International Accounting Education Standards Board

Update on Projects & Activities

Dennis Reigle,
Special Projects Business Advisor, AICPA
IAESB Representative

NASBA International Forum
Vancouver, Canada
July 2011

Introduction

Overview of Presentation
• About IFAC & IAESB
• Overview of IES Revision Project
• Redrafting of IES 7
• Revision & Redrafting of IES 5
• 2011-12 Challenges
Who is IFAC

- Global organization of the accountancy profession, dedicated to the public interest
- Comprised of 164 member bodies and associates in 125 countries
- Represents 2.5 million accountants in public practice, education, government, service, industry, and commerce

International Accounting Education Standards Board (IAESB)

- One of 4 standard-setting bodies in IFAC that develops standards and guidance for education, assessment, and development of professional accountants
- Members include practicing accountants, academics, representatives from business, the forum of firms and the public
- Oversight of Board’s activities by Public Interest Oversight Board (PIOB)
- Consultative Advisory Group
About IFAC & IAESB

The IAESB’s objective is to serve the public interest by:

- Establishing a series of high quality standards and other publications reflecting good practice in the education, development and assessment of professional accountants
- Promoting the adoption and implementation of the IESs
- Developing education benchmarks for measuring the implementation of the IESs
- Advancing international debate on emerging issues relating to the education, development, and assessment of professional accountants

Strategic Initiatives:

The IAESB’s projects and activities have focused on:

- Revision of IESs
- Adoption & Implementation Materials
- Communications
Aim of Revision Project:

- Improve clarity
- Ensure consistency with new Framework (2009) document
- Clarify issues resulting from environment and experience
- Ensure wide and sufficient consultation
Overview of IES Revision Project

- IES 1, Entry Requirements to a Program of Professional Accounting Education
- IES 2, Content of Professional Accounting Education Programs
- IES 3, Professional Skills and General Education
- IES 4, Professional Values, Ethics and Attitudes
- IES 5, Practical Experience Requirements
- IES 6, Assessment of Professional Capabilities and Competence
- IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence
- IES 8, Competence Requirements for Audit Professionals

Revision of IESs – Progress to Date

- Consultation of project issues with CAG (February 2010, September 2010, February 2011 mtgs.)
- Public consultation
  - Targeted consultation meetings on IESs 1, 3, & 5 (March-August 2010)
  - Consultation paper on IES 8 issued (March 2010)
  - Exposure Draft of IES 7 (December-March 2011)
  - Exposure Drafts of IESs 4 & 6 (April-July 2011)
  - Exposure Drafts of IESs 1 & 5 (June-October 2011)
Overview of IES Revision Project

Scope of Revision of IESs 1- 6:

• IES 1: Develop a principle-based approach to entry requirements

• IES 2: Provide greater depth for knowledge content through learning outcome approach

• IES 3: Merge general education with professional skills

• IES 4: Increased emphasis on learning outcome approach

• IESs 5 & 6: Develop a principle-based approach to the requirements for practical experience and assessment

Redrafting of IES 7

Purpose

• Improve clarity by reorganizing content (Introduction, Objective, Requirements, Explanatory Materials)

• Ensure terms & concepts are consistent with new Framework (2009) document

Public Consultation

• 3-month exposure period (Dec-March 2011); 40 Responses received (e.g., IFAC Member Bodies & Associates, Public Accounting firms, Regulators, Other Professional Organizations, Individuals)

• Overall reaction was positive- Significant Improvement on Current Standard

• Received additional requests for clarification

• Requests for additional guidance on output-based approach to measure attainment of CPD
Proposed Redrafted IES 7 continues to:

– Allocate responsibility to individual professional accountant for maintaining competence

– Identify requirements for PAOs in areas of:
  • Promotion of lifelong learning
  • Access to CPD
  • Mandatory CPD for all professional accountants
  • Monitoring and enforcement

Proposed Redrafted IES 7

• Requires IFAC Member bodies to establish their preferred approach to measuring their members’ CPD activity from the following approaches:
  – output-based
  – input-based or
  – a combination of input-based and output-based approaches.
Revision & Redrafting of IES 5

Purpose

• Provide greater flexibility in measuring practical experience
• Ensure terms & concepts are consistent with new Framework (2009) document
• Improve clarity of IES 5

Proposed Public Consultation

• 3-month exposure period (Dec-Feb 2012)

Revision & Redrafting of IES 5

Proposed Requirements of Revised IES 5:

Practical Experience shall be:

• part of Initial Professional Development
• have a duration & intensity sufficient to perform work with professional competence
• measured using one of the following three approaches: output-based; input-based; or a combination approach.
• conducted under the direction of a mentor or supervisor
• recorded in verifiable & consistent form
• reviewed on a periodic basis
Revision of IESs – Next Steps

– Review of final draft & Approval for publication of IES 7 (October IAESB meeting)

– Analysis & Discussion of IESs 1, 4, and 6 consultation findings (October IAESB mtg.)

– Discussion & Approval of IES 8 Exposure Draft (October IAESB mtg.)

– Discussion of Issues & Drafts on IESs 2, 3, & 5 with IAESB (Sept CAG & Oct IAESB mtgs.)

– Review of Final Drafts & Approval for publication (2012-2013)

IAESB Information

• IAESB’s web site – www.ifac.org/Education/ – provides more information on IAESB activities, projects, and all education pronouncements.

THANK YOU