



## Pan African Federation of Accountants Call to Action

December 2022

***PAFA calls on professional accountancy organisations in Africa to adopt strategies that support professional accountants for people, planet, and prosperity.***

Professional accountants have both a public interest responsibility and a transformative opportunity to lead change. Nevertheless, as said by Kevin Dancey, CEO of the International Federation of Accountants (IFAC), ... if we don't rise quickly to the occasion, demonstrate our competencies, and seize this significant opportunity, someone else will".<sup>1</sup>

PAFA's members and associates represent more than 123,000 professional accountants on the continent. Drawing on studies conducted by PAFA and key collaborators, the outcomes of the 2022 PAFA PAO Leadership Forum, and publications of the African Professionalisation Initiative (API) and IFAC, this call highlights five areas of focus that professional accountancy organisations should consider in developing their strategies for 2023 and beyond to support the development of future-fit professional accountants for Africa:

1. Sustainability reporting and assurance
2. Governance, transparency and accountability in the public sector
3. The quality of accountancy services
4. The Africa Continental Free Trade Area (AfCFTA) Agreement
5. Anti- corruption and the fight against economic crime

### Considering the Five Areas of Strategic Focus

#### *1. Leading sustainability reporting and assurance*

A study conducted by PAFA in collaboration with ACCA and PwC on the state of the accountancy profession in Africa<sup>2</sup> revealed that professional accountants across Africa were less optimistic about their contribution to reports on the impact of business activities on the environment and society. A key factor for this lack of confidence is their limited understanding of ESG (Environment, Social, Governance) and what is required of them in this space. Professional accountancy organisations can rectify this by actioning the recommendations included in this call.

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<sup>1</sup> [Corporate and Sustainability Reporting – A Look Ahead](#)

<sup>2</sup> [State-of-the-Profession-in-Africa | PAFA](#)

## *2. Strengthening governance, transparency, and accountability in the public sector*

The State of the Profession report<sup>3</sup> also highlights the slow progress towards the professionalisation of the public sector, while stakeholders who participated in the study called on the accountancy profession to play a more significant role in influencing public policy and serve as trusted advisors to governments on socioeconomic development initiatives. Professional accountancy organisations must play a key role in strengthening public sector accountancy capacity. The [African Professionalisation Initiative](#) offers a sustainable economical, efficient and effective solution to professional accountancy organisations.

## *3. Enhancing the quality of accountancy services*

The International Auditing and Assurance Standards Board (IAASB) has raised the bar for quality management. Three new international standards aim to strengthen and modernise quality monitoring in an evolving and increasingly complex accountancy ecosystem that includes growing stakeholder expectations and a need for quality monitoring systems that are proactive and adaptable. The standards are effective 15 December 2022.

A country-level quality review system is key to ensuring quality accountancy services critical for enhancing confidence in business, trust in government, foreign direct investment, and the effective use of development assistance. In many countries in Africa, these systems do not exist or need strengthening, and where they are functioning effectively, they need to be updated for the new standards.

Professional accountancy organisations have a public interest responsibility to support professional accountants to implement the new standards, and to strengthen country-level quality review systems.

## *4. Realising Africa's growth objectives through the AfCFTA*

According to the State of the Profession report<sup>4</sup>, stakeholders expect the accountancy profession to help realise Africa's growth objectives, including the AfCFTA Agreement. Another study conducted by PAFA and ACCA<sup>5</sup> revealed that, if Africa is to achieve its grand agenda for trade liberalisation, professional accountants must understand better how to interpret key priorities for transforming the accountancy profession—i.e., economy, talent, sustainability, regulation, public sector, small business, and trust<sup>6</sup>—in the context of the African Union's agenda 2063. The study identified critical steps that must be prioritised by the profession in harnessing its strengths and developing its capacity to play a much-needed role in enabling intra-continental trade, leveraging the AfCFTA. They have been incorporated in the recommendations in this call.

## *5. Fighting corruption and economic crime*

Corruption and related economic crime, such as money laundering, bribery, tax evasion and fraud, are significant obstacles to economic growth and human development and, ultimately, realising the African Union's agenda 2063 and the United Nations' sustainable development goals. The accountancy profession is well placed in business, the public sector and society to help fight these crimes. The profession is also well placed to support an ecosystem of key actors and policymakers that strive to counter corruption and economic crime. By leading in these two roles, the profession serves the public interest as an enabler of The Africa We Want.<sup>7</sup>

## **Harnessing Our Comparative Advantages**

PAFA is uniquely positioned to harness our comparative advantages—integrated Pan African platform for engagement, influential voice, effective convener, expert advisor, knowledge gateway, and trusted

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<sup>3</sup> [State-of-the-Profession-in-Africa | PAFA](#)

<sup>4</sup> [State-of-the-Profession-in-Africa | PAFA](#)

<sup>5</sup> [Journey to AU2063 – Professional Accountants Empowering the AfCFTA Agreement | PAFA](#)

<sup>6</sup> [Accounting for a better world: priorities for a transforming profession | ACCA Global](#)

<sup>7</sup> [Action Plan for Fighting Corruption and Economic Crime | IFAC](#)

intermediary—to assist professional accountancy organisations in implementing strategies that support future-fit professional accountants.

Professional accountancy organisations should review [PAFA's plans](#), join our [advisory groups](#) and follow us on [LinkedIn](#) to stay abreast of initiatives that harness the economies of scale of continental solutions to support them in moving from commitment to action effectively and efficiently.

## Moving from Commitment to Action

PAFA calls on the leadership of professional accountancy organisations to include the five areas of focus in their strategies for 2023 and beyond. The recommendations below will assist professional accountancy organisations to move from commitment to action. They are drawn from studies conducted by PAFA and key collaborators, the outcomes of the 2022 PAFA PAO Leadership Forum, and publications of the API and IFAC. We encourage professional accountancy organisations to use the hashtag #AA4PPP on social media to communicate your commitment to supporting future-fit accountants for Africa.

### 1. Leading sustainability reporting and assurance<sup>8</sup>

*It is recommended that professional accountancy organisations:*

- Assist professional accountants to demonstrate sustainability-related skills and competencies—ensuring they continue to expand the value-added services they can offer in the future.
  - Position professional accountants as best placed to meet the sustainability-related needs of reporting entities, including assurance services.
  - Integrate new ESG subject matter with the foundational skills and competencies, professional judgement, and integrity of professional accountants.
  - Provide support, education and technical guidance that promote high-quality reporting and assurance of sustainability information, enhancing the role of professional accountants as valued partners and advisors.
- Advocate for smart sustainability-related policymaking and regulation—starting with support for the new International Sustainability Standards Board (ISSB) and requiring assurance of sustainability disclosures. This can be achieved by advocating for:
  - Enhanced reporting through regulatory frameworks that promote rigor and define the scope of what organisations report and have assured, disincentivising compliance-based behaviours.
  - Enhanced trust and confidence in the sustainability information organisations report through requiring high-quality assurance conducted in accordance with standards set by the IAASB and performed by professional accountants.
  - The implementation of sustainability disclosure requirements that are proportional, phased and the right size for smaller enterprises.
  - Updated liability regimes to support expanded, value-added professional services and assurance.
- Champion an integrated mindset to break down information silos within organisations and promote an interconnected approach to what organisations report and have assured. This can be achieved by championing initiatives that:
  - Enhance corporate governance, including audit committees, to provide effective oversight of all reporting, including sustainability-related disclosure.
  - Eliminate information silos within organisations to better integrate sustainability disclosures with the work of CFOs and to facilitate holistic decision-making and communication with stakeholders.
  - Integrate climate and other ESG factors into strategy and business model development, decision making and risk/opportunity assessments.
- Be proactive on climate reporting—promoting the adoption and supporting the implementation of existing standard-setter requirements and best practices. This can be achieved through initiatives that promote:

<sup>8</sup> [Time for Action on Sustainability: Next Steps for the Accountancy Profession | IFAC](#)

## 1. Leading sustainability reporting and assurance<sup>8</sup>

*It is recommended that professional accountancy organisations:*

- Compliance with financial statement reporting requirements (e.g., IFRS), without material omissions or misstatements to reflect climate matters material to financial performance.
- Alignment and integration of climate-related information and financial disclosures with an organisation's stated climate commitments/targets and strategic decisions.
- Quantification of climate-related risks and building robust data capture and reporting systems for sustainability information.

## 2. Strengthening governance, transparency, and accountability in the public sector<sup>9</sup>

*It is recommended that professional accountancy organisations:*

- Adopt and implement a public sector engagement framework that clearly outlines their approach to engaging with government and related entities, the relevant activities on which to engage, and a mechanism for monitoring progress.<sup>10</sup>
- Act as a trusted advisors on Public Financial Management (PFM) reforms, including promoting the adoption and supporting the implementation of the International Public Sector Accounting Standards (IPSAS)<sup>11</sup> and actively encouraging governments to participate in the [International Public Sector Financial Accountability Index](#).
- Deepen the focus on professionalising public sector accountancy through collaboration with the African Professionalisation Initiative.<sup>12</sup>
  - Take responsibility for the development of public sector accountancy competencies in individuals who work in or aspire to work in PFM roles.
  - Adapt professional qualification frameworks to ensure professional accountants are prepared for public sector roles. Consider exit points that provide lower tier designations, such as that of an accounting technician. Each tier should render a designation with equivalent prestige to their private sector counterparts.
  - Engage with public service commissions to map a career path for professional accountants in the public sector.
  - Hold those with public sector professional qualifications or designations accountable for their adherence to a code of ethics, the quality of their work, and their commitment to lifelong learning.
  - Make training in responsible governance and ethics a mandatory continuing professional development requirement for professional accountants at all levels in the public sector.
  - Encourage development partners and governments to include professionalisation of the public sector in their PFM reform plans, including funding to build the institutional capacity of the professional accountancy organisation to contribute effectively to such professionalisation.

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<sup>9</sup> [Greater Transparency and Accountability in the Public Sector | IFAC](#)

<sup>10</sup> As part of its initiatives to championing [PFM reforms in French-speaking countries in Africa](#), PAFA is developing a public sector engagement framework for professional accountancy organisations in French-speaking countries, which will be followed by a similar framework for English-speaking countries.

<sup>11</sup> See the PAFA [IPSAS Implementation Roadmap for Africa](#).

<sup>12</sup> [API White Paper | professionalisation.africa](#)

### 3. Enhancing the quality of accountancy services

*It is recommended that professional accountancy organisations:*

- Contribute to the development of international standards that support good governance, transparency and accountability in the private and public sectors and, ultimately, economic growth through the [PAFA Advisory Groups](#); and promote the adoption and support the implementation of such standards (as reflected in the [IFAC Statements of Membership Obligations \(SMO\) 2, 3, 4, 5, 7](#)).
- Ensure compliance with such standards through a quality review system and an investigation and disciplinary system (as reflected in the [IFAC SMO 1, 6](#)).
- Take action to support professional accountants and practice firms to comply with the new Internationals Standards on Quality Management and ISA 220 (Revised).
- Take action to implement or strengthen country-level quality assurance review systems in accordance with IFAC SMO 1 and investigation and discipline systems in accordance with IFAC SMO 6.
- In the case of an independent audit and accounting regulator, assist in clarifying the respective roles of the regulator and professional accountancy organisation.

### 4. Realising Africa's growth objectives through the AfCFTA<sup>13</sup>

*It is recommended that professional accountancy organisations:*

- Share knowledge on the AfCFTA Agreement and raise awareness of the role of the accountancy profession in its implementation.
- Secure seats at continental and national tables where implementation of the AfCFTA Agreement is being discussed and contribute actively to dialogue on the liberalisation of accountancy services, as well as topics such as the impact of policies and regulations relating to intra-continental trade; the harmonisation of financial reporting and other relevant frameworks; development of alternative financing methods, etc.
- Facilitate partnerships to aid the implementation of the AfCFTA Agreement. For example:
  - Create forums to bridge information gaps and share tools to enable trade actors, including professional accountants, to operationalise the AfCFTA.
  - Progress Mutual Recognition Agreements for professional qualifications.
  - Build trust between development partners and key government agencies to inform innovative models of public-private partnerships and encourage foreign investments with improved trust.
- Take action to develop future-fit professional accountants capable of contributing to the implementation of the AfCFTA Agreement. For example:
  - Facilitate the development of critical technical skills, including integrated reporting, digital reporting, green finance, data analysis, etc.
  - Facilitate the development of critical soft skills, including cross-cultural working skills, advocacy skills, bilingual capabilities, etc.

### 5. Fighting corruption and economic crime<sup>14</sup>

*It is recommended that professional accountancy organisations:*

- Share knowledge of and raise awareness of the accountancy profession's role in the fight against corruption and economic crime.
- Localise [IFAC's action plan for fighting corruption and economic crime](#), focusing on:
  - Harnessing the full potential of education and professional development
  - Supporting global standards
  - Contributing to evidenced-based policymaking

<sup>13</sup> [Journey to AU2063 – Professional Accountants Empowering the AfCFTA Agreement | PAFA](#)

<sup>14</sup> [Action Plan for Fighting Corruption and Economic Crime | IFAC](#)

## 5. Fighting corruption and economic crime<sup>14</sup>

*It is recommended that professional accountancy organisations:*

- Strengthening impact through engagement and partnership
- Contributing expertise through thought leadership and advocacy

**Note:** Whistleblowers, and those who speak truth to power, are subject to very real threats to safety. Sadly, this far too often results in violence. The accountancy profession's ability to make an immediate impact on security issues is very limited. However, by supporting an ecosystem and culture of transparency and integrity, professional accountants and PAOs can help drive change over time, reducing the severity of the security issue.

## Recommendations relevant to all five areas of strategic focus

*It is recommended that professional accountancy organisations:*

- Re-invent the approach to initial and continuing professional development to equip professionals for the future.
  - Adapt professional qualification frameworks to ensure professional accountants are fit for future roles.
  - Drive collaboration with stakeholders in the learning and development ecosystem, including higher education institutions (HEIs), practice firms, etc., to identify future skills/talent needs and influence and contribute to curriculum and content development, including examination and grading.
  - Change the approach to CPD from one that is passive and compliance-based to one that is tailored, reflective and actively driven by individual needs.
  - Establish platforms to facilitate knowledge and experience sharing with and feedback from HEI, other tuition providers, practice firms, etc. to enhance IPD and CPD and ensure aspiring professional accountants and professional accountants contribute to Africa's growth objectives.
- Adopt and implement emerging technologies to enhance service delivery to students, members, and other stakeholders.
- Increase member engagement beyond examinations and CPD to enhance awareness, knowledge and participation in and absorption of professional accountancy organisation activities, especially those influencing policy and socio-economic development.
- Take action to understand socio-economic challenges across Africa and participate effectively in economic growth agendas. For example:
  - Support relevant research and thought leadership
  - Engage with governments and on existing regional platforms (e.g., regional economic and monetary unions)
  - Put professional expertise at the disposal of various stakeholders that have a role in and resources to support socio-economic development