Our Approach to Standards Development

What do we mean by Standards Development?

The IAESB is an independent standards-setting board that serves the public interest by establishing International Education Standards (IESs) in the area of professional accounting education. The IAESB currently has 8 IESs which prescribes requirements for IFAC member bodies covering:

- IES 1 – Entry Requirements to Professional Accounting Education Programs
- IES 2 – 4 Initial Professional Development - Technical Competence, Professional Skills, Professional Values, Ethics and Attitudes
- IES 5 – Initial Professional Development – Practical Experience
- IES 6 – Initial Professional Development – Assessment of Professional Competence
- IES 7 – Continuing Professional Development (CPD)
- IES 8 – Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

Standards Development is defined by the IAESB, as:

“A continuous process involving a constant scanning of the environment, anticipating change, evaluating the current state and needs of stakeholders, and issuing international education standards (IESs) and supporting guidance to serve the public interest.”

Which Stakeholders are involved in Accounting Education?

IFAC member bodies operate in every region of the world. Each IFAC member body will have their own set of stakeholders involved in the provision, regulation or determination of accounting education. Typical stakeholders in any given jurisdiction may include:

- IFAC Member Bodies
- Higher Education Providers
- Employers
- Professional Accountants
- Government Bodies
- Aspiring Professional Accountants
- Regulators
Within each jurisdiction the system of accounting education will have been shaped by legacy issues such as: the nature of the broader education system; investment in education; level of oversight by government, legislatures or regulators; maturity of the economy; development of IFAC member bodies.

As a result:
- No two jurisdictions will operate in the same way – the relative roles and responsibilities of different stakeholders are likely to vary.
- Professional accountants perform a range of roles – so there may different work-related skills learning and development needed to meet role requirements.
- Programs of accounting education and educational providers continue to innovate to meet the challenge of ‘how’ and ‘what’ people need learn to fulfill their roles.
- Irrespective of role or career path, people are different – their individual development needs will have an impact on their personal development whether it’s:
  - As aspiring professional accountants as part of Initial Professional Development (IPD),
  - Professional accountants completing Continuing Professional Development (CPD).

The IAESB through issuance of ‘authoritative’ International Education Standards (IESs) can help to bring a level of consistency and benchmarking of programs of accounting education across different jurisdictions. IESs are issued by the IAESB in order prescribe requirements to be implemented by IFAC member bodies – mindful of the fact that a number of other stakeholders may need to be involved in order to enable each IES to be successfully implemented.

Setting standards in this context places a responsibility on the IAESB to scan the environment, consult widely and to gather evidence before determining whether an IES is required and the form it will take to be successfully adopted and implemented internationally. It may also result in the IAESB:
- Issuing non-authoritative documents from time to time (in order to assist IFAC member bodies with adoption and implementation issues); and
- Performing reviews of implementation to identify where gaps in IESs are emerging.

**What are the stages of Standards Development?**

For the IAESB, Standards Development comprises a range of stages which usually results in the following process:

- **Emerging Issues**
- **Consult & Gather Evidence**
- **Needs Analysis**
- **Standards Writing & Issuance**
- **Guidance & Support Released**
- **Post-Implementation Review**

Each of these stages may comprise the following:
| Engage on Emerging Issues | One of the primary roles of the IAESB is to scan the environment within Accounting Education (and/or the Accounting Profession) to help identify those emerging issues that may lead to setting of new or revised IESs. Sometimes these emerging issues may reflect how the delivery of Accounting Education is itself innovating. On other occasions this may focus on the content of Accounting Education Programs in response to changes in the skills required of Professional Accountants as the nature of their roles change.

When an issue has been identified or the IAESB has determined that a new or revised IES needs to be considered – then the IAESB will typically develop a Consultation Paper which outlines the issue, considers a range of options and proposals and seeks feedback. In other instances, the IAESB may use alternative methods in order to gather evidence – recent examples have been one-to-one interviews with identified individuals or hosting roundtable discussions.

These two stages have been presented side by side to reflect the fact that they both feed into the Standards Development process and in particular the next stage – performing a needs analysis. |
| Consult and Gather Evidence | Following consultation and evidence gathering – the IAESB then reviews the feedback from respondents to the Consultation to establish what the next steps should be.

During this stage the IAESB will discuss the issues - mindful of the public interest – and focus on the evidence gathered about whether there needs to be a new IES or a revision to an existing one. As we note further on this publication, the IAESB has certain set criteria to determine whether a new or revised IES is necessary.

At this stage, the IAESB may also consider what additional steps, such as implementation guidance or support, could be used as an alternative to a new IES. |
| Perform Needs Analysis | Having reviewed the evidence, listened to stakeholders and identified the objective of the proposed IES, the IAESB then starts to actually develop the wording of an IES. This is often quite a long process – the IESs are very often integrated with other IESs and the IAESB relies on a set of Drafting Conventions, a Glossary and a Framework <insert respective links> as part of this writing process.

The IAESB will use a Drafting Working Group (an internal review group) as well as input from IAESB Board members and IFAC Staff in order to develop an Exposure Draft of the proposed IES. The Exposure Draft will be released for comment alongside a set of questions to potential respondents; respondents provide comments and suggestions for improvement; this feedback is then reviewed by the IAESB for amendment in the proposed IES.

The IAESB then considers the final proposed IES (including any amendments) and votes to approve the IES along with determination of an effective date. Sometimes implementation guidance will be developed alongside the new IES. |
When the IES is released it will be accompanied by a Basis of Conclusions document which will outline how the IAESB dealt with the various responses that were provided on the Exposure Draft.

**Provide Clarifying Guidance and Support (as required)**

As we noted earlier, no two jurisdictions in which IFAC member bodies operate have exactly the same structures or roles and responsibilities in the area of professional accounting education. As a consequence, in order to bring the IES to life in each jurisdiction and to assist with adoption and implementation, the IAESB often develops and provides guidance to help support IFAC member bodies (and other stakeholders) in addressing these issues.

Additional support following release of a new or revised IES may also include the provision of webcasts, videos, FAQs, IFAC Staff publications as well as direct engagement or presentations to IFAC member bodies and other organizations.

**Perform post-Implementation Review**

In this final stage, the IAESB assesses the effectiveness of each IES by performing a post-effective date implementation review of the IES.

This stage can help inform the IAESB about areas of difficulty in implementation, items within the IES that require further clarity or support as well as areas for future Standards Development.

The IAESB does not just operate in isolation. It is supported and advised by a Consultative Advisory Group <insert link> which is an integral part of the IAESB’s formal process of consultation.

Although the diagram and stages detailed above appear to result in a linear approach – the IESs are not developed in isolation and the IAESB often works in collaboration with other standards-setting boards or often works on a number of inter-dependent IESs at in parallel.

Ultimately, the IAESB perceives standards-setting to be a continuous process which means that there is a constant scanning of the environment both to respond to and anticipate changes in the Accounting Profession that impact on Accounting Education.

**What are the other options beyond traditional Standards Setting?**

This depends on the circumstances. For the IAESB to determine whether a new or revised IES is the ‘right’ solution a proposal would have to be developed to meet the criteria that has been agreed by the IAESB.

This criteria includes considering whether any extant IES:

- Is fit for purpose
- Is still necessary
- Continues to add value or to make an impact on the profession
- Is in danger of becoming obsolete due to sufficiently significant developments in professional accounting education.
Conversely, for a decision to be made to create a new IES, or new IES content, the IAESB would need to be satisfied that this was justifiable on the basis of:

- Protection or furtherance of public interest
- Stakeholder demand
- Sufficiently significant developments in the accountancy profession
- Rectification of an anomaly or omission in the current IESs.

To help determine whether the criteria above has been satisfied, the IAESB engages with stakeholders on emerging issues, consults and gathers evidence on a particular issue and uses an evidence-based approach to establish what needs to be done.

Sometimes the potential changes that have been identified may lead to a revision or redrafting of an existing IES – and this could result in any number of responses including further consultation, development of new guidance or revision of existing content. A more formal review – for example, a Post-Implementation Review – conducted by the IAESB may identify changes that are needed in separate parts of the Standards Development Process. Many similar standards-setting boards operate along similar lines.

In the example below, we can see how information from a Review has led to the potential identification of both an Emerging Issue and the need for additional Guidance & Support:

On other occasions the IAESB may determine that having considered the needs of accounting education, the public interest is best served by a non-IES solution. This may be the case where educational changes are still in their infancy, are developing in a fast-changing area or if it would be impractical to prescribe requirements in an IES on an issue which may be country specific.

In these instances, the IAESB may determine that its role is to advance international debate and discussion on a particular topic – and to do this, it may invest in activities using research, thought leadership or the sharing of examples of best practice alongside opportunities to engage in outreach activities.
Where is the IAESB now in terms of the Standards Development Process?

The IAESB has embarked on an ambitious program of activity as outlined in the recently issued Strategy and Work Plan <insert link>.

This includes Standards Development Projects and Initiatives which may result in new IESs in subjects such as:

- Revision of IES 7, Continuing Professional Development (Ongoing project)
- Professional Skepticism (Ongoing project)

Information gathering has been identified for a range of new areas, including:

- Information and Communications Technology (New project)
- Public Sector Accounting, Reporting and Assurance (New project)
- Education Needs Specific to Financial Institutions (New initiative)

The IAESB is also focusing its work effort on a range of initiatives designed to support implementation of the IESs, these include:

- Development of Implementation Support Materials (New project)
- Maintenance of Existing Implementation Guidance (New project)

Other planned activities include:

- Conducting a Post-effective Date Implementation Review of the IESs (New project)
- Engagement and Communication with Stakeholders (New project)
Where can I find out more information about the IAESB?

You can find out more about the work of the IAESB including its latest Strategy and Work Plan <insert hyperlink> by accessing www.iaesb.org or emailing <enter email address for IAESB>.
APPENDIX 1: SLIDES ON STANDARD SETTING PROCESS

IAESB ‘Find Out More’ Series: Standards Development Process

What do we mean by standards development?
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“A continuous process involving a constant scanning of the environment, anticipating change, evaluating the current state and needs of stakeholders, and issuing international education standards (IESs) and supporting guidance to serve the public interest.”
Agenda Item 3-3

Meeting Future Expectations of Professional Competence

- IFAC Member Organizations
- Higher Education Providers
- Regulators
- Employers
- Aspiring Professional Accountants
- Professional Accountants
- Governments
- Public Interest

IAESB Find Out More Series

Meeting Future Expectations of Professional Competence

- Different education systems
- Regulatory, Legislative issues
- PAO development status
- Status of the Profession
What are the stages of standards development?

**IAESB Find Out More Series**

**Developing and Supporting IESs**

- Emerging Issues
- Consult & Gather Evidence
- Needs Analysis
- Standards Writing & Issuance
- Guidance & Support Released
- Post-Implementation Review
Meeting Future Expectations of Professional Competence

Consultations
- Learning & Development = fundamental
- Important challenges & gaps
- CPD – increasing complexity
- Importance of workplace & social networks in learning

Developing and Supporting IESs

Emerging Issues → Consult & Gather Evidence → Needs Analysis → Standards Writing & Issuance → Guidance & Support Released → Post-Implementation Review

IAESB Find Out More Series
Is standard setting always the “right” solution?

IAESB Find Out More Series
Developing and Supporting IESs

Emerging Issues  Consult & Gather Evidence  Needs Analysis  ?
**Agenda Item 3-3**

### Developing and Supporting IESs

- Emerging Issues
- Consult & Gather Evidence
- Needs Analysis
- Standards Writing & Issuance
- New IES, Revised IES
- Implementation Support
- Other Responses
- Research Papers, Thought Leadership, Scenarios

### New IES or New IES Content Criteria

- Protection or furtherance of Public Interest
- Stakeholder demand
- Significant developments in accountancy profession
- Rectification of an anomaly or omission in a current IES
Where is the IAESB now in the standards development process?

IAESB Find Out More Series

New Standards – Ongoing Project

- Emerging Issues
- Consult & Gather Evidence
- Needs Analysis
- Standards Writing & Issuance
- Guidance & Support Released
- Post-Implementation Review

IES 7 Continuing Professional Development