

Basis for Conclusions:
IAESB Strategic and Operating Plan, 2007-
2009

Prepared by staff of the International Accounting Education Standards Board

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BASIS FOR CONCLUSIONS: IAESB Strategic and Operating Plan, 2007-2009

The Basis for Conclusions for the IAESB Strategic and Operating Plan, 2007-2009, has been prepared by IAESB staff and has not been discussed by the IAESB. It does not form part of the IAESB Strategic and Operating Plan, 2007-2009.

Background

1. The IAESB Strategic and Operating Plan, 2007-2009 was developed with input from several sources of information. In April 2006 an online survey was sent out to current and past IAESB members, technical advisors, CAG representatives, and to other IFAC committee chairs and technical managers. Forty responses were received providing a range of views on the IAESB's current and future strategic direction. The survey results were used to inform a two and a half day strategic planning session with Board members at the July 2006 IAESB meeting. The meeting was also informed by presentations from various constituencies interested in accounting education, including: Forum of Firms, Accountants in Business, Developing Professions and Academe.
2. The exposure draft of the IAESB Strategic and Operating Plan, 2007-2009 ("ED PLAN") was released on December 1, 2006, with a deadline for comments of February 28, 2007. The IAESB received 26 comment letters from a variety of respondents, including regulators, IFAC member bodies, academics, and public accounting firms. In addition the Consultative Advisory Group (CAG) commented on the draft IAESB Strategic Plan for the period 2007-2009, as well as discussed and prioritized a list of proposed projects to be undertaken by the IAESB in the period 2007-2009.

Issues Raised During Exposure Period

3. The most significant issues raised by respondents in their submissions to the IAESB related to:
 - Alignment of IFAC and IAESB Strategy;
 - Need to Consider Implications of Pronouncements/Adopt a More Consultative Approach;
 - Independent Review of IESs
 - Perceived Lack of Consistency with the IAESB's Terms of Reference
 - Perceived Failure to Establish "High Quality" Standards/ Development of the Proposed Benchmarking Strategy;
 - Scope of Strategic Activities;
 - Education of Accounting Technicians; and
 - Clarity and Drafting.

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Changes made to the IAESB Strategic and Operating Plan, 2007-2009 since the exposure period, are discussed below. Paragraph numbers refer to the Strategic and Operating Plan, 2007-2009 as issued, unless otherwise stated.

Alignment of IFAC and IAESB Strategy (Paragraph 2)

4. ED PLAN respondents indicated that all of the IFAC desired outcomes (as they are referenced in Table 1) should be supported by an IAESB's objective.
5. In response the IAESB has reviewed Table 1 and made some adjustments to reflect the influence that the benchmarking methodology project will have on the promotion of a strong ethical culture. The IAESB dedication to fostering debate on emerging issues will have a direct impact or at least will influence the activities of other IFAC Boards and Committees. This has not been recorded in Table 1, but the IAESB's discussion on emerging issues and its information papers have implications on the IESBA and DNC projects by clarifying related educational issues.

Need to Consider Implications of Pronouncements/Adopt a More Consultative Approach (Paragraphs 3 and 4)

6. ED PLAN respondents indicated that any changes to post-education experience requirements must compete with the overwhelming demands of existing continuing education requirements. The cost to those who must comply in both time and money must be analyzed and considered before making final determinations on what is an appropriate standard. These recommendations and changes should be made with caution and in a deliberate and consultative fashion.
7. In response the IAESB indicated that high priority IAESB projects in the Strategic and Operating Plan, 2007-2009 will undergo two sets of public consultation to collect feedback for the IAESB's consideration. These public consultations target a wide variety of stakeholders interested in the development of education standards and guidance, including regulators, academics, public accounting firms, business entities, related accounting and auditing associations, regional bodies, and member bodies. In addition IAESB projects are presented to the Consultative Advisory Group (CAG) to obtain technical advice on projects and advice on other matters of relevance to the activities of the IAESB. The CAG is represented by highly experienced individuals from accounting associations, regulators, and regional bodies who are well suited to consider implications in terms of cost of implementing standards and practice statements.

Independent Review of IESs (Paragraph 3)

8. Two ED PLAN respondents indicated that it is more appropriate for an external and more independent reviewer or perhaps appointed group of reviewers or a reviewing body to conduct the evaluation.

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9. In response, the IAESB has considered the request but has decided that there is enough independence and objectivity built into the process through the public consultations, PIOB monitoring of project due process, consultation with the Education CAG, the composition of the Board, and the use of task force members that were not present in developing the earlier standards. As a result, the IAESB will continue to be responsible for the approval of the projects relating to the *Framework* and revision of the IESs.

Perceived Lack of Consistency with the IAESB's Terms of Reference (Paragraph 4)

10. ED PLAN respondents indicated that the proposed strategy for the period 2007 – 2009, which focuses on promoting convergence and improving communication, is not aligned with the Board's Terms of Reference.
11. In response the IAESB indicated that promoting convergence is closely linked to the objectives of establishing a series of standards and other statements reflecting good practice in pre- and post-qualification professional accountancy education. Furthermore, the development of a series of standards and other statements reflecting good practice would establish education benchmarks for IFAC's compliance activities. Similarly, improving communication will allow the IAESB to achieve this, as well as fostering international debate on emerging issues.

Perceived Failure to Establish "High Quality" Standards/ Development of the Proposed Benchmarking Strategy. (Paragraph 5)

12. ED PLAN respondents indicated that in the earlier IESs the objective of high quality standards may not have been met. For standards to be of 'high quality,' they must include both the capabilities expected of a professional accountant and guidance on the knowledge that underlies those capabilities. Respondents also pointed out that it would be very difficult for the IAESB to develop the proposed benchmarking methodology for IFAC's compliance activities until improvements are made to the standards or additional guidance is provided for the existing standards.
13. the IAESB indicated that the Strategic and Operating Plan, 2007-2009 will be focusing on a fundamental review of the *Framework for International Education Statements* – the conceptual framework on which the IESs and other IAESB pronouncements are based. The existing IESs will then be reviewed for consistency with any revisions made to the *Framework*. These projects will provide opportunities for the earlier IESs to be reviewed to ensure that they include the capabilities expected of a professional accountant and guidance on the knowledge that underlies those capabilities. Once the revision of the IESs is substantially complete, the IAESB will focus on the developing a benchmarking methodology to support IFAC's compliance activities.

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Scope of Strategic Activities (Paragraph 5)

14. ED PLAN respondents indicated that the proposed plan is ambitious and suggested that additional in-house technical resource or an active strategy of collaboration with appropriate third party bodies to deliver the range of projects is considered as part of the overall three year plan. Respondents also indicated that both current and future IAESB projects should include: the development of methodology, educational plans, as well as competency maps that support assessment and development needs at the pre-qualification level.

15. In response the IAESB agreed that to undertake the high priority projects proposed in its draft Strategic and Operational Plan, it would be sensible to delay the start of both the benchmarking project and the revision of IESs until the Framework Task Force has made substantial progress. Several Directors of Education from IFAC member bodies are task forces members for the *Framework* project and their technical assistance in drafting these pronouncements is being recruited to ensure that project objectives are met within the proposed timeline. The need for methodology, education plans and competency maps by member bodies will be considered as the projects of the strategic plan. Many of these desired outcomes required by member bodies will be discussed during the revision of the *Framework*.

Education of Accounting Technicians (Appendix 1)

16. ED PLAN respondents indicated the need to provide IAESB guidance on the education of accounting technicians.

17. In response the IAESB has included in the Strategic and Operating Plan, 2007-2009 a commitment to investigate educational work to support an IFAC led initiative in the area of Accounting Technicians. Currently, the Developing Nations Committee is working collaboratively with the United Nations on developing an education program for Accounting Technicians. The IAESB is providing assistance to DNC on this project on an as requested basis.

Clarity and Drafting

18. ED PLAN respondents indicated that standards and other pronouncements should be written in a clearer, more concise manner, using more figures and tables.

19. In response the IAESB recognized the need to be clearer and more concise in drafting future pronouncements. More consideration will be given by the task forces to the use of figures and tables in drafting IAESB pronouncements. As a standard procedure, an editor will be performing a clarity read on all IAESB pronouncements.