

ENHANCING PROFESSIONAL  
ACCOUNTING EDUCATION

IAESB™

Knowledge, competencies  
professional development  
teaching of vocational or practical skills provides the b  
• On-the-job training tak  
• Off-the-job training aw

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## About the IAESB

The International Accounting Education Standards Board (IAESB) is an independent standard-setting body that develops education standards, guidance, and information papers for use by International Federation of Accountants' member bodies and other interested stakeholders in professional accounting education, such as: universities and education providers, employers, regulators, government authorities, accountants, and prospective accountants. Under a shared standard-setting process involving the Public Interest Oversight Board (PIOB), which oversees the activities of the IAESB, and the IAESB Consultative Advisory Group, which provides public interest input, the IAESB develops its standards and guidance.

The objective of the IAESB, as outlined in its [Terms of Reference](#), is to serve the public interest by: promulgating 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 (IESs); developing education benchmarks for measuring the implementation of the IESs; and advancing international debate on emerging issues relating to the education, development, and assessment of professional accountants.

The IAESB's membership consists of 18 volunteer board members from around the world. The 18 members comprise nine practitioners and nine individuals who are not members or employees of an audit firm ("non-practitioners").<sup>1</sup> At least three of the non-practitioners are public members: individuals who are expected to reflect, and are seen to reflect, the wider public interest.

All board members are required to sign an annual statement declaring that they will act in the public interest and with integrity in discharging their responsibilities as a member of the IAESB. Members are appointed by the International Federation of Accountants (IFAC) Board, based on recommendations from the IFAC Nominating Committee and with the approval of the PIOB.

In developing its standards, independently and under its own authority, the IAESB is required to be transparent in its activities, and to adhere to due process as approved by the PIOB. Board meetings, including meetings by teleconference, are open to the public, and agenda papers are available at [www.ifac.org/education/meetings](http://www.ifac.org/education/meetings). In 2012 the IAESB met in person three times and once by conference call.

The IAESB develops and issues, in the public interest, standards and guidance on the learning and development required to develop and maintain competence over the career of a professional accountant

<sup>1</sup> A non-practitioner is an individual who is not a member or employee of an audit practice firm and, in respect to individuals who have been members or employees of such firms, are normally subject to a cooling-off period of three years.

FIGURE 1: IAESB Activities



The structures and processes that support the operations of the IAESB are facilitated and supported financially by IFAC. The IAESB is a component of the overall IFAC reporting entity; accordingly, its financial

results are included within IFAC's audited financial statements. These financial statements are published as part of IFAC's Annual Report, which is available at [www.ifac.org](http://www.ifac.org).

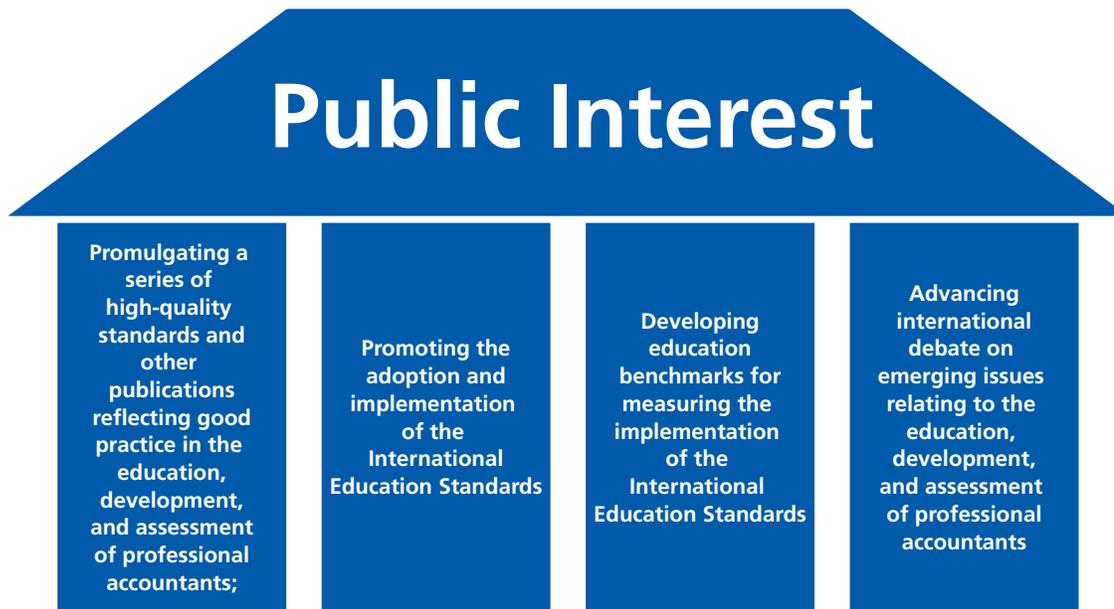


## Message from IAESB Chair Peter Wolnizer

During 2012, we made significant progress in meeting the board's strategic initiatives of: revising the suite of International Education Standards (IESs); developing adoption and implementation guidance; and improving communications around the awareness

of the IESs. We believe that the public interest is served by setting education standards that clarify the expectations for competence of professional accountants to build a foundation upon which public trust is achieved.

**FIGURE 2: IAESB Strategic Objectives**



We have focused our work on clarifying the obligations of member bodies and other interested stakeholders in the delivery, development, and assessment of professional accounting education. In part, this has been achieved through the approval of education standards in the areas of: (a) entry requirements into professional accounting education programs (IES 1); (b) practical experience (IES 5) and assessment (IES 6) for initial professional development; and (c) continuing professional development (IES 7) of a professional accountant.

We continue to improve upon the awareness of the IESs by engaging with stakeholders interested in professional accounting education. We have focused our communications to reinforce our message on the merits of implementing the education standards with developing and developed member bodies,

academic associations, professional associations, government authorities, and professional accountants. IESs promote quality in accounting education worldwide, helping IFAC member bodies, professional accountancy organizations, and others educate and train competent professional accountants who will contribute positively to their communities throughout their careers. IESs also advance convergence and consistency in the application of international technical and practice standards by ensuring a common base of education and practical experience for all professional accountants. Developing and implementing IESs can also contribute to other desirable outcomes, including reduction in international differences in the requirements to qualify and work as a professional accountant, facilitation of the global mobility of professional accountants, and provision of

New working relationships have been forged with the United Nations Conference on Trade and Development, the Global Accounting Alliance, and the Association to Advance Collegiate Schools of Business

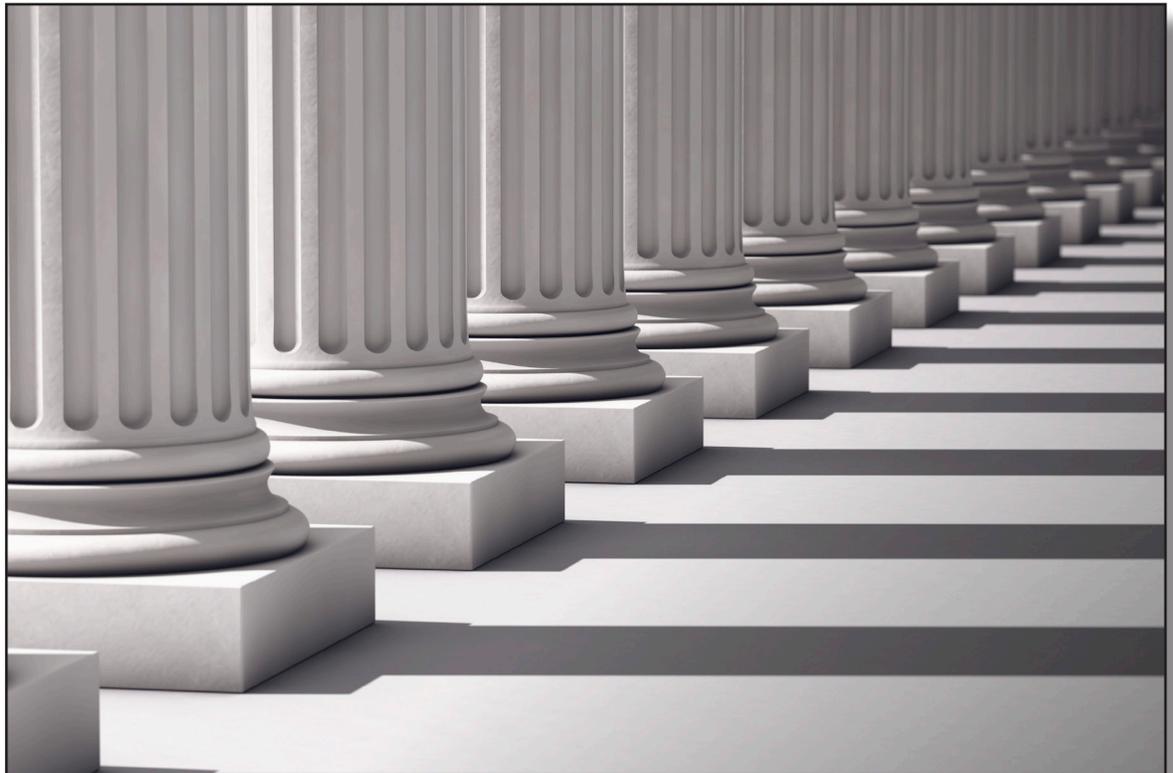
international benchmarks against which IFAC member bodies can measure themselves.

Additionally, we have encouraged our stakeholders to engage in the revision project and solicited input on the development of the revised IESs. New working relationships have been forged with the United Nations Conference on Trade and Development, the Global Accounting Alliance, and the Association to Advance Collegiate Schools of Business, which have expertise and influence on human capacity building and the development of professional accountants.

However, we recognize our work on the revision of the standards will only have impact once the public interest has been served. In considering our direction for 2014–2016 we have reflected on the board's core reason for existence, higher purpose, and mission as they relate to its broad public interest mandate. While its primary work as a standard setter for professional accounting education will be ongoing, the IAESB will continue to work with its stakeholders over the

next three years to provide support by developing guidance on the implementation of the IESs, engage in advocacy by promoting adoption of the revised IESs, and contribute to capacity building by developing benchmarks for implementing the revised IESs. This work is intended to enhance the public's confidence in the competence and judgment of accounting professionals.

We look forward to 2013 with a strong commitment to completing the work on revising the remaining IESs and to developing the *2014–2016 IAESB Strategy and Work Plan*. Finally, on behalf of the IAESB, I wish to thank my predecessor, Mark Allison, under whose leadership the initial work of the IAESB *2010–2013 Strategy and Work Plan* took place. I owe a great debt of gratitude for the voluntary, yet diligent, contributions of IAESB members and their technical advisors, as well as the administrative and management support of IFAC staff.



# The Year in Review

## Highlights on the Revision Project to Clarify the International Education Standards (IESs)

### IES 1, ENTRY REQUIREMENTS FOR PROFESSIONAL ACCOUNTING EDUCATION PROGRAMS

In addressing the public interest concern of ensuring competent professional accountants, the IAESB approved [IES 1, Entry Requirements for Professional Accounting Education Programs](#), which prescribes the principles to be used when setting and communicating educational requirements for entry to professional accounting education programs. This IES is intended to protect the public interest by both establishing fair and proportionate entry requirements that help those individuals considering professional accounting education make appropriate career decisions and ensuring that requirements for entry to professional accounting education are not misrepresented.

IES 1 explains the principle of allowing flexible access to professional accounting education programs under the auspices of an IFAC member body, while ensuring that aspiring professional accountants have a reasonable chance of successful completion of professional accounting education programs. IES 1 becomes effective from July 1, 2014.

### IES 5, INITIAL PROFESSIONAL DEVELOPMENT-PRACTICAL EXPERIENCE

In meeting the public's expectation that professional accountants apply their experience and knowledge in carrying out their roles, the IAESB approved [IES 5, Initial Professional Development – Practical Experience](#). IES 5 prescribes the practical experience required of aspiring professional accountants by the end of Initial Professional Development (IPD). This IES refers to practical experience as workplace and other activities that are relevant to developing professional competence. Practical experience during IPD builds on general education and programs of professional accounting education. The revised IES 5 requires IFAC member bodies to establish a preferred method to measure practical experience by one of the

following approaches: input-based, output-based, or a combination of input- and output-based. In addition, IFAC members shall require practical experience of aspiring professional accountants to be: conducted under the direction of a practical experience supervisor; recorded in a consistent form and supported by verifiable evidence; reviewed periodically by the practical experience supervisor; and assessed for successful completion. These requirements address the public's expectation that a professional accountant has completed a professional accounting education program and has obtained sufficient practical experience. IES 5 becomes effective from July 1, 2015.

### IES 6, INITIAL PROFESSIONAL DEVELOPMENT-ASSESSMENT OF PROFESSIONAL COMPETENCE

The public interest is protected, and the credibility of the profession is enhanced, when only those individuals who meet the profession's competence requirements are permitted to be professional accountants. To support this position the IAESB has approved [IES 6, Initial Professional Development – Assessment of Professional Competence](#). This revised IES prescribes the requirements for the assessment of professional competence of aspiring professional accountants that need to be achieved by the end of IPD. More specifically, the revised standard requires IFAC member bodies to formally assess the achievement of competence by the end of IPD while recognizing that the assessment needs to be reliable, valid, equitable, transparent, and sufficient. In addition, IES 6 requires that IFAC member bodies base the assessment of professional competence of aspiring professional accountants on verifiable evidence. Although the assessment of professional competence during IPD is the responsibility of IFAC member bodies, other stakeholders may provide substantive input into assessment activities. IES 6 becomes effective from July 1, 2015.

### IES 7, CONTINUING PROFESSIONAL DEVELOPMENT

The IAESB recognizes that Continuing Professional Development (CPD) is an important element in maintaining public confidence and trust. Because professional accountants have a continuing duty to maintain professional competence to ensure

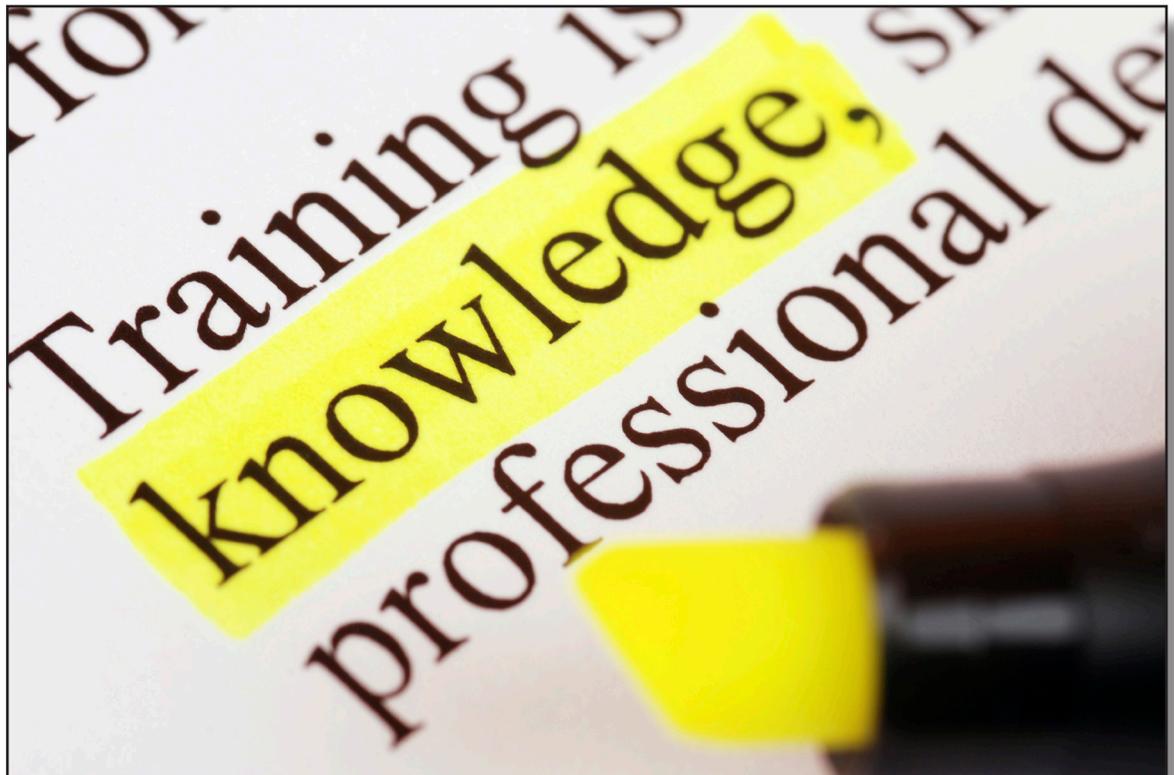
that clients, employers, and relevant stakeholders receive competent professional service the IAESB has approved the clarified *IES 7, Continuing Professional Development*. IES 7 prescribes the CPD for professional accountants required to develop and maintain their professional competence so as to provide high quality services to clients, employers, and other stakeholders. The clarified IES 7 continues to require the IFAC member body to promote and facilitate CPD while confirming the recommended approaches for measuring mandatory CPD activity. IFAC member bodies are also required to monitor the CPD of professional accountants and to enforce sanctions where needed. IES 7 becomes effective from January 1, 2014.

Each of these revised IESs is addressed to IFAC member bodies that have responsibility in the areas of: (a) setting and communicating entry requirements; (b) assessment of learning outcomes; (c) practical experience; and (d) continuing

professional development. In addition, these IESs will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who deliver and support the provision of professional accounting education programs.

#### **EXPOSURE DRAFTS**

The IAESB has also continued its work to revise and redraft the remaining IESs. During 2012 the IAESB approved for public exposure the following Exposure Drafts: IES 2, *Initial Professional Development – Technical Competence*, IES 3, *Initial Professional Development – Professional Skills*, IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*; and IES 8, *Professional Development for Engagement Partners Responsible for Audits of Financial Statements*. The release of the Exposure Drafts as a set has enabled our readers to appreciate the breadth and depth of



learning outcomes needed to achieve professional competence.

The IAESB has received a substantial number of responses on these Exposure Drafts from interested stakeholders, including: IFAC member bodies; members of the Forum of Firms; regulators; professional organizations; and individuals and other organizations. These responses have assisted the board in improving the clarity of the standards and in increasing their relevance with regards to the development, delivery, and assessment of professional accounting education. The IAESB expects that the finalization of the revised IESs 2, 3, and 4 will occur during 2013 while IES 8 is expected to be finalized in 2014.

## Development of Adoption and Implementation Guidance

The IAESB has also contributed to the adoption and implementation of its IESs through its outreach activities, pronouncements, and technical advice. In March, Professor Peter Wolnizer and Professor Aileen Pierce (IAESB Consultative Advisory Group [CAG] chair) attended the opening ceremonies of the National Association of Accounting and Business Administration Schools (ANFECA) Annual Congress to witness the Instituto Mexicano de Contadores Públicos' recognition of ANFECA for "University Academic Heritage." This recognizes ANFECA's contribution to the development of professional accountants in Mexico.

In August Professor Peter Wolnizer and Mr. Fabio Moraes da Costa (CAG member) presented at the Brazil Accounting Congress on the IESs and the importance of continuing professional development. Both of these events enabled the IAESB to engage educational representatives on local issues in the area of professional accounting education.

The IAESB has also published an article in *Issues in Accounting Education* that discusses the work of the IAESB and explains the board's view on convergence in the area of professional accounting education.

## Communications

Finally, the IAESB has also made important progress in improving the awareness of its

pronouncements and projects by participating in meetings and conferences with member bodies, regulators, regional organizations, and the academic community. The IAESB Chair and other IAESB representatives have presented updates during 2012 on the IES revision project at conferences and meetings, including the American Accounting Association 2012 Annual Meeting, the European Accounting Association 35<sup>th</sup> Annual Congress, and the UNCTAD/ISAR and IFRS Foundation Accounting Education Forum. In addition, the IAESB has responded by comment letter to IFAC's exposure draft on the Statements of Membership Obligations.

## Oversight and Advice

Finally, the IAESB also acknowledges the oversight and advice that the Public Interest Oversight Board (PIOB) has provided during 2012. The PIOB's observations at the 2012 IAESB and IAESB Consultative Advisory Group (CAG) meetings provided valuable independent perspective on the manner in which the board has followed its stated due process activities and recognized the public interest in developing the IESs.

The IAESB has also continued to benefit from the leadership of the independent chair of the IAESB CAG and the advice it receives from the CAG members at all stages of the board's projects. Further details on the CAG's activities during 2012 are set out in the "Report of Aileen Pierce, Chair of the IAESB Consultative Advisory Group."



**SYLVIA MELJEM OF THE INSTITUTO MEXICANO DE CONTADORES PUBLICOS (IMCP), SPEAKING AT THE EDUCATION FORUM, SPONSORED BY IMCP, IAESB, AND THE NATIONAL ASSOCIATION OF ACCOUNTING AND BUSINESS ADMINISTRATION SCHOOLS**

# International Accounting Education Standards Board

(January 1, 2012 to December 31, 2012)

Board Members	Term Ending	Country	Technical Advisors
<b>Public Members</b>			
Chris Austin*	2013	United Kingdom	Adrian Pulham
Kazuo Hiramatsu	2012	Japan	Koichi Inoue
Edward Kieswetter*	2013	South Africa	Laine Katzin
<b>Non-Practitioners</b>			
Peter Wolnizer,* Chair	2014	Australia	
Mohammed Saleem Kharwa,* Deputy Chair	2013	South Africa	Amanda Jane Olivier
Kim Langfield-Smith	2013	Australia	Jayne Freeman
Sylvia Meljem	2012	Mexico	Jose A. Echenique
Dennis Reigle*	2014	United States	Gary Previts
Clare Minchington	2014	United Kingdom	Clare Morley
<b>Practitioners</b>			
Jean-François Bélorgey*	2012	France	Susan Flis
Marcelo Canetti	2013	Argentina	Greg Owens
Ann Kilbride*	2012	United Kingdom	Gareth Wellings
Hans Christian Krogh**	2013	Denmark	Robert Taylor
Anne-Marie Vitale**	2013	United States	Sophie Gates-Sumner
Eileen Walsh	2014	United States	Andrew Barry
Kristrún Helga Ingólfssdóttir	2012	Iceland	Anette Hedbern
Nambayo Kalaluka	2013	Zambia	Mubita Anakoka
Thomas Orth	2013	Germany	Wolfgang Böhm
Jaydeep Narendra Shah	2014	India	Subodh Kumar Agrawal

## Observers

Aileen Pierce, IAESB Consultative Advisory Group Chair, Ireland

Anne Loft, International Association of Accounting Education and Research, United States

Yoseph Asmelash, United Nations Conference on Trade and Development, Switzerland

## IAESB Staff

Jim Sylph, Executive Director, Professional Standards and External Relations

David McPeak, Senior Technical Manager

Stephenie Luciani, Executive Assistant

\*Member of IAESB Steering Committee

\*\* Partial Year



## Report Of Aileen Pierce, Chair of the IAESB Consultative Advisory Group

It was a great honor for me to take over as chair of the IAESB's Consultative Advisory Group (CAG) effective January 1, 2012.

### Objective and Scope of Activities

I am pleased to report the work of the IAESB CAG during 2012 has continued to focus on the IAESB's initiative to revise and redraft its eight International Education Standards (IESs). In providing directional advice on the board's current work plan, technical advice on the revision of its standards, and strategic advice on the development of the *2014–2016 IAESB Strategy and Work Plan*, the CAG continues to meet its objective of providing advice to the IAESB as it advances its agenda.

### Meetings and Membership

The 2012 CAG meetings were held in Dublin in February and New York in September and via teleconference in April. As chair, I also attended all IAESB meetings and three IAESB Steering Committee teleconferences during the year to observe how the CAG's advice was considered by the board.

The CAG's membership remained at 16 organizations during 2012.

### Key Highlights for 2012

#### ADVICE ON PROJECTS

The CAG has continued to contribute advice on issues relating to revising and redrafting all eight IESs. At the request of the CAG, all IESs are: (1) principles-based; (2) clarified based on the IAESB drafting conventions on clarity; and, (3) consistent with concepts of the *Framework for International Education Standards for Professional Accountants* (2009). Specifically, the CAG's advice has led to improvements in developing the following:

- Final versions of IESs 1, 5, and 6 (June–October);
- Exposure Drafts for IESs 2, 3, 4, and 8 (June); and
- Guidance on the implementation of IES 8 and on the implementation of a learning outcomes approach to professional accounting education.

#### ADVICE ON THE IAESB'S 2014–2016 STRATEGY AND WORK PLAN

CAG members provided input into the development of the *2014–2016 IAESB Strategy and Work Plan*. More specifically, the CAG contributed to identifying emerging educational issues and trends, defining strategic priorities, and articulating the IAESB's value proposition. This enabled the IAESB to develop a preliminary view on its strategic priorities and, in particular, which projects and activities it should consider for the 2014–2016 period.

#### Communications

The CAG also provided advice on the 2012 IAESB Communications Plan. This advice has led to improvements in clarifying the communications messages and identifying target audiences. The CAG also provided advice on the Monitoring Group's review and IFAC's review of the Statements of Membership Obligations.

In the period covered by this report, I and the CAG members have increased awareness of the IAESB's activities by making presentations at international events (e.g., 35th Annual European Accounting Association Congress, 19th Brazilian Congress of Accounting, and the Accounting and Finance Association of Australia and New Zealand 2012 Conference) and by being present at additional events (e.g., opening ceremonies of National Association of Accounting and Business Administration School's Annual Congress; Fédération des Experts Comptables Européens' 25th Anniversary event; and the Institute of Chartered Accountants in England and Wales' hosted dinner).

#### Conclusion

I would like to thank the members of the CAG for their commitment and contribution to the IAESB agenda. I would also like to thank the members of the IAESB and, in particular, the chairs of the IAESB task forces for the efficient way in which the various issues and draft documents are presented to the CAG.

Finally, I would like to express my thanks to the staff of IFAC for their excellent support of the CAG.

For more information about the IAESB, please contact:  
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