

# **INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD**

## **TERMS OF REFERENCE – JANUARY 2012**

### **1.0 PURPOSE**

The mission of the International Federation of Accountants (IFAC), as set out in its constitution, is “to serve the public interest by contributing to the development, adoption and implementation of high-quality international standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms, and to high quality practices by professional accountants; promoting the value of professional accountants worldwide; and speaking out on public interest issues where the accountancy profession’s expertise is most relevant.” In pursuing this mission, the IFAC Board has established the International Accounting Education Standards Board (IAESB) to function as an independent standard-setting body under the auspices of IFAC and subject to the oversight of the Public Interest Oversight Board (PIOB).

The IAESB develops and issues, in the public interest and under its own authority, high-quality standards, practice statements, information papers and other information documents on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession.

The IAESB acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development. The IAESB’s role is focused on addressing the professional knowledge, skills and professional values, ethics and attitudes of the accountancy profession to serve the overall public interest.

The IFAC Board has determined that designation of the IAESB as the responsible body, under its own authority and within its stated terms of reference, best serves the public interest in achieving this aspect of its mission.

### **2.0 OBJECTIVE**

The IAESB’s objective is to serve the public interest by:

- Establishing a series of high-quality standards and other publications reflecting good practice in the education, development, and assessment of professional accountants;
- Promoting the adoption and implementation of the International Education Standards;
- Developing education benchmarks for measuring the implementation of the International Education Standards; and
- Advancing international debate on emerging issues relating to the education, development, and assessment of professional accountants.

### **3.0 PRONOUNCEMENTS**

In fulfilling the above objective, the IAESB develops and issues the following authoritative publications:

- *International Education Standards for Professional Accountants (IESs)*, which address the principles of learning and development for professional accountants. As they prescribe

good practice in learning and development for professional accountants, they should be incorporated into the educational requirements of IFAC Member Bodies.

- *International Education Practice Statements for Professional Accountants (IEPSs)*, which assist in implementing generally accepted good practice in learning and development for professional accountants. IEPSs may interpret, illustrate, or expand on matters related to IESs. In this function, IEPSs assist IFAC Member Bodies to implement and achieve good practice, as prescribed by the IESs. The IEPS may also include commendable methods or practices, including those recognized as current best practice, that IFAC Member Bodies may wish to adopt.

From time to time the IAESB also issues non-authoritative publications, including:

- *International Education Information Papers for Professional Accountants (IEIPs)*, which may critically assess emerging learning and development issues and practices. The aim of such IEIPs is to (a) promote consideration of these issues, and (b) encourage comment and feedback. In this way, they may be useful forerunners of IESs and IEPSs. Alternatively, the IEIPs may simply be descriptive in nature. In this function, they promote awareness of learning and development issues or practices relating to the accountancy profession; and
- Additional support material, such as toolkits or interpretation guidance, which assist IFAC Member Bodies in achieving good practice in learning and development, as prescribed by the IESs.

The official text of the IESs, IEPSs, IEIPs, and other publications is that published by the IAESB in the English language.

#### **4.0 MEMBERSHIP**

The members of the IAESB, including the Chair and Deputy Chair, are appointed by the IFAC Board on the recommendation of the IFAC Nominating Committee and with the approval of the PIOB. The appointment as Deputy Chair does not imply that the individual concerned is the Chair-elect.

The IAESB has 18 member comprising practitioners and non-practitioners,<sup>1</sup> of whom no more than nine shall be practitioners and no less than three shall be public members.<sup>2</sup> A public member is an individual who satisfies the requirements of a non-practitioner and is also expected to reflect, and is seen to reflect, the wider public interest. Not all non-practitioners are therefore eligible to be public members. The three public members may be members of IFAC Member Bodies.

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<sup>1</sup> A non-practitioner is a person who is not a member or employee of an audit practice firm and, in respect of individuals who have been members or employees of such firms, there shall normally be a cooling-off period of three years, but that such period may, on a comply or explain basis, be reduced, provided that such a reduction shall not result in a cooling-off period of less than one year. Where an individual is proposed for appointment with less than a three year cooling-off period IFAC shall provide to the PIOB the reasons for the proposed appointment, which the PIOB shall, in line with its authority to approve all appointments to the IAESB, have the authority to accept or decline.

<sup>2</sup> While these sentences reflect changes approved to membership in 2011, the transition to the changes in membership will commence in 2013.

The selection process is based on the principle of “the best person for the job,” the primary criterion being the individual qualities and abilities of the nominee in relation to the position for which they are being nominated. However, the selection process also seeks a balance between the personal and professional qualifications of a nominee and representational needs, including gender balance of the IAESB. Accordingly, consideration will be given to other factors including geographic representation, sector of the accountancy profession (including academic and non-academics), size of organization, and level of economic development..

IAESB members may be accompanied at meetings by a technical advisor. A technical advisor has the privilege of the floor with the consent of the IAESB member he or she advises, and may participate in projects. Technical advisors are expected to possess the technical skills to participate, as appropriate, in IAESB debates and attend IAESB meetings regularly to maintain an understanding of current issues relevant to their role.

The IAESB may also include up to three observers, appointed at the discretion of the IFAC Board in consultation with the PIOB. Observers may attend IAESB meetings, have the privilege of the floor, and may participate in projects. Observers are expected to possess the technical skills to participate fully in IAESB debates and attend IAESB meetings regularly to maintain an understanding of current issues.

The Chair of the IAESB Consultative Advisory Group (CAG) is expected to attend IAESB meetings, or to appoint a representative of a CAG member organization to attend. The Chair of the IAESB CAG, or appointed representative, has the privilege of the floor at IAESB meetings.

IAESB members are required to sign an annual statement declaring they will act in the public interest and with integrity in discharging their roles within IFAC. Nominating organizations of members of the IAESB and the employing organization of the chair of the IAESB (as applicable) are asked to sign independence declarations.

## **5.0 THE IAESB CHAIR**

The Chair is selected by the Nominating Committee and recommended to the IFAC Board for its agreement and to the PIOB for subsequent approval.

## **6.0 TERMS OF OFFICE**

The standard term for IAESB members is three years, with approximately one-third of the membership rotating each year. A member may serve up to two consecutive terms, for an aggregate term of six years.

The Chair ordinarily may serve three consecutive terms (as Chair or as a member for one or two terms preceding the appointment as Chair), for an aggregate of nine years. In exceptional circumstances, to be specified by the Nominating Committee, the Chair may serve for one additional consecutive term, for an aggregate term of twelve years.

## **7.0 MEETING PROCEDURES**

Each IAESB meeting requires the presence, in person or by simultaneous telecommunications link, of at least twelve appointed members.

IAESB meetings shall be chaired by the Chair, or in his/her absence, by the Deputy Chair. In the event of the absence of both, the members present shall select one of their number to take the chair for the duration of the meeting, or of the absence of the Chair and Deputy.

Each member of the IAESB has one vote which can be exercised only by the appointed member. The affirmative vote of at least twelve of those present at the meeting or by simultaneous telecommunications link is required to approve or withdraw IESs, IEPSs, and other pronouncements, and to approve exposure drafts.

IAESB meetings to discuss the development, and to approve the issuance or withdrawal of IESs, IEPSs, exposure drafts and other pronouncements are open to the public. Matters of a general administrative nature or with privacy implications may be dealt with in closed sessions of the IAESB; no decisions that would affect the content of the IESs, IEPSs, and other pronouncements issued by the IAESB are made in a closed session. Agenda papers for open sessions, including minutes of the meetings of the IAESB are published on the IFAC website. The meetings and agenda papers are in English, which is the official working language of IFAC.

The PIOB has the right to attend, or be represented at, all meetings and closed sessions of the IAESB.

## **8.0 DUE PROCESS**

The IAESB is required to be transparent in its activities, and in developing IESs and IEPS, to adhere to due process as approved by the PIOB.

In setting its strategy and work program, the IAESB obtains the PIOB's conclusion as to whether the due process used to develop the IAESB's strategy and work program has been followed effectively and with proper regard for the public interest. The IAESB also obtains the PIOB's opinion, as at the date of that opinion, on the appropriateness of the items on the work program, and its approval of the completeness of the strategy and work program from a public interest perspective. The IAESB adds to its work program those items that the PIOB resolves should, from a public interest perspective, form part of the IAESB's work program.

## **9.0 CONSULTATIVE ADVISORY GROUP**

The objective of the IAESB CAG is to provide input to and assist the IAESB through consultation with the CAG member organizations and their representatives at the CAG meetings, in order to obtain: advice on the IAESB's agenda and project timetable (work program), including project priorities; technical advice on projects; and other matters of relevance to the activities of the IAESB.

## **10.0 OTHER**

The IAESB reports annually on its work program, activities and progress made in achieving its objectives during the year. This information is normally included as part of the IFAC annual report.

The IFAC Board will review the terms of reference of the IAESB at least every three years.