

International Accounting Education Standards Board

Strategic and Operational Plan, 2007-2009



**International Federation
of Accountants**

REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB), an independent standard-setting body within the International Federation of Accountants (IFAC), approved the release of this exposure draft of the IAESB's Strategic and Operational Plan for the period 2007-2009 on December 1, 2006. The IAESB's proposed Strategic and Operational Plan may be modified in light of comments received before being issued in final form.

Please submit your comments, preferably by email, so that they will be received by **February 28, 2007**. All comments will be considered a matter of public record. Comments should be addressed to:

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International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Email responses should be sent to: Edcomments@ifac.org

Copies of this exposure draft may be downloaded free-of-charge from the IFAC website at <http://www.ifac.org>.

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides some background to, and an explanation of, the exposure draft of the IAESB's proposed Strategic and Operational Plan for the period 2007-2009, released for public comment on December 1, 2006.

The IAESB's current Strategic Plan, drafted in 2003 and last updated in March 2005, set the direction and priorities for the activities of the IAESB to December 2006. The expiry of the current plan, together with developments in accounting education and the profession as a whole have made it necessary to develop a new Strategic and Operational Plan. The IAESB has decided, therefore, to seek public comment on its proposed strategic direction and intended projects and activities for the period 2007-2009. The IAESB will consider comments received at its meeting in June 2007.

Background

The International Federation of Accountants (IFAC) is the worldwide organization for the accountancy profession. IFAC's mission, as set out in its constitution, is "to serve the public interest, strengthen the accountancy profession worldwide and contribute to the development of international economies by establishing and promoting adherence to high quality professional standards, furthering international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant."

In pursuing this mission, the IFAC Board has established the IAESB to function as an independent standard-setting body under the auspices of IFAC and subject to the oversight of the Public Interest Oversight Board (PIOB). The IAESB 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

In addition, the IAESB contributes to the advancement of accounting education programs worldwide, particularly where this will assist economic development.

Content of Proposed Strategic and Operational Plan

The proposed Strategic and Operational Plan outlines how the IAESB's mission and objectives align with IFAC's strategic priorities, and also explains how the IAESB works through member bodies to achieve its objectives as set out in its Terms of Reference, which are to:

- a) Establish a series of standards and other statements reflecting good practice in pre- and post-qualification professional accountancy education and development;
- b) Establish education benchmarks for IFAC's compliance activities; and
- c) Foster international debate on emerging issues relating to the education and development of professional accountants.

The IAESB's proposed strategy for the period 2007-2009 focuses on (a) promoting convergence to and implementation of International Education Standards (IESs); and (b)

undertaking activities to improve the communication of IESs and other IAESB pronouncements, and of the work of the IAESB in general.

Completion of Current Work Program

In meeting this strategy, the IAESB intends to complete four projects that it already has in progress. These are:

- i) The development of an International Education Practice Statement (IEPS), *Information Technology for Professional Accountants* in support of International Education Standard (IES) 2, *Content of Professional Accounting Education Programs*;
- ii) The development of an IEPS, *Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes* in support of IES 4, *Professional Values, Ethics and Attitudes*;
- iii) The development of an IEPS, *Practical Experience Requirements – Initial Professional Development for Professional Accountants* in support of IES 5, *Practical Experience Requirements*; and
- iv) The development of an International Education Paper (IEP) on *Approaches to CPD Measurement*.

As can be seen from the draft Work Program contained in Appendix 1 of the proposed Strategic and Operational Plan, these projects are scheduled to be completed at various dates between June 2007 and February 2008.

Proposed Future Work Program

In considering new projects and activities, the IAESB believes its priorities are to conduct a fundamental review of the *Framework for International Education Statements*, and to develop a benchmarking methodology to help IFAC members and others achieve the measurable implementation of IESs. This will be followed by a review of existing IESs, to determine areas where the clarity of standards could be improved and/or additional guidance most usefully developed. Accordingly, the draft Work Program contained in Appendix 1 of the proposed Strategic and Operational Plan recommends that the IAESB begin considering these issues in 2007.

The direction of further projects in the period 2007-2009 will be conditional on the outputs from these three high priority projects. Based on its own deliberations and in consultation with its Consultative Advisory Group (CAG), the IAESB has identified nine potential projects and has rated five as “medium” priority and four as “low” priority to follow on from the three high priority projects outlined above. The IAESB seeks comments on the items in this list, set out in Appendix 2 of the proposed Strategic and Operational Plan.

Guide for Commentators

The IAESB would like to receive comments on all matters related to its proposed Strategic and Operational Plan for the period 2007-2009. Anyone offering comments should refer to specific sections of the proposed Strategic and Operational Plan, include

the reasons for the comments, and, where appropriate, make explicit suggestions for proposed changes to the plan. The IAESB would also like to hear from respondents agreeing with this exposure draft.

The IAESB is particularly interested in comments on the matters set out below:

- 1) Do you agree that the three proposed projects (a review of the *Framework for International Education Statements*, developing a benchmarking methodology and a review of existing IESs) should be considered high priority? If not, which projects should be considered high priority?
- 2) Are the priorities given to the IAESB's further potential projects and activities for the period 2007-2009 appropriate? Which potential projects and activities should, in respondents' views, be addressed first? Please explain.
- 3) What, if any, additional or alternative projects and activities should the IAESB consider undertaking in the period 2007-2009? Please explain.
- 4) What are respondents' views on the pace of development of the IAESB's projects and activities?

INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD

DRAFT STRATEGIC AND OPERATIONAL PLAN 2007-2009

The purpose of this plan is to set the direction and priorities for activities of the International Accounting Education Standards Board (IAESB)¹ for the three year period from January 2007 to December 2009.

1. BACKGROUND

International Federation of Accountants (IFAC)

IFAC² is the worldwide organization for the accountancy profession. IFAC's mission, as set out in its constitution, is "to serve the public interest, strengthen the accountancy profession worldwide and contribute to the development of international economies by establishing and promoting adherence to high quality professional standards, furthering international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant."

IFAC's current strategic plan identifies four desired outcomes that IFAC aims to influence or have a direct impact on through the delivery of its services. These are:

- 1) Enhanced level of competence within the accountancy profession;
- 2) Convergence to high quality international professional standards;
- 3) Strong ethical culture within individual professional accountants;
- 4) Provision of high quality performance information.

In pursuit of these outcomes, the IFAC Board has established the IAESB to function as an independent standard-setting body under the auspices of IFAC and subject to the oversight of the Public Interest Oversight Board (PIOB)³.

International Accounting Education Standards Board (IAESB)

As an independent standard setting body under the auspices of IFAC, the IAESB develops and issues, in the public interest and under its own authority, standards, practice statements and information papers on pre-qualification education and training of accountants and on continuing professional development for members of the accounting profession.

In addition, the IAESB contributes to the advancement of accounting education programs worldwide, particularly where this will assist economic development.

¹ More information on the IAESB is available at www.ifac.org/Education

² More information on IFAC is available at www.ifac.org

³ More information on the PIOB can be found at www.ipiob.org

The IAESB's Consultative Advisory Group (CAG)⁴ provides input to and assists the IAESB in the achievement of its objectives by providing advice on the IAESB's agenda, priorities and projects.

2. MISSION AND OBJECTIVES

The mission of the IAESB is:

“To serve the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education.”

In pursuing this mission, the IAESB has established its Terms of Reference⁵, approved by the IFAC Board and the PIOB. These set out three objectives for the IAESB:

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

The IAESB's objectives are aligned with IFAC's desired outcomes as illustrated in Table 1 below:

Table 1: Alignment of IFAC and IAESB Strategy

	IAESB Objective		
IFAC Desired Outcome	Establish standards and other statements	Establish education benchmarks	Foster debate on emerging issues
Enhanced level of competence	Direct impact	Direct impact	Influence
Convergence to high quality standards	Direct impact	Direct impact	Direct impact
Strong ethical culture	Direct impact	n/a	n/a
Provision of high quality performance information	Influence	Influence	n/a

⁴ More information on the CAG is available at www.ifac.org/Education/About.php#ConsultativeAdvisoryGroup

⁵ The IAESB will review and seek public comment on its Terms of Reference in 2008, prior to commencing the preparation of its strategic plan for the period 2010-2012.

In fulfilling its objectives, the IAESB develops and issues the following:

- *International Education Standards for Professional Accountants (IESs)*, which prescribe standards of generally accepted “good practice” in education and development for professional accountants. IESs establish the essential elements (i.e., subject matter, methods and techniques) that education programs are expected to contain.
- *International Education Practice Statements (IEPSs)*, which assist in the implementation of generally accepted “good practice” in the education and development of professional accountants by providing advice or guidance on how to achieve “good practice” or current “best practice.”
- *International Education Papers for Professional Accountants (IEPs)*, which promote discussion or debate on education and development issues affecting the accountancy profession, present findings, or describe situations of interest relating to education and development issues affecting the accountancy profession. IEPs are not authoritative.

3. DEVELOPMENT AND PROMOTION OF IAESB PRONOUNCEMENTS

In developing its pronouncements, the IAESB consults at an early stage with IFAC member bodies, which in turn consult with a wide group of stakeholders, including the academic community, regulators, policy makers, employers, professional accountants, accounting students and others. The IAESB also consults with its CAG.

Draft IESs and IEPSs are exposed for public comment for a minimum of 90 days, and the IAESB deliberates significant matters raised in the comment letters received before approving final IESs or IEPSs for publication⁶.

IAESB pronouncements are primarily written for, and communicated to, IFAC member bodies. These member bodies are responsible for the implementation of IESs within their jurisdiction(s). Implementation requires member bodies to promote IAESB pronouncements and to work with a wide range of stakeholders such as those outlined above.

4. REPORTING AND COMMUNICATION

In addition to reporting periodically to the IFAC Board, PIOB and to the CAG, the IAESB will report publicly on its work program, activities and progress made in achieving its objectives each year. This report will be made available on the IFAC website, and is normally included as part of the IFAC annual report.

The IAESB will consider specific communication activities, in order to better achieve its objectives in the period 2007-2009, potentially including:

- Developing a communications plan for every IAESB pronouncement;

⁶ More information on the due process followed by the IAESB in developing IESs and IEPSs is available at www.ifac.org/Education/About.php#PublicInterest.

- Holding periodic consultative fora with member bodies, regulators, accounting educators and other IAESB stakeholders to identify issues in implementing IESs;
- Holding IAESB meetings, where possible, in conjunction with regional accounting conferences and similar events;
- Identifying educational materials available from member bodies, firms and others and facilitating effective access to these, possibly by developing a web-based IAESB search engine; and
- Improving communication with/between member bodies and other stakeholders on the implementation of IESs.

5. OPERATIONAL PLAN AND WORK PROGRAM

The IAESB proposes, in the period 2007-2009, to prioritize projects and activities aimed at promoting the measurable implementation of IESs. These will include:

- Conducting a detailed review of existing IESs and their theoretical framework to determine areas where the clarity of standards could be improved and/or additional guidance most usefully developed; and
- Developing a benchmarking or similar methodology to determine the degree of convergence to IESs and to assist member bodies in their implementation of IESs.

The Draft Work Program detailed in Appendix 1 details how the IAESB intends to achieve these objectives in the period 2007-2009. Appendix 2 contains both proposed projects and activities and a list of potential projects and activities which may be undertaken by the IAESB in support of the objectives set out above.

Key Assumptions

A number of key assumptions have been made in developing the IAESB's proposed Work Program for the period 2007-2009:

- The IAESB meets for 3 days, 3 times per year (i.e., for a total of 9 days per year);
- At each IAESB meeting, approximately 16 hours are usually available for business relating to current projects, with the remainder of the meeting time devoted to routine IAESB matters;
- Consideration and discussion of business relating to current projects usually requires between 2 and 5 hours of meeting time per item (see chart overleaf);
- Given this, the IAESB is usually able to deal with a maximum of 4 items relating to current projects at any meeting;
- Total lapsed time required for completion of a project is a minimum of 33 months, not including any re-exposure that might be necessary (see chart overleaf);
- Work on projects is undertaken primarily by volunteer Task Forces drawn from the IAESB's membership;

- Additional time is required for CAG commentary and Task Force input to projects between IAESB meetings;
- Exposure period for proposed IESs and IEPSs is a minimum of 90 days.

Indicative Timeline for Project Completion

Year	Meeting	Stage	Approximate Meeting Time Required
ONE	1	Agree project plan	2 hours
	2	Discuss main issues and principles	2-3 hours
	3	Consider first draft of document	3-5 hours
TWO	4	Consider revised draft	3-5 hours
	5	Consider revised draft, approve for exposure	3-5 hours
	6	Document out for exposure	n/a
THREE	7	Consider comments received	3-5 hours
	8	Approve final document for publication	3-5 hours
Total elapsed time required per project is approximately 33 months.			
Additional time is also required for CAG commentary and Task Force input to projects between IAESB meetings			

APPENDIX 1

**INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD
DRAFT WORK PROGRAM, 2007-2009**

The following is a draft work program/outline project timetable for the IAESB for the period 2007-2009. Based on the key assumptions outlined above, the IAESB can address, on average, four substantive items of business relating to current projects at each meeting.

The IAESB, together with its Consultative Advisory Group (CAG) has therefore considered the relative priorities and importance of its potential projects and other activities, as outlined in the draft strategic plan for the period 2007-2009, to determine which specific projects and activities will form part of its proposed work program for the period.

CURRENT PROJECTS	STATUS	FEB 2007	JUNE 2007	OCT 2007	FEB 2008	JUNE 2008	OCT 2008	FEB 2009	JUNE 2009	OCT 2009
Strategic Plan	Current		Consider ED comments & finalize							
IT IEPS	Current	Consider ED comments	Approve IEPS							
Ethics Education IEPS	Current	Consider ED comments	Approve IEPS							

DRAFT STRATEGIC AND OPERATIONAL PLAN 2007-2009

CURRENT PROJECTS	STATUS	FEB 2007	JUNE 2007	OCT 2007	FEB 2008	JUNE 2008	OCT 2008	FEB 2009	JUNE 2009	OCT 2009
Practical Experience IEPS	Current		Consider ED comments	Approve IEPS						
CPD IEP (to be developed by external consultants)	Current	Receive progress report		Receive draft IEP	Approve IEP					

FUTURE PROJECTS	STATUS	FEB 2007	JUNE 2007	OCT 2007	FEB 2008	JUNE 2008	OCT 2008	FEB 2009	JUNE 2009	OCT 2009
REVIEW OF <i>FRAMEWORK FOR INTERNATIONAL EDUCATION STATEMENTS</i> DEVELOP BENCHMARKING METHODOLOGY ⁷	Proposed	Consider project proposal	Discuss issues/ principles	Consider first draft Hold public consultation	Consider revised draft	Approve ED		Consider ED comments and revisions	Approve revised <i>Framework</i>	
REVIEW OF EXISTING IESs	Proposed			Consider project proposal	Discuss issues/ principles	Consider priority areas resulting from public consultation	Agree priority areas for rewriting/ development of guidance			
NEW PROJECT 1 ⁸	Proposed					Consider project proposal	Discuss issues/ principles	Consider first draft	Consider revised draft	Approve ED

⁷ While these may be thought of as separate projects, they are interlinked and the IAESB proposes to undertake work on both in tandem.

⁸ The precise nature of new projects will be determined by the comments received on this draft strategic and operational plan and by the IAESB's proposed reviews of (a) the *Framework for International Education Statements* and (b) existing IESs.

FUTURE PROJECTS	STATUS	FEB 2007	JUNE 2007	OCT 2007	FEB 2008	JUNE 2008	OCT 2008	FEB 2009	JUNE 2009	OCT 2009
NEW PROJECT 2	Proposed							Consider project proposal		Discuss issues/ principles
NEW PROJECT 3	Proposed								Consider project proposal	Discuss issues/ principles
2010-2012 STRATEGIC PLAN							Begin 2010-2012 strategic planning		Strategic planning session (all day)	Consider draft strategic plan and approve ED

In addition to the above, the IAESB plans to undertake work in 2007 to develop an IAESB search engine to facilitate access to educational materials.

APPENDIX 2

PROPOSED PROJECTS AND ACTIVITIES, 2007-2009

The IAESB and its CAG consider the three proposed projects set out below to be of high priority in promoting the measurable implementation of IESs. These have been included in the IAESB's draft Work Program, set out in Appendix 1. In addition, the IAESB and its CAG have considered a number of potential projects and activities, set out overleaf, which could also be undertaken by the IAESB in support of the three objectives set out in the IAESB's Terms of Reference. The priority attached to potential projects and activities below will be reviewed in the light of comments received on this draft Strategic and Operational Plan and by the IAESB's proposed review of (a) the *Framework for International Education Statements* and (b) existing IESs.

Priority	Proposed Projects	Objectives as set out in the IAESB's Terms of Reference		
		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.	Fostering international debate on emerging issues relating to the education and development of professional accountants.
HIGH	Reviewing and updating the existing <i>Framework for International Education Statements</i> .	X	X	X
HIGH	Developing a benchmarking methodology to determine the extent of implementation of IESs, as well as assisting in a determination of the extent to which convergence towards IESs has taken place.	X	X	X
HIGH	Conducting a detailed review of existing IES (with input from stakeholders) to determine priority areas for additional guidance.	X	X	X

POTENTIAL PROJECTS AND ACTIVITIES, 2007-2009

		Objectives as set out in the IAESB's Terms of Reference		
Priority	Potential Projects	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.	Fostering international debate on emerging issues relating to the education and development of professional accountants.
MEDIUM	Developing IEPS to support IES 3 (guidance on assessment of competence in the skills areas outlined in the standard).	X	X	X
MEDIUM	Developing IEPS to support IES 6 (assessment of professional knowledge; professional skills; and professional values, ethics and attitudes).	X	X	X
MEDIUM	Developing IEPS to support IES 8 (specific guidance on "advanced level" knowledge).	X	X	X
MEDIUM	Identifying educational materials available from member bodies and others and facilitating access to these, including the development of a web-based IAESB search engine.			X
MEDIUM	Developing standard or guidance to support education and development of accountants training in business	X	X	X

POTENTIAL PROJECTS AND ACTIVITIES, 2007-2009 (continued)

LOW	Developing an advanced level version of the current Ethics Education Toolkit.	X		X
LOW	Developing IEP(s) in areas of emerging interest, possibly including an IEP identifying specializations within the accounting profession.	X		X
LOW	Developing guidance (IEPS or IEP) for member bodies in producing and using competency frameworks.	X		X
LOW	Developing IEPS to support IES 2 (guidance on implementing accounting/organizational and business knowledge components).	X	X	X



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