



11. August 2010

Stellungnahme im Rahmen der IFAC-Konsultation „Paper on Proposals to Amend the IFAC Constitution and Bylaws“

Die Wirtschaftsprüferkammer hat mit Schreiben vom **26. Juli 2010** im Rahmen der Konsultation der International Federation of Accountants (IFAC) zu geplanten IFAC-Satzungsänderungen wie nachfolgend wiedergegeben Stellung genommen:

We have reviewed the content of the proposals to amend the IFAC Constitution and Bylaws with great interest and would like to thank you for the opportunity to submit comments on this topic. While we have taken notice of all proposals, we would like to focus, as suggested by you, on the two most significant proposed amendments that relate to the selection of the Deputy President and the length of the terms of office of the President and the Deputy President.

1. Selection of the Deputy President

(a) Are you in favor of expanding the pool of candidates for election as Deputy President, or do you prefer maintaining the status quo?

(b) In case a change is proposed, which option would you prefer?

- No restriction***
- IFAC experience and leadership restriction***
- IFAC groups service restriction.***

We would like to opt for a change of the current provisions and are in favor of expanding the pool of candidates for election as Deputy President without restrictions basically.

This change would increase the likelihood to find the most qualified and appropriate person for the job. Notwithstanding the fact that currently there is no evidence for a lack of qualified candidates, there might be some even more qualified persons outside of the IFAC institutions. A CEO of an accounting firm, for instance, with an outstanding degree of knowledge and experience should, in our view, have the opportunity to apply for the job as Deputy President regardless of

whether she/he was engaged in the IFAC work before. This increase of the opportunity to find the best person may outweigh a possible lack of IFAC experience of the external candidate if and as long as the skills and qualifications required for the job are rigorously taken into consideration during the evaluation process applied by the Nominating Committee to screen candidates and the due process of the Board and Council in electing the Deputy President. Once the ideal candidate is chosen, she/he will be capable of familiarizing her-/himself with the IFAC proceedings and tasks within a short period of time due to her/his unique skills and the support provided with by the technical managers and other IFAC staff. Nevertheless, we would like to stress that we could also understand a point of view requiring some degree of IFAC experience even though we think that this should not be an absolute requirement per se. There should be an overall assessment depending on the concrete circumstances of the individual case.

Moreover, expanding the pool of candidates would also have a protective dimension since it would reduce the risk of not having qualified Board members as candidates available due to their time-consuming job in addition to their IFAC commitment. It is the essence of every protective measure that there is no current threat but only a possibility that a certain event might happen so that the argument of the hypothetical character of the lack of candidates would be without merit.

While some opponents of the proposed change might argue that expanding the pool would create a public perception that there is a current shortage of qualified persons within the governing Board, this concern would be neither convincing nor justified. Firstly, there would be no lack of qualifications within the Board but only a possible lack of human capacities. Secondly, expanding the pool would not be a sign of weakness but a manifestation of the diligence with which IFAC strives for filling a vacancy.

In other words, finding the best person should be in the interest of the profession and the public as well and would in the end even more underpin the legitimacy of IFAC.

2. Length of the terms of office of the President and Deputy President

(a) Are you in favor of reducing the terms of office of the President and Deputy President, or do you prefer maintaining the status quo?

(b) In case a change is proposed, which option would you prefer?

- Reduce the term of each officer to one year

- Reduce the term of each officer to one year and add a second Deputy President.

We would prefer maintaining the status quo, that means the President and Deputy President terms of office would remain at two years each, for a total leadership time commitment of four years basically.

While we do understand that the four-year term might serve as a barrier for individuals to serve since they might be unable to relinquish or modify their employment correspondingly, we deem this period of time essential for fulfilling the duties and tasks of this office. Socializing with stakeholders and other key players, for instance, is an important task for the President and Deputy President and is a time-consuming one. It would be deplorable if shortly after the President has successfully built up relationships and won trust he had to leave due to the expiration of a too short term. Similarly, also from an economic point of view being able to use the experience - that has been gained in the course of exercising the office of the President/Deputy President - for a longer period of time would make more sense.

We seriously doubt that the proposed total time commitment of three years by reducing the term of each officer to one year and adding a second Deputy President would be a sufficient length of time to fulfill the tasks described above particularly if the candidate has not gained IFAC experience before. Furthermore, a period of two years as President seems indeed necessary to advance the strategic plan that was developed during her/his deputy presidency. Notwithstanding the fact that it might be difficult for the prospective President to modify her/his employment, one more year (the status quo) compared to the total commitment of three years should be viable and not be critical for her/him and her/his employer respectively.

However, a limited exception from our opinion should be granted if the candidate does already possess at least some IFAC experience. In this case it could be justified to reduce the terms of office of the President and Deputy President to one year each, for a total leadership time commitment of two years.

Finally, we would like to mention that with regard to the other proposed amendments illustrated in the Consultation Paper we do not have any concern in all.

We hope that our comments will be useful to IFAC in discussing the proposed amendments. If you have any further questions, we should be pleased to discuss matters further with you.