Section 1 Introduction

1.1 This report deals with the activities of the IAESB since the last report to the IFAC Council in November 2008 and outlines activities planned for 2010. I am indebted to Jim Sylph and his staff for information related to the period prior to my appointment becoming effective.

1.2 During the period covered by this report, the IAESB held the following meetings:

- December 8-10, 2008, Toronto, Canada;
- March 2-4, 2009, Buenos Aires, Argentina; and
- June 22-24, 2009, New York, USA.

A third meeting in 2009 is scheduled to take place in Brussels, Belgium on October 26-28.

1.3 In addition, the IAESB’s Consultative Advisory Group (CAG) met twice during 2009:

- February 6, New York, USA; and
- September 17-18, Amsterdam, The Netherlands.

Section 2 IAESB Strategy and Objectives

2.1 The IAESB is an independent standard setting body under the auspices of the International Federation of Accountants (IFAC). It develops and issues, in the public interest and under its own authority, standards, practice statements, and information papers on both pre-qualification education and training of accountants and on continuing professional development for members of the accounting profession.

2.2 In addition, the IAESB acts as a catalyst in bringing together the developed and developing nations and to assist in the advancement of accounting education programs worldwide, particularly where this will assist economic development. The IAESB’s role is focused on developing the professional knowledge, professional skills, and professional values, ethics and attitudes of the accountancy profession to serve the public interest.

2.3 The IAESB’s mission is: “To serve the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education.”

2.4 In pursuing this mission, the IAESB has established its objective, which is set out in its Terms of Reference and approved by the Public Interest Oversight Board (PIOB). The IAESB’s objective is to serve the public interest by:

- Establishing a series of standards and other statements reflecting good practice in pre- and post-qualification professional accountancy education and development;
• Establishing education benchmarks for IFAC’s compliance activities; and
• Fostering international debate on emerging issues relating to the education and development of professional accountants.

2.5 The IAESB Strategic and Operational Plan sets the direction and priorities for the activities until December 2009. The projects and activities are designed to achieve the IAESB’s objective. These include proposals to:
• Develop high quality guidance to support existing International Education Standards (IESs);
• Undertake work to encourage the convergence and implementation of education standards; and
• Undertake activities to improve communication of existing IESs, other pronouncements, and of the work of the IAESB in general.

Developing high quality guidance to support IESs

2.6 The IAESB has stated that its priority in this area for the period 2007-2009 is to develop high quality guidance for member bodies to help them implement the existing IESs, rather than to develop additional IESs. High quality IESs establish the essential elements of accounting education programs, and help member bodies develop the competence of professional accountants at the point of qualification, and throughout their careers through continuing professional development (CPD).

Encouraging international convergence

2.7 In general, “convergence” refers to the process of making professional standards used in different jurisdictions more similar to each other. In terms of education standards for professional accountants, convergence will focus on achieving measurable implementation of the IESs which includes recognition that the outcomes of national educational processes are equivalent to those of the IESs.

Communications

2.8 The IAESB recognizes that communication of IESs and of the work of the IAESB in general is also an important issue, and that it can do more to improve two-way communication between the IAESB and key stakeholders, including member bodies, accounting educators and regulators.

2.9 More effective promotion and communication of the IAESB’s work will help achieve the desired outcomes of an enhanced level of competence within the accountancy profession, and convergence to high quality international professional standards. By listening to the needs of users of IESs, by facilitating the sharing of good practice, and by promoting IESs to a wide audience, the implementation of IESs will be improved, and the process of convergence of the educational outcomes required by IESs moved forward.
Section 3 Key Highlights for 2009

Structure and Process

Public Interest Oversight Board (PIOB)

3.1 PIOB representatives have, in their oversight role, attended all IAESB and CAG meetings in 2009.

3.2 As IAESB Chair, I attended part of one meeting of the PIOB during 2009, while the IAESB CAG Chair attended by teleconference (see below).

IAESB Consultative Advisory Group (CAG)

3.3 Under the chairmanship of Dr. Charles H. Calhoun the CAG has met twice (February and September) to provide advice on the priority and timeliness of projects identified in the 2009 IAESB work program. The CAG has also provided advice on the development of education pronouncements including the revised Framework for International Education Standards for Professional Accountants (the revised Framework), the IAESB Glossary and Drafting Conventions and the 2010-2012 Strategy and Work Plan (the SWP). In addition the CAG provided technical advice on projects to develop implementation guidance in the areas of Assessment and Professional Skills.

3.4 In 2009, the CAG added a new member organization from the Fucape Business School located in Brazil. Professor Fabio Moraes da Costa attended his first meeting as an observer in September. There are now 15 IAESB CAG Member Organizations.

Development of Standards and Guidance

Handbook of International Education Pronouncements, 2009 edition

3.5 The IAESB released its 2009 edition of its Handbook of International Education Pronouncements in April. The 2009 Education Handbook contains the IAESB’s suite of eight International Education Standards (IESs), including the existing IAESB Framework for International Education Pronouncements (the Framework) and Introduction to International Education Standards (the Introduction), as well as three International Education Practice Statements. The handbook reflects the changes in the IAESB’s terms of reference and due process approved in 2006, an update of the glossary for key definitions introduced since its original publication, and minor editorial corrections. No changes of substance were made to the Framework, Introduction, or the IESs.

Research Activities

3.6 The International Association for Accounting Education and Research (IAAER) supported by funding from the Association of Chartered Certified Accountants (ACCA) held two research workshops (February and August) to provide feedback to the four winning research teams on their research work on topics related to the IAESB work program. The projects are:

- “How Does the Methodology of Education and Training in Ethics Affect the Ethical Awareness and Practice of the Professional Accountant?”
- “Access to Continuing Professional Development Opportunities and Resources to Assist Professional Accountants to Meet Their Commitment to Life Long Learning: Evidence from the Asia Pacific Region.”
• “Searching for Best Practice in the Development and Assessment of Non-Technical Skills in Accountancy Trainees – A Global Study.”
• “The Awareness and Impact of International Accounting Education Standards.”

The winning research teams have been asked to meet specified milestones during 2009 with the project’s final results being presented at the 11th IAAER World Congress of Accounting Educators and Researchers. The final deliverables will focus on highlighting the significance of the findings to the IAESB.

Promotional Activities

3.7 The IAESB has continued during 2009 its program of communications and outreach activities to promote the International Education Standards and the IAESB’s work program, as detailed in Section 4 below.

Global Acceptance and Partnerships

3.8 The Secretariat of the United Nations Conference on Trade and Development (UNCTAD) continues to update the IAESB on its work in providing implementation assistance to support the IESs. The IAESB participated in a workshop held in conjunction with the twenty-fifth anniversary session of International Standards of Accounting and Reporting (ISAR) on November 3, 2008. The workshop presented an overview of the IAESB mission, the International Education Standards, and the revised Framework.

Section 4 Services delivered during 2009

4.1 During the period covered by this report, the IAESB held three public meetings, totaling eight and half days of deliberation. Two CAG meetings, also open to the public, were held, totaling two and a half days of deliberation. In addition the Steering Committee, project task forces, and IAESB members advanced the IAESB work program through face-to-face meetings, video-conferencing, and conference calls.

IAESB Pronouncements

4.2 The IAESB released its 2009 edition of its Handbook of International Education Pronouncements in April.

Promotion and Communication

4.3 Since preparation of the last report to Council, IAESB representatives and staff have made presentations at the following events:

- European Association of Accountants and Auditors for SMEs (EFAA), Education Expert Group, Brussels, November 2008;
- Accounting Programs Leadership Group (APLG) / Federation of Schools of Accountancy (FSA) 2009 Annual Seminar, “International Education Issues” Nashville, Tennessee, USA, February 2009;
• Joint Accounting Education Seminar between IAESB and La Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Buenos Aires, Argentina, March 2009;
• Education Seminar between IAESB and University of Buenos Aires, Buenos Aires, Argentina, March 2009;
• International Symposium for the Accounting Accreditation Accord Initiative, Accounting Education in the Global Economy Focusing on the Pre-qualification Stage, Tokyo, Japan, March 2009;
• Trans-national Auditing Committee (TAC)/Forum of Firms meeting, London, England, April 2009;
• Road to Europe: Program of Accounting Reform and Institutional Strengthening (REPARIS) Regional Exploratory Workshop Accounting and Auditing Education in South East Europe, “International Education Standards,” Vienna, Austria, April 2009;
• 32nd Annual European Accounting Association (EAA) Congress, “Accountancy and Academic Professional Inter-Dependency (or Mutual Exclusivity?),” Tampere, Finland, May, 2009;
• Consultative Committee of Accountancy Bodies of the United Kingdom, Edinburgh, Scotland, May 2009;
• Antea Network meeting, Paris, France, May, 2009;
• British Accounting Association (BAA) Accounting Education Special Interest Group (SIG), Annual Conference 2009, Essex, England, May 2009;
• May 2009 Small and Medium Practices Committee (SMPC) meeting, New York, USA, May 2009;
• XIII BDO Annual Latin American Regional Meeting, Lima, Peru, June 2009;
• Colegio de Contadores Publicos de San Luis Potosi, Mexico, June 2009;
• PIOB Meeting, Madrid, Spain, June 2009;
• Consejo Profesional en Ciencias Económicas de la Ciudad de Buenos Aires, “IES 8 Implementation,” Buenos Aires, Argentina, July 2009;
• VI Congreso Nacional de Contabilidad Pública, “Tendencias Conceptuales, Técnicas y Tecnológicas en materia educativa,” Bogota, Colombia, July 2009;
• American Academic Accounting Association, 2009 Annual Meeting, “The Role of the IAESB and How This Might Best Be Linked To Academe,” New York, USA, August 2009;
• Juanta de Gobierno del Instituto Mexicano de Contadores Públicos, “Normas de Formación para Profesionales en Contaduría,” México, August 2009;
• Foreningen af Statsautoriserede Revisorer, “Education for Auditors – International Tendencies,” Copenhagen, Denmark, September 2009;
Section 5  Work in progress

Revised Framework for International Education Standards for Professional Accountants

5.1 During 2009 the IAESB continued its work to develop a draft of the revised Framework. The purpose of revising the Framework is to (1) eliminate outdated or redundant sections, (2) update sections so as to reflect the Board’s experience, and (3) improve clarity.

5.2 On January 27, the IAESB issued an exposure draft of the revised Framework, with a deadline for public comment of April 30, 2009. A total of 49 comment letters were received. The response included: IFAC member bodies and associates (36); other professional organizations, including the Developing Nations Committee of IFAC (6); Public accounting firms (3); Individuals (3); and Regulators (1). In addition during the period from November 2008 to May 2009, IAESB representatives presented and received feedback on topics related to the IAESB Framework at the United Nations Conference on Trade and Development (UNCTAD) Education Workshop at the 25th ISAR meeting in Geneva and three accounting academic conferences: 15th Annual Mid-Year International Accounting Conference of the International Section of the AAA; Symposium at the 15th Annual Congress of the EAA; and the BAA Accounting Education SIG Conference 2009 Conference. The IAESB has also consulted with its CAG in the development of a revised draft of the revised Framework document. At its October meeting the IAESB will consider the revised Framework document and it is expected that following a page-by-page review, the document will be approved for release. The publication of the final document is subject to approval of due process by the PIOB at its December meeting.

IAESB Drafting Conventions

5.3 The IAESB continued its work to develop a set of drafting conventions for its pronouncements. The purpose of the drafting conventions project is to (i) define the structure of the Standards, and (ii) clarify the language used to describe the requirements imposed on each member body. The drafting conventions will ensure consistency among IAESB educational pronouncements and, wherever possible, consistency with the drafting conventions of other IFAC Boards and Committees.

5.4 On March 26, the IAESB issued an exposure draft on the IAESB Drafting Conventions with a deadline for response of May 29, 2009. A total of 28 responses were received with many of the responses (19) coming from IFAC member bodies. The IAESB also received responses from public accounting firms (5), professional organizations (2), individuals (1), and regulators (1). In addition the IAESB consulted with its CAG in the development of a public statement on the drafting conventions. At its October meeting the IAESB will consider a public statement on the drafting conventions and it is expected that following a review, the document will be approved.
and included within the revised Framework document. The publication of the final document is subject to approval of due process by the PIOB at its December meeting.

2010-2012 Strategy and Work Plan

5.5 The IAESB continued its work to develop the SWP. The proposed SWP sets out the projects and activities for the IAESB over the next three years with a particular emphasis on the revision of the IESs, the development of an adoption strategy, continued development of implementation guidance, and the execution of the Board’s communications plan. On July 7, the IAESB issued an exposure draft on the SWP with a deadline for response of October 5, 2009. The IAESB will conduct an analysis of respondents’ comments on the exposure draft at its October meeting with the aim of approving the revised document for release at its February 2010 meeting. The publication of the final document is subject to approval of due process by the PIOB at its March 2010 meeting.

Guidance on Assessment

5.6 The IAESB continued its work to develop guidance in the form of an information paper to support member bodies implement IES 6, Assessment of Professional Capabilities and Competence. The information paper will include examples of “good practice” in the area of developing, marking and administering a final assessment required for qualification as a professional accountant. The IAESB CAG has been consulted on the content of the information paper indicating that the proposed content was comprehensive subject to editorial suggestions made to improve the clarity of the document. The IAESB will consider a first draft of an information paper at its October 2009 meeting with the aim of releasing the document in the second quarter of 2010.

Guidance on Professional Skills and General Education

5.7 The IAESB is also developing guidance in the form of an information paper to support member bodies implement IES 3, Professional Skills and General Education. The proposed guidance is expected to provide examples of “good practice” on how IFAC member bodies identify and assess professional skills at the point of qualification and during an accountant’s career. The IAESB deployed a survey questionnaire on identifying the needs of IFAC member bodies for implementing guidance on IES 3 in Quarter 3 of 2009. The CAG has reviewed the survey results and supported the overall direction of the project while making suggestions on the content of the guidance. The IAESB will consider the content of the guidance paper at its October 2009 meeting with the aim of releasing the document in 2010.

Revision of the International Education Standards

5.8 At its June meeting the IAESB launched a project that aims to revise the eight IESs. The Standards prescribe principles needed to implement good practice in learning, development and assessment of a professional accountant. More specifically, the proposed project aims to (1) delete outdated or redundant sections, (2) update sections so as to reflect the Board’s experience, and (3) improve clarity. At its September 2009 meeting the CAG supported the overall direction of the project proposal and advised on the need to carefully allocate resources for the revision projects. The IAESB will
consider a project proposal for discussion by the Board at its October meeting with the aim of agreeing an approach to revise the IESs. The revision project is expected to be completed by the end of 2012.

Guidance on Competence Requirements for Audit Professionals

5.9 The IAESB reviewed and discussed key issues for a project to develop guidance which assists member bodies in implementing IES 8, Competence Requirements for Audit Professionals at its March meeting. Following this discussion the IAESB agreed that before proceeding with the project there was a need for further clarification of the following issues: identifying the requirements for a trans-national auditing program; and, revising the Standard’s usage and interpretation of key definitions. As a result the IAESB agreed to defer the project until further clarification is obtained on these issues.

Section 6 Planned activities for 2010

IAESB Pronouncements

6.1 The IAESB anticipates issuing the following pronouncements in 2010:

- The final publication of the revised Framework for International Education Standards for Professional Accountants in the First Quarter of 2010;
- The final publication of the 2010-2012 Strategy and Work Plan in the First Quarter of 2010;
- The final publication of the Information paper on guidance for assessment in the Second Quarter of 2010;
- The 2010 edition of the Handbook of International Education Pronouncements
- An Exposure Draft of a revised IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence is expected to be released for public comment in the Second Quarter of 2010.
- An Exposure Draft of a revised IES 6, Assessment of Professional Capabilities and Competence is expected to be released for public comment in the Fourth Quarter of 2010.


6.2 A number of potential projects and activities from the 2010 – 2012 work plan are expected to begin in 2010. These include:

- Revising IESs 1-8 which will performed along the themes of initial professional development, assessment, continuing professional development and specializations of the accountancy profession; and

Promotional and Communications Activities
6.3 The IAESB is planning a number of activities to improve the promotion of IESs and the work of the IAESB, including:

- Developing PowerPoint presentations and communications plans for every new IAESB pronouncement;
- Holding public consultations during 2010 with member bodies, accounting educators and other IAESB stakeholders to identify issues relating to the exposure draft of the Revision of the IESs;
- Holding outreach activities in conjunction with the May 2010 Copenhagen IAESB meeting and the 2010 World Congress of Accountants to enable the Board to promote its work to as wide an audience as possible; and
- Improving communication with/between member bodies and other stakeholders on the implementation of IES.

Section 7 Conclusions

7.1 I would like to record my thanks to all IAESB members and their technical advisors for their contributions during 2009.

7.2 I am pleased with the IAESB’s progress in the last 10 months, during a period of considerable activity for the Board. Major projects on the revised Framework and Drafting Conventions are very close to being completed and new projects have been launched to increase the clarity of the IESs. Each of these projects will produce pronouncements that will provide assistance to IFAC member bodies and interested stakeholders in accounting education.

7.3 In following through on its proposed SWP, the IAESB is setting itself an ambitious work program for next year. I am confident, though, that IAESB members will display the same commitment and enthusiasm they have done over the past 12 months, and that the IAESB will continue its work serving the public interest by setting high quality standards for the profession, and providing guidance and assistance to help member bodies achieve these standards.