Introduction

6.1 The aim of this paper is to assist the IAESB’s discussion in identifying key issues/projects on the 2010 to 2012 Strategic and Operational Plan with the aim of using this information to agree an approach that will complete the project. More specifically, IAESB members are asked to suggest key activities/projects that would be considered when developing a work program for the period between 2010 and 2012.

Background Information

6.2 At the February 2008 IAESB meeting Mr Saville indicated that the Steering Committee would start preparations for the May discussion on Strategic Planning. On April 14th, the Steering Committee met by teleconference to discuss the following agenda related to the 2010-12 strategic plan:

1. Determining the impact and usefulness of the Board’s work over the last 3 years;
2. Reviewing of IAESB Terms of Reference;
3. Drafting of an Issues paper and project timeline; and
4. Determining the required information for the Board’s discussion.

The resulting discussion from the teleconference was used to inform the issues of this paper and to identify materials to assist Board members in preparing for the discussion at the May 2008 meeting.

6.3 Please find included within this Agenda Item the following materials for the Board’s consideration:

1. IAESB Strategic and Operational Plan, 2007 – 2009;
2. 2008-2009 IAESB Work Program
3. IAESB Terms of Reference
4. IAESB Fact Sheet
5. IFAC Fact Sheet
6. 2006 IAESB Strategic Areas & High Priority Areas
7. IFAC Services for 2009-2012
8. Strategy Planning Update- Slide Presentation
Discussion

Obtaining Greater Awareness of IAESB Education Pronouncements

6.4 The IAESB Steering Committee indicated that awareness needs to be increased among those stakeholders interested in accounting education of the IAESB’s Education activities and pronouncements. IAESB standards and guidance are directed at IFAC member bodies and when newly issued pronouncements are published, the IFAC Communications Department notify IFAC member bodies. The IFAC Communications Department also issues media releases to inform the public on the publication of new Education pronouncements to the IFAC bookstore. In addition information articles on Education projects and activities are featured in newsletters such as the IAESB eNews and IFAC newsletter. The Chair and IAESB members engage in various outreach activities at conferences and IAESB education seminars to provide information about the Board’s activities and projects to interested stakeholders in accounting education. These activities also enable the Board to learn about local education programs and practice.

6.5 The Steering Committee also indicated that the issue of awareness affects the type of response received during the consultation process of member bodies and other interested education stakeholders on new standards and guidance. The number of comments received is heavily weighted in favor of developed countries and there is not enough feedback from developing countries, especially when it pertains to implementation and sustainability issues relating to guidance providing on implementing the standards.

Action requested:

1) Identify other cost efficient communications vehicles to create awareness of the Board’s activities and pronouncements.

2) Identify other opportunities to ensure that feedback from developing countries is provided on IAESB pronouncements.

Identifying the Public Interest Value of IAESB Work

6.6 The Steering Committee indicated that the IAESB needs to better define the public interest value of the Board’s work program. The IFAC Board is currently developing a public interest framework (See Appendix 1) that will provide direction for the organization, but the IAESB also needs to articulate its objectives to serve the public interest. Some of the Steering Committee members questioned whether IAESB is doing enough to respond to some of the fundamental issues that are in the interest of the public, such as: the need to assure that learning is taking place as students move through their professional education programs and that accounting professionals are benefitting from CPD activities in a manner to progress their learning and maintain their competence.
Identifying the Value-Added from the IAESB’s Work

6.7 The Steering Committee suggested that there is a need to determine how well the IAESB’s activities and its recent pronouncements are working in achieving the Board’s strategic objectives. This type of information would assist the IAESB in determining what types of pronouncements and activities are the most effective in meeting the Board’s strategic objectives. There are examples of information (GAEB Report, 2005 and USAID Report, 2007) which show countries and their member bodies moving to adopt the IESs. In addition the IESs have been used to successfully benchmark the development of accounting programs by countries. It was also suggested that a survey of selected Education Directors of member bodies be performed to determine what value the recent education pronouncements have added in providing guidance to implement the IESs.

Distinguishing Between Implementation and Compliance

6.8 The Steering Committee indicated that the IAESB needs to clarify its position on whether the Board’s work should focus more on the implementation of the standards by developing guidance in the form of good practice or on the creation of benchmarks to meet the needs of the Compliance Advisory Panel’s (CAP) compliance program. Tools to determine the compliance of member bodies to education standards exist or are currently being refined, but very little work is being done to identify good practice to assist member bodies in addressing gaps that have been identified. More work needs to be done to identify good practice by member bodies and then to organize this information so as to respond to requests by IFAC member bodies who need to meet identified gaps in their education processes.

Action requested:

3) What would be examples of IAESB objectives for serving the public interest?
4) What types of activities and projects should the IAESB engage in to ensure it is meeting its public interest requirement?
5) What would be other sources of information that could be used to improve the effectiveness of the IAESB’s pronouncements and activities in meeting the Board’s strategic objectives?
Other Issues

6.9 The 2007-2009 strategic plan identified a list of low-priority projects. Agenda Item 6.7 also identifies the project list resulting from the discussion of the strategic plan at that time.

Action requested:

8) What are examples of other issues/projects that the Steering Committee should be considering when developing the Board’s 2010-12 work program?

Proposed Way Forward

6.10 Following a review of the Board’s discussion the Steering Committee would identify key activities/projects for the 2010-2012 work program, assist in conducting any needed research to support advancing these activities or projects for inclusion in the work program, and prepare an Issues paper for discussion by the Board at the September 2008 IAESB meeting. The issues paper would also identify the timeline, required resources and next steps for the project of developing the 2010-2012 strategic and operational plan.
Appendix 1. A Summary of the Draft on IFAC’s Public Interest Framework

Introduction

The International Federation of Accountants (IFAC) mission statement is:

“To serve the public interest, IFAC will continue to strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession’s expertise is most relevant.

In November 2003, the IFAC Council unanimously approved the IFAC Reform proposals. The objective of these reforms was to increase public confidence that IFAC’s activities were responsive to the public interest and that IFAC was developing high quality standards in the public interest. The proposals provided for a more transparent standard setting process, greater public and regulatory input into the standard setting process, regulatory monitoring, and increased dialogue between IFAC and the regulators and public interest oversight. The reforms were accomplished through the establishment of several new structures, including the Public Interest Oversight Board (PIOB), the Consultative Advisory Groups (CAGs) for each of the public interest standard setting areas and the establishment of the IFAC Compliance Program. All of the reform proposals have now been implemented within IFAC.

However, since the implementation of the reform proposals, IFAC has faced questions from the public about how it serves the public interest as stated in its mission statement. As a result of these questions, IFAC is seeking to more clearly define and articulate how it serves the public interest through the development of a public interest framework.

The Proposed Public Interest Framework

IFAC recognizes that there is no widely accepted definition of “the public interest” or a widely accepted method to approaching and assessing what actions are in the public interest. It also recognizes that the public interest changes over time in response to changes in the environment and changes in the information available on which to make decisions. Taking into account these difficulties, IFAC is developing a principles based framework to approaching the question of what is in the public interest.

The objective of the framework is to provide a way for IFAC to consistently approach public interest issues using a common methodology but without pre-determining whether a particular action might be in the public interest. The framework is forward looking in recognition that seeking to act in the public interest is an attempt to move from the present to an improved future state; to make things better than they were previously.
The proposed public interest framework consists of four inter-related elements as follows:

- **Definition** – a set of public interest objectives for each IFAC work area that will be used as operational approximations of furthering the public interest
- **Analysis** – an open and evidence-based approach to making decisions that takes into account the needs and the impact on various stakeholders including the costs and benefits of proposed actions
- **Due Process** – an open and transparent process that provides the public with opportunities to have input into the public interest decision-making process.
- **Evaluation and Review** – an open and evidence-based approach to reviewing past decisions

These four elements describe the process that would be used by IFAC to decide if an action is in the public interest.

The definition element will contain objectives that describe the purpose of IFAC’s public interest activities and what IFAC is trying to achieve by acting in the public interest. The objectives will allow IFAC to judge proposed actions against their ability to help IFAC meet the objectives and serve the public interest.

The analysis element will contain a methodology for making decisions. To act in the public interest IFAC considers that the public needs to have an understanding of the basis for the decisions that are to be made. This includes information on why action is to be taken, the anticipated impacts and costs and benefits of the action and any trade-offs involved.

The due process element will contain a methodology for seeking public input into proposed actions. IFAC considers that to act in the public interest, the public must have the opportunity to be informed and consulted about actions which may affect them. The views of the public gathered through a consultation process would then be included in the decision-making process and taken account of in the analysis element of the framework.

The evaluation and review element will describe how IFAC revises past decisions. Actions may or may not have the impact that was anticipated and in addition, changes in the environment can make past decisions obsolete or unhelpful. Evaluation and review is therefore necessary to ensure that past actions continue to be in the public interest.

Taken as a whole the framework will allow IFAC to communicate what it considers to be “in the public interest” and why; to balance and trade off the needs of various stakeholders and the costs and benefits of various actions; to receive input from the public on their views and to incorporate this information in decision making; and to be transparent about the decision-making process that was followed and the rationale used in making a decision that is in the public interest.