management and support successful implementation of International Public Sector Accounting Standards (IPSASs);
- Assisting the Member Bodies in building capacity, especially in developing and emerging economies where a strong accountancy profession can help solidify the financial infrastructure and support economic growth and development;
- Strengthening Ifac’s funding to ensure there are sufficient and sustainable funds to undertake all the activities in our strategic plan, continue to meet the expectations of the public and Ifac’s key stakeholders, and work in the public interest;
- Enhancing the focus on regulation and public policy. I believe Ifac is uniquely positioned to research and present the views of the profession and its stakeholders on a global level and speak out on public interest issues. We will continue to focus on identifying policy issues on which Ifac is uniquely qualified to take a position and speak out on behalf of the profession;
- Continuing to focus on Integrated Reporting, which has emerged as a major initiative to facilitate transparency and accountability and, ultimately, enhance investor and other stakeholder confidence. Integrated Reporting also contributes to the development of sustainable economies and financial stability; and
- Leading the way by strengthening current initiatives.

RBC – What are the most relevant issues and challenges today for the accounting profession in the world?

Allen – In addition to the key initiatives identified in my initial response, I believe the following issues and challenges are relevant:

- Recruitment and retention of the most capable professionals in the face of increasing regulation;
- Compliance with an increasingly demanding set of expectations from the public we serve; and
- Global mobility and recognition of professional accountants to enable them to work across borders.

RBC – On February 25 and 26 the 2013 Chief Executives’ Strategy Forum was held at Ifac, New York, USA, with representatives from associated entities worldwide, including the Federal Accounting Council. What is your assessment on the results of this forum?

Allen – We were delighted to have the Federal Accounting Council well-represented at this year’s Chief Executives’ Strategy Forum (CE Forum). This is the tenth time Ifac has held this annual event, which includes the chief executives of our major Member Bodies, Regional Organizations and Accountancy Groupings.

This year’s event was predominately concentrated on the future, in particular, seeking detailed input as part of the Ifac Constitutional Review currently
being undertaken. We were also seeking input into the future strategy of Ifac through 2020 to assist in determining what position Ifac needs to assume to continue serving the public interest and the global accounting profession.

We received excellent participation and input across both these activities, which will be most helpful to the Ifac officers and the review groups working on these matters. Overall, I feel it was a most successful event.

RBC – Ifac is conducting a review of its constitution statute. In the forum held on February 25 and 26, which were the main points raised by participants in relation to the review of the entity’s statute?

Allen – The major directional advice we received from the CE Forum in relation to the current Constitutional Review was that Ifac needed a modern set of Constitution documents that enable it to be “fit for the future” and more “nimble” to changing circumstances than perhaps the present Constitution allows.

The Constitution Review Working Group, chaired by Ifac Deputy President Olivia Kirtly, is conducting this exercise and will issue a detailed survey document in early April to solicit input from Ifac’s member bodies, associates, affiliates, regional organizations, and accountancy groupings.

RBC – In Brazil, the Federal Accounting Council (CFC) and the Brazilian Institute of Independent Auditors (Ibracon) are Ifac’s associate members. Do you have plans to come to Brazil during your tenure?

Allen – Ifac is delighted to have both CFC and Ibracon as full members and also to have Ana Maria Elorrieta as a member of the Ifac Board.

The importance of Brazil to the global economy and the rapid growth it is experiencing make it vital that both Brazilian accounting bodies are active members of Ifac. The South American and Brazilian perspectives are essential to all the work Ifac undertakes, and we appreciate the past and present volunteer effort from Brazil.

I have had preliminary discussion with Presidents Juarez Domingues Carneiro and Eduardo Pocetti concerning a visit in 2013. I will look forward to visiting and obtaining a better understanding of the excellent work done by the accountancy profession in Brazil.

RBC – Brazil is, since 2007, in the process of convergence with the International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS) and International Standards on Auditing (ISA). What is your vision of about the standards convergence model that is being used in Brazil?

Allen – I congratulate Brazil for their efforts in the convergence of the international standards of accounting, auditing and public sector accounting.

It is essential to enable the global accounting profession to remain relevant to the communities we serve that these international standards are fully implemented in all economies of the world to enable appropriate levels of accountability and transparency in the world’s business activities.

Coupled with a set of national ethics standards that comply with the International Ethics Standards Board for Ac-
Accountants Code of Ethics, this should ideally place the Brazilian accountancy profession in a strong position to serve and benefit from the future economic growth of the country.

RBC – According to a study published by Forbes and conducted by CareerBuilder and Economic Modeling Specialists Intl. (EMSI) (http://www.forbes.com/sites/jacquelynsmith/2012/12/06/the-top-jobs-for-2013/), the accounting profession is in 2nd place among the top three professions, in the United States, in which to find a job in 2013. How do you analyze the current situation of the profession in your country (New Zealand), the United States and the world?

Allen – This is a most interesting finding and strongly supports a personal view I have held for many years.

I believe that someone properly educated and experienced in the accountancy profession and possessing strong inter-personal skills should also have access to rewarding career opportunities.

Contrasted with study’s findings, it’s surprising to me that the global accountancy profession has only 2.5 million professional accountants. Intuitively, this seems a small number, considering the crucial role we play in the global society.

Also, when we achieve the desired outcomes on the improvement in public sector financial management as well as the implementation of Integrated Reporting, there will be a pressing need for more professional accountants. This will benefit the profession in most countries of the world.

It is very interesting to study what happened in my country, New Zealand, in the early 1990s with the implementation of reforms that saw the introduction of full accrual accounting across all parts of the public sector. The New Zealand population is slightly in excess of 4 million people and, prior to the public sector reforms, we had approximately 18,000 professional accountants with less than 3 percent employed in the public sector.

Today, New Zealand has 35,000 professional accountants with nearly 30 percent employed in the public sector.

RBC – What is the ideal professional profile to meet the new demands of the labor market? The skills and competencies of accountants will change in the coming years?

Allen – The International Education Standards (IESs) issued by the independent standard-setting International Accounting Education Standards Board (IAESB), are ideally structured to provide the ideal set of skills and competencies needed by a professional accountant to meet the changing demands of the labor market.

Professional accountants have a personal responsibility to remain up-to-date and fully current with all aspects of their particular areas of expertise. To properly discharge our public interest duty, we have to undertake sufficient and appropriate level of conti-
nuing professional education. This is an important part of being a professional and we ignore this aspect of our professional duty at our peril.

RBC – Do you believe that the accounting profession will continue to be an attractive option for young people in the future? Allen – Accounting is the only truly global profession and, with excellent prospects in the future for high levels of worthwhile employment, I consider it well-positioned to offer great opportunities to young people.

If someone is competent in several languages, that improves an individual’s marketability and ability to move across borders and work in various economies, something that is attractive to more of the younger generation.

We all have a professional responsibility to encourage competent and motivated young people to join this profession—it will deliver them a worthwhile career.

RBC – The Federal Accounting Council, together with several Brazilian accounting entities, has launched this year the campaign “2013: Year of the Accounting Profession in Brazil”, in order to widely publicize the real role and contribution of accounting professionals to Brazilian economic development. How do you evaluate this type of initiative?

Allen – I congratulate the Brazilian profession on this important and worthwhile initiative. Similar exercises in other countries have been most successful in promoting the profession and, at times, we have not been as proactive in this respect as we should be.

We have much to be proud of, but, all too often, the publicity we receive is negative. I wish Brazil continued success in this initiative and indeed in all its future endeavors.