

## **Draft Consultation Paper: Investigating the Target Audience of the International Education Standards (07/18)**

### **Introduction**

This Consultation Paper sets out, for public comment, questions about to whom requirements of the International Education Standards (IESs) should be addressed. It considers whether the target audience should be expanded beyond IFAC member bodies to other parties, including aspiring and professional accountants.

Comments are invited from all stakeholders interested in or affected by the quality and relevance of professional accounting education, as safeguarded through the IESs. Feedback is especially encouraged from professional accountants, aspiring professional accountants, IFAC member bodies in all jurisdictions; stakeholders in public policy, regulatory, public accounting and other relevant communities; professional accountants in business, government and academia; and employers of professional accountants.

This feedback will inform the IAESB's efforts in future standards development.

### **Reason for consultation**

The current suite of IESs contain requirements which are written only to IFAC Member Bodies because they have responsibility for professional accounting education programs as part of initial professional development and continuing professional development of professional accountants. However, these IESs may also be helpful to educational organizations, employees, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring and professional accountants. A recent report by IFAC ([International Standards: 2017 Global Status Report](#)) reinforces that the responsibility for the adoption of the IESs is not a direct responsibility for a majority IFAC Member Bodies, but a shared responsibility between IFAC Member Bodies and other stakeholders, such as educational organizations and government authorities. The IAESB has also obtained feedback from various public consultations, most recently as part of the outreach activity for the revisions to IES 7, and some stakeholders have suggested that the IAESB could extend the requirements of the IESs to other stakeholders and, in the context of IES 7 specifically, to the individual professional accountant.

In an effort to improve the effectiveness of the IESs, the IAESB seeks to clarify the accountability for professional accounting education. In clarifying this accountability the Board intends to identify responsibility for the IES requirements among various stakeholders. To achieve quality professional accounting education all stakeholders need to make a concerted effort to meet responsibilities ([UNESCO 2017/8 Global Education Monitoring Report](#)).

In discussions to date the Board has explored some of the issues this change would raise, but also recognized that there are potential benefits to extending the audience for the IESs. It has been determined that this area requires further exploration and input from stakeholders to better assess whether a potential change will be in the public interest.

## Considerations for respondents

In considering whether IES requirements on professional accounting education and professional development should be written to parties other than IFAC Member Bodies various considerations have been identified. The IAESB welcomes respondents' comments on the importance and relevance of these considerations by respondents:

- The requirements of the IESs are intended to impact the actions not just of IFAC member bodies, but of a range of different parties;
- Currently IFAC Member Bodies, through the Statement of Membership Obligations No 2, *International Education Standards for Professional Accountants and Other Pronouncements Issues by the IAESB*, are the only parties directly responsible for complying with the Standards;
- According to IFAC, 84% of professional accounting organizations (PAOs) have a shared responsibility, 10% have a direct responsibility and 6% have no responsibility in the adoption process of the IESs. Because of the high percentage of IFAC member bodies that have a shared responsibility for programs of professional accounting education in their jurisdiction, the majority of the PAOs are expected to use their best endeavors to comply with the requirements of the standard. In such circumstances, it is likely that the IFAC member body will need to seek to influence education providers, governments, regulatory or other licensing organizations;
- Not all professional accountants are members of IFAC member bodies, for example, a finance director may not belong to an IFAC member body and so are effectively excluded from the requirement to comply with the IESs;
- There may be no direct mechanism for identification of, communication with, and monitoring or enforcement of, those individuals who operate as professional accountants but are not subject to direct oversight from an IFAC Member Body;
- Some IFAC member bodies have highlighted there are challenges to effective monitoring and enforcement activities because there are no direct requirements in the IESs written to professional accountants;
- Other IFAC independent standard setting bodies set requirements to a range of different parties, including Auditors and Professional Accountants;
- There is evidence that regulators are establishing learning and other requirements for individual professional accountants; and
- Awareness and understanding of the IESs is recognized to be limited primarily to those charged with responsibility for professional accounting education. Individual professional accountants and aspiring professional accountants are currently unlikely to be aware of the existence of the IESs.

## Consultation input requested

The IAESB is soliciting input from stakeholders on whether the requirements of the IESs should be expanded to include aspiring and professional accountants in addition to IFAC member bodies.

- A. What are your views on requirements within the IESs being addressed to individual professional accountants, where appropriate? What benefits, challenges or other implications exist with such a change?
- B. What are your views on requirements within the IESs being addressed to individual aspiring professional accountants, where appropriate? What benefits, challenges or other implications exist with such a change?
- C. What are your views on requirements within the IESs being addressed to other parties such as providers of professional education programs, employers, regulators etc.? What benefits, challenges or other implications exist with such a change?
- D. What are your views on continuing current practice and requirements of the IESs being addressed only to IFAC member bodies? What benefits, challenges or other implications exist with continuing current practice?

## Appendix – Definitions

- *Professional Accountant* - An individual who achieves, demonstrates, and further develops professional competence to perform a role in the accountancy profession and who is required to comply with a code of ethics as directed by a professional accountancy organization or a licensing authority.
- *Aspiring Professional Accountant* – An individual who has commenced a professional accounting education program as part of Initial Professional Development.