

ENHANCING PROFESSIONAL ACCOUNTING EDUCATION





About the IAESB™

The International Accounting Education Standards Board™ (the “IAESB”) is an independent standard-setting body that serves the public interest by setting, under its own authority, high-quality International Education Standards™ (IESs™). The IAESB also seeks to promote adoption and implementation of international standards. The work of the IAESB contributes to the protection of the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education.

The IAESB sets its international standards under the oversight of the Public Interest Oversight Board (the “PIOB”), and with the advice of the IAESB’s Consultative Advisory Group (the “CAG”), which provides public interest input into the development of its standards.

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”).¹ 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 and their technical advisors are required to sign an annual statement declaring that they will act in the public interest and with integrity in discharging their responsibilities.

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. Current IAESB exposure drafts, consultation papers, and all comment letters provided thereon are available on the IAESB website. Current and past agenda papers and meeting minutes, meeting highlights, and audio podcast summaries of meetings are available on the IAESB. The IAESB met in person three times during 2013. Board meetings are open to the public.

.....
1 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 by the International Federation of Accountants® (“IFAC®”).



Report from IAESB Chair Prof. Peter Wolnizer

- **REVISING THE INTERNATIONAL EDUCATION STANDARDS™**
- **PROVIDING ADOPTION AND IMPLEMENTATION GUIDANCE**
- **COMMUNICATIONS**
- **2014–2016 STRATEGY AND WORK PLAN**



The IAESB had a most productive year during 2013. The Board made significant progress in meeting the Board's strategic initiatives of the 2010–2013 IAESB Strategy and Work Plan, by focusing on: revising the IESs; providing adoption and implementation guidance; and implementing a communications strategy to enhance awareness of the work of the Board and the significance of the revised IESs.

Importantly, the IAESB undertook much of the work that has led to the finalization of the 2014–2016 Strategy and Work Plan. The following addresses each of these strategic initiatives.

REVISING THE INTERNATIONAL EDUCATION STANDARDS

The IAESB has continued its work to revise and redraft its suite of eight IESs. In 2013 the IAESB published IES 5, *Initial Professional Development – Practical Experience* which prescribes the practical experience required of aspiring professional accountants by the end of Initial Professional Development (“IPD”). The requirements of this standards address the public expectation that professional accountants apply their experience and knowledge in carrying out their roles. In addition, the IAESB approved final versions of: IES 2, *Initial Professional Development – Technical Competence*; IES 3, *Initial Professional Development – Professional Skills*; and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* which support the learning and development of aspiring professional accountants. Together these IESs form the professional accounting education component of a professional accounting education program that aims to develop the professional competence of a professional accountant.

The IAESB has also exposed IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements*, to obtain public comment. This IES aims to address the professional competence that professional accountants are required to demonstrate when performing the role of the

engagement partner responsible for audits of financial statements. IES 8 builds on the learning outcomes of IESs 2, 3, and 4 while recognizing the responsibility to maintain and further develop professional competence through Continuing Professional Development (“CPD”). The IAESB expects to complete the revision of IES 8 by the end of 2014.

PROVIDING ADOPTION AND IMPLEMENTATION GUIDANCE

The IAESB has also contributed to the implementation and adoption of its IESs through its outreach activities and technical advice. While several representatives of the IAESB spoke at conferences and other meetings around the world, I was particularly grateful for the opportunity to speak at three major conferences in Japan in September 2013 (e.g., Japan Accounting Association 72nd Annual meeting; Japan Institute of Certified Public Accountants 34th Annual Research Conference; Japan Association for Accounting Education and Research 5th Annual Meeting). These provided outstanding opportunities to discuss the importance of the work of the IAESB and the implications of the revised IESs with the national leadership and membership of the practicing and academic accounting communities in Japan. In addition, Mr. Saleem Kharwa, IAESB Deputy Chair, made a presentation on *The Changing Landscape of Educational Standards in the Accountancy Profession* at 2nd African Congress of Accountants in Accra, Ghana. Each of these events enabled the IAESB to engage educational representatives on local issues and advise on aspects relating to the area of professional accounting education.

COMMUNICATIONS

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. During 2013, IAESB members, IFAC staff and I have presented updates on changes to the requirements of the IESs resulting from the IES revision project at conferences and meetings held in North America, Latin America, Europe, Africa, Asia, and Australia. I was also interviewed by IFAC News on a wide range of educational issues, including emerging trends and issues facing accounting education, educational issues facing the IAESB over the next few years, and the impact of online education on professional accounting education. In all presentations, representatives of the IAESB promoted the importance of CPD in maintaining and developing professional competence as set out in the IAESB's comment letter to International Auditing and Assurance Standards Board's exposure draft on its Audit Quality Framework.

2014–2016 STRATEGY AND WORK PLAN

Finally, the IAESB has also continued its work in developing the *2014–2016 Strategy and Work Plan*. This work has given full consideration of comments

received from consultation with IFAC member bodies and interested stakeholders. The consultation process has included both the use of an online survey to obtain the views of IFAC member bodies and interested stakeholders on our proposed strategic priorities and activities, as well as the use of an Exposure Draft of the IAESB *2014–2016 Strategy and Work Plan* to obtain public comment on our proposed strategy and work plan. The proposed 2014–2016 IAESB Strategy and Work Plan will build on the body of previous work to further improve the quality of professional accounting education around the world. I believe that the direction of the Board's work over the next three years will be guided by an informed understanding of the strategic and educational challenges confronting the accountancy profession globally and will contribute, in the public interest, to enhance the initial and continuing professional development of professional accountants. The IAESB expects to approve the *2014–2016 Strategy and Work Plan* in the first half of 2014.

Finally, I owe a great debt of gratitude for the voluntary, yet diligent, contributions of IAESB members and their technical advisors, as well as the outstanding contributions, support, and dedication of the Board's Senior Technical Manager and IFAC administrative staff.

The Year in Review

- HIGHLIGHTS ON THE REVISION PROJECT TO CLARIFY THE INTERNATIONAL EDUCATION STANDARDS™ (IESs™)
- PROMOTING ADOPTION AND IMPLEMENTATION
- COMMUNICATIONS
- OVERSIGHT AND ADVICE

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

.....

REVISING THE IESs ON THE CONTENT OF PROFESSIONAL ACCOUNTING EDUCATION

A significant portion of the IAESB's work program this year was dedicated to the IES revision project resulting in the approval of: IES 2, *Initial Professional Development – Technical Competence*; IES 3, *Initial Professional Development – Professional Skills*; and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*. For each of these three IESs, the IAESB has:

- Prescribed learning outcomes to achieve technical competence, professional skills, and professional values, ethics, and attitudes;
- Required that professional accounting education programs should be regularly reviewed to achieve learning outcomes; and
- Required assessment activities that measure the achievement of technical competence, professional skills, and professional values, ethics, and attitudes of aspiring professional accountants.

In addition, each standard includes a table that lists the competence areas, proficiency levels, and learning outcomes for technical competence, professional skills, and professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the foundation to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner or taxation specialist. In addition, each table contain competence areas that have been assigned a level of proficiency which aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together these three IESs contain 18 competence areas with their accompanying levels of proficiency and 182 learning outcomes which provide information to help IFAC member bodies design their professional accounting education programs.

REVISION OF IES 8 ON AUDIT COMPETENCE

The IAESB also continued its work to revise IES 8, *Competence Requirements for Audit Professionals*, by disposing of respondents' comments on the August 2012 Exposure Draft. 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 IAESB in improving the clarity of the scope, objective, and competence requirement of the standard. Because of significant changes made to the August 2012 Exposure Draft of IES 8, the IAESB decided that IES 8 (Revised) should be re-exposed for public comment over a 120-day exposure period, ending April 17, 2014. The IAESB expects to complete the revision of IES 8 by the end of 2014.

Promoting Adoption and Implementation

.....

The IAESB has also contributed to the adoption and implementation of its IESs through its outreach activities, pronouncements, and technical advice. In April, Prof. Marcelo Canetti presented at the European Federation of Accountants and Auditors for SMEs' Conference and Roundtable on the Tone at the Top and Soft Skills. These presentations enabled the IAESB to discuss the increasing importance of professional skills, including soft skills, in the workplace and how the International Education Standards are contributing in identifying and setting the proficiency levels of soft skills for the accountancy profession. In November, Prof. Wolnizer presented at the 30th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), the impact of IESs in influencing the development of the education curriculum, indicating that IESs 2 and 4 prescribe the content of professional accounting education programs. Prof. Wolnizer noted that IESs have an impact on human capacity-building by supporting a competence-based approach to learning and development, defining the obligations and roles of stakeholders in the education process, and by providing a benchmarking capability among IFAC members. In December, IAESB Deputy Chair Saleem Kharwa presented at 2013 Annual

Conference of the National Board of Accountants and Auditors of Tanzania being held in Arusha, Tanzania on the implications of the revised IESs for IFAC member bodies. His presentation highlighted the use of learning outcomes within the IESs and how they can be used to develop professional competence of accountants and auditors.



International Accounting Education Standards Board Chair Prof. Peter Wolnizer speaks at the Japanese Institute of Certified Public Accountants' (JICPA) 34th Annual Research Conference September 5, 2013, in Kobe, Japan.

Communications

The IAESB has also made significant 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 has used several communications vehicles (e. g., audio podcasts, social media, and conference presentations) to promote greater awareness of its activities and projects. IFAC staff has also used its two editions (August and December) of IAESB eNews to provide updates on outreach activities by the IAESB Chair and other IAESB representatives. In addition, the work of the IAESB has also been featured in the soon to be published, *The Routledge Companion to Accounting Education* (Edited by Richard M. S. Wilson; 2014), which provides an important contribution to the accounting education literature.

Oversight and Advice

Finally, the IAESB acknowledges the oversight and advice that the PIOB has provided during 2013. The PIOB's observations at the 2013 IAESB and IAESB 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 2013 are set out in the "Report of Prof. Aileen Pierce, Chair of the IAESB Consultative Advisory Group."

International Accounting Education Standards Board

(January 1, 2013 to December 31, 2013)

- **BOARD MEMBERS**
- **OBSERVERS**
- **IAESB STAFF**

BOARD MEMBERS	TERM ENDING	COUNTRY	TECHNICAL ADVISORS
PUBLIC MEMBERS			
Chris Austin*	2013	United Kingdom	Adrian Pulham
Kazuo Hiramatsu	2015	Japan	Koichi Inoue
Edward Kieswetter*	2013	South Africa	Laine Katzin
NON-PRACTITIONERS			
Peter Wolnizer,* Chair	2014	Australia	
Mohammed Saleem Kharwa,* Deputy Chair	2013	South Africa	Amanda Jane Olivier
Kim Langfield-Smith	2013	Australia	Jayne Freeman
Blanca Tapia	2015	Mexico	Jose A. Echenique
Dennis Reigle*	2014	United States	Gary Previts
Clare Minchington	2014	United Kingdom	Clare Morley
PRACTITIONERS			
David Simko	2015	United States	Susan Flis
Marcelo Canetti	2013	Argentina	Greg Owens
Gareth Wellings	2015	United Kingdom	Helen Hoken
Anne-Marie Vitale	2013	United States	Sophie Gates-Sumner** Ruth Preedy**
Eileen Walsh*	2014	United States	Andrew Barry
Sujeewa Mudalige	2015	Sri Lanka	
Nambayo Kalaluka	2013	Zambia	Mubita Anakoka
Thomas Orth*	2013	Germany	Brigitte Rothkegel- Hoffmeister
Jaydeep Narendra Shah	2014	India	Subodh Kumar Agrawal

OBSERVERS

- Aileen Pierce, IAESB Consultative Advisory Group Chair, Ireland
- Keryn Chalmers, International Association of Accounting Education and Research, United States
- Yoseph Asmelash, United Nations Conference on Trade and Development, Switzerland

* Member of IAESB Steering Committee

** Partial Year

IAESB STAFF

- Jim Sylph, Executive Director, Professional Standards and External Relations
- David McPeak, Senior Technical Manager
- Leslie Fitzsimons, Executive Assistant (January to April)
- Sonia Tavares, Executive Assistant (May to December)

Report of Prof. Aileen Pierce, Chair of the IAESB Consultative Advisory Group

- MEETINGS
- KEY HIGHLIGHTS FOR 2013
- COMMUNICATIONS
- CONCLUSION



I am pleased to report that the work of the CAG during 2013 has continued to focus on the IAESB's initiative to revise and redraft the remaining four of the eight IESs.

Designed to serve the public interest, the CAG comprises 16 Member Organizations that are interested in the development and maintenance of high-quality education processes to ensure the professional competence of accountants. In representing the public interest the CAG provides an independent perspective when providing directional advice on the Board's current work program, technical advice on the revision of its standards, and strategic advice on the development of the *2014–2016 IAESB Strategy and Work Plan*. Through its advice the CAG continues to meet its objective of providing a broad range of input into the IAESB deliberations as it advances its agenda.

Accountants (2009; "Framework"). This advice has led to improvements in developing the following pronouncements: Final versions of IESs 2, 3, and 4 (October); and the Exposure Draft for IES 8 (October).

The CAG has also provided advice to the IAESB on the development of the Definition of the Professional Accountant ("Definition") and project issues related to updating the Framework. This advice has led the IAESB to include the Definition in the Framework which is expected to be exposed for public comment in 2014.

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

CAG members provided input into the development of the exposure draft of the *2014–2016 IAESB Strategy and Work Plan*. More specifically, the CAG provided advice on: the importance of guidance on the implementation of learning outcomes in professional accounting education programs; the need to gather information from professional accountancy organizations on the impact of the extant and revised IESs to identify gaps in "good practice" for implementing IESs; and on improving the clarity of the document. This enabled the IAESB to modify its strategy to emphasize the need to periodically review and maintain the IESs to ensure a fit with observed and expected "best practice" and to assist in developing the work priorities for the IAESB during the 2014–2016 period.

Meetings

The two in-person CAG meetings in 2013 were held in New York in February and Madrid in September, and a third meeting, through teleconference was held in April. As chair, I also attended all IAESB meetings and two IAESB Steering Committee teleconferences during the year to observe how the CAG's advice was considered by the Board.

Key Highlights for 2013

ADVICE ON PROJECTS

The CAG continued to contribute advice on issues relating to revising and redrafting IESs 2, 3, 4, and 8. The IAESB responded positively to the CAG's advice to ensure that 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*

Communications

In April 2013, I participated, along with Prof. Marcelo Canetti, an IAESB Board Member, in the annual conference of the European Federation of Accountants and Auditors for SMEs (an organization represented

on the IAESB CAG). The theme of the conference *The Evolution of SMPs and the Requirement for Skills beyond Technical Competence*, facilitated promotion of IES 3 on professional skills, and IES 4 on professional values, ethics, and attitudes.

In September I presented at the IAESB CAG's Forum on Public Interest a presentation that examined issues to be considered when identifying the role of accounting education in developing both an understanding of, and commitment to the public interest within the accountancy profession. I was joined by Mr. Jim Sylph, IFAC Executive Director of Professional Standards and External Relations, and Mr. Gonzalo Ramos, Secretary General of the PIOB, who also made presentations on how the public interest can be considered in standard setting and the role of the PIOB is overseeing the public interest focus in international standards.

Conclusion

I would like to thank the members of the CAG for their commitment and contribution to the IAESB agenda. The quality and breadth of their participation and experience is noteworthy and very valuable. I would also like to thank the members of the IAESB and, in particular, the chairs of the IAESB task forces for their effective, constructive, and professional engagement with the CAG agenda. My positive experience of engagement with the PIOB has been simultaneously rewarding, insightful, and reassuring. Finally, I would like to express my sincere thanks to the staff of IFAC for their support of the CAG.



**ORGANIZATIONAL MEMBERSHIP OF THE IAESB CONSULTATIVE ADVISORY GROUP
(January 1, 2013 to December 31, 2013)**

International Accounting Standards Committee Foundation

US Agency for International Development

South Asian Federation of Accountants

Public Company Accounting Oversight Board, United States

European Accounting Association

UK Financial Reporting Council

Accounting and Finance Association of Australia and New Zealand

Fédération des Experts Comptables Européens

American Accounting Association

Association to Advance Collegiate Schools of Business

Confederation of Asian and Pacific Accountants

Professor from Fucape Business School, Brazil

Public Accountants Council, Ontario, Canada

South African Independent Regulatory Board for Auditors

European Association of Accountants and Auditors for SMEs

National Association of State Boards of Accountancy

International Education Standards, Exposure Drafts, Consultation Papers, and other IAESB publications are published by, and copyright of, IFAC.

The IAESB and IFAC do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The IAESB logo, 'International Accounting Education Standards Board', 'IAESB', 'International Education Standards', 'IES', the IFAC logo, 'International Federation of Accountants', and 'IFAC' are trademarks and service marks of IFAC.

Copyright © August 2014 by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store or transmit, or to make other similar uses of, this document, except as permitted by law. Contact permissions@ifac.org.

Designed by Soapbox, www.soapbox.co.uk

.....

International Federation of Accountants
529 Fifth Avenue, 6th Floor, New York, NY 10017 USA , +1 (212) 286-9344
www.ifac.org