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## REFORMING THE IAESB'S OPERATING PROCEDURES TO DELIVER THE 2017-2021 STRATEGY

### IAESB Strategy 2017 - 2021

1. The IAESB has agreed its strategy for 2017 to 2021. The IAESB will enhance the competence of the global accountancy profession, and thereby serve the public interest, by developing and maintaining high quality accounting education standards, and through strategic engagement and communications with key stakeholders.
2. The IAESB has concluded that it should remain an independent standards setting Board, under the oversight of the PIOB. The IAESB carefully considered the feasibility, advantages and disadvantages, and appropriateness of alternative arrangements<sup>1</sup>, including:
  - placing the IAESB in abeyance and replacing it with an IFAC committee;
  - reformulating the IAESB and CAG into a quasi-independent body without PIOB oversight, focused on environmental monitoring and IES promotion/awareness activities; and
  - placing the CAG in abeyance, and replacing it a global dialogue mechanism.
3. The IAESB's conclusion reflects the importance it attaches to having independent authority to maintain, modify and add to the existing suite of international education standards; and the need to continue to attract diverse and skilled talent to the Board. It also reflects the IAESB's comparative advantages in addressing standards-related issues and, as needed, providing support to adoption and implementation of the recently revised IESs. Further, this conclusion reflects the high value placed on the quality, independent advice provided by the CAG.

### Further Reforms to IAESB Operating Procedures

4. The IAESB has also reflected on its success over the past three years in changing its *modus operandi*. For example, the IAESB has: (i) empowered task forces to take forward projects, bringing only substantive issues for discussion and decision to Board meetings; and (ii) streamlined the process for developing and finalizing non-authoritative guidance.
5. The IAESB has identified further reforms to enhance its effectiveness. Some would take effect immediately; others would be adopted if and when the IAESB's activities merited a change.
  - A. Amend the Terms of Reference to emphasize the principal remit of standards development.**

The IAESB's extant Terms of Reference cite five objectives; this is confusing. The 2017-2021 Strategy focuses on *standards development*, with a limited role in adoption and implementation of the IESs. It is worth acknowledging the interaction between the IAESB and the IFAC Compliance Advisory Panel and PAO Development Committee.

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<sup>1</sup> See Annex for a summary of the options considered.

**B. Amend the IAESB Terms of Reference to allow for adjustments to its size and composition.**

At present, the IAESB is required to have 18 members as do the other SSBs. However; accounting education is characterized by a longer application and evaluation period than audit and assurance, ethics or public sector accounting. The IAESB may therefore experience periods in which a proportionately smaller Board could be needed for decision-making and standards-quality purposes. The proposal is to amend the minimum Board size to 12 members, with geographical, gender and representational balance. Any adjustments to Board size and composition would be determined by the IAESB, in consultation with the Nominating Committee.

**C. Formalise the roles and composition of the Steering Committee, Drafting Working Group; and proposed Implementation Support Advisory Group and Strategic Engagement and Communications Group.**

The Steering Committee and Drafting Working Group are well-established in the IAESB; but their remits and composition could be made more transparent to both IAESB and CAG members, and to wider stakeholders.

As part of the new work program, the IAESB envisages permanent work groups on Implementation Support and on Strategic Engagement and Communications. The remit and composition of these groups will also be formalized and published, including setting out how the overall direction will continue to be set by the full Board.

**D. Align the CAG meetings with those of the IAESB, to enhance interaction between CAG and IAESB members and allow for joint participation in outreach activities.**

The CAG comprises significantly talented individuals with a strong interest in accounting education, and a desire to: (i) increase connectivity with the IAESB, other stakeholders and influencers, and other SSBs' CAGs; and (ii) have more opportunities outside CAG meetings to contribute to specific IAESB or IAESB-related initiatives.

In 2017, the IAESB and CAG meetings will be scheduled in the same week and location, to maximise opportunities for interaction between them and to facilitate outreach with key stakeholders. The IAESB and CAG will consider the feasibility of convening an annual Forum, to discuss specific issues in professional accounting education.

**E. Consider how best to allocate IFAC staff and budget resources, including potential bids for additional resource.**

The IAESB intends to pursue its 2017-2021 Strategy ambitiously. The intended areas of study are data and evidence gathering intensive, and will require in-depth analysis. The IAESB will consider how best to allocate available staff and budget resource from IFAC; and whether to bid for additional support.

## Annex

## Alternative Form and Structural Options Considered

Options	Observation
<ul style="list-style-type: none"> <li>Place IAESB in abeyance</li> </ul>	<ul style="list-style-type: none"> <li>Loss of independent authority to maintain, modify and add to the existing suite of IESs</li> <li>Inconsistent with broad consultation results and IAESB assessment of public interest needs</li> </ul>
<ul style="list-style-type: none"> <li>Place IAESB in abeyance, request IFAC to establish an IFAC Group or Committee focused on promoting IESs, environmental scanning and implementation support/monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Loss of independent authority to maintain, modify and add to the existing suite of IESs</li> <li>Overlooks IAESB's comparative advantage in addressing standards-related issues and, as needed, supporting adoption and implementation</li> </ul>
<ul style="list-style-type: none"> <li>Revert IAESB to an IFAC Committee</li> </ul>	<ul style="list-style-type: none"> <li>Loss of independent authority to maintain, modify and add to the existing suite of IESs</li> </ul>
<ul style="list-style-type: none"> <li>Place IAESB and CAG in abeyance, establish new quasi-independent architecture (so-called "IAESB Foundation") charged principally with environmental scanning and IES maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Loss of independent authority to maintain, modify and add to the existing suite of IESs</li> <li>Loss of ability to continue to attract diverse and skilled talent to the Board s</li> </ul>
<ul style="list-style-type: none"> <li>Place IAESB in abeyance, move responsibilities for maintenance and monitoring of IESs under IAASB or IESBA</li> </ul>	<ul style="list-style-type: none"> <li>Potential disruption to IAASB and IESBA</li> <li>Potential loss of concerted attention to education and IAESB's comparative advantage</li> </ul>
<ul style="list-style-type: none"> <li>Continue IAESB, place CAG in abeyance</li> </ul>	<ul style="list-style-type: none"> <li>Loss of quality, independent advice/challenge provided by the CAG, and thereby credibility of any new or modify international education standards</li> <li>Loss of connection with key stakeholder communities</li> </ul>
<ul style="list-style-type: none"> <li>Continue IAESB, place CAG in abeyance, reconstitute CAG into, say, the International Accounting Education Forum that convenes an annual global event on accounting education</li> </ul>	<ul style="list-style-type: none"> <li>Loss of quality, independent advice/challenge provided by the CAG, and thereby credibility of any new or modify international education standards</li> <li>Loss of ability to continue to attract diverse and skilled talent to the Board</li> </ul>
<ul style="list-style-type: none"> <li>Continue IAESB, enact further internal efficiency measures only</li> </ul>	<ul style="list-style-type: none"> <li>Non-responsive to challenges concerning whether existing structures are optimal.</li> </ul>
<ul style="list-style-type: none"> <li>Status quo / No change</li> </ul>	<ul style="list-style-type: none"> <li>Not credible, given IAESB's desire to enhance efficiency and effectiveness of its operations.</li> <li>Non-responsive to challenge about whether structures and operations are optimal</li> </ul>
<ul style="list-style-type: none"> <li>Continue IAESB, adopt reforms aimed at clarifying IAESB remit, adopt a more scalable/proportion design to IAESB structure and operations and CAG operations</li> </ul>	<ul style="list-style-type: none"> <li>See Reform recommendations</li> </ul>