



International
Accounting Education
Standards Board™

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Committee: International Accounting Education Standards Board
Meeting Location: IFAC Headquarters, New York, USA
Meeting Date: November 2-4th, 2016
SUBJECT: **Explanatory Memorandum**

IAESB Strategy 2017-2021, and Proposed Reform of the IAESB's Terms of Reference and Operating Procedures

Background

1. Since 2013 there has been the ongoing stance by some of the IAESB's constituency that the Board's work is now completed, and therefore no longer a need for the continuation of the IAESB, including with the full range of oversight and advisory structures.
2. IAESB leadership has been consistently clear concerning the Board's responsibility in this regard:
 - i) As part of its consideration of its future Strategy, for the IAESB to first solicit and evaluate public input on areas where there are public interest needs relative to the IAESB's role to develop and set international education standards; and
 - ii) In light of the feedback from that exercise, for the IAESB to objectively review the optimum structure and operation of the Board, including consideration of 'radical options' as necessary.
3. The IAESB has worked to fulfill the first obligation through its efforts on its 2017-2021 Strategy.
4. At the same time, the IAESB Steering Committee has worked to address the second obligation as objectively and robustly as possible. This reflected the Board's serious commitment to respond to all significant public comments on its Strategy Consultation, some of which repeated the call for the IAESB to review its structures and operation.
5. At its April and July meetings, the Steering Committee considered various initial possible restructuring options, but rejected them.
6. After further discussion at its July meeting, the Steering Committee agreed to explore how it might amend the IAESB's Terms of Reference (ToR), together with certain other recommendations for operational improvement, as a possible way forward. It asked a small IAESB leadership group to develop a paper for consideration.
7. The results of that effort is presented in the paper in Item A.1.
8. Basically, the paper's aim is to put forward a coherent and structured proposal demonstrating that IAESB's future arrangements will be, and will be seen to be, fit for purpose – that is: designed to achieve

the necessary impact, while also reflective of the standards development program envisioned by the IAESB in the medium term. It should also serve to demonstrate to IAESB's stakeholders that the Board has been appropriately responsive to the request that it complete a thorough assessment of options.

9. The PIOB has encouraged that discussion on this topic be transparent, and that the matter of the future arrangements of the Board be drawn to a close as soon as possible.

Material Presented

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| Item A.1 | Proposed Reform of the IAESB's Terms of Reference (ToR) and Operating Procedures |
| Item A.1.1 | For Reference: IAESB ToR – Extant Marked for Changes Agreed by IAESB in October 2014 |

[Note: The Appendix to Item A.1 includes proposed changes to the IAESB ToR, shown in marked text. The starting point for the Appendix is not the extant ToR, rather the ToR as amended based on changes agreed by the IAESB during its first review of its ToR in October 2014. Those agreed amendments are presented in Item A.1.1 for information. While those changes were agreed by the IAESB, they have not yet been through the IFAC endorsement / PIOB approval process.]

Broad Forward Timetable

10. The following is envisioned (all subject to outcome of discussions):

- IAESB Discussion / Request for Agreement – November 2-4
- Report to PIOB / Discussion – December 1-2
- Request for IFAC Board endorsement / PIOB approval – Feb-March 2017

Action Requested

The IAESB is asked to consider and agree the attached recommendations.