

INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD

TERMS OF REFERENCE – APPROVED DECEMBER 2006

1.0 PURPOSE

The mission of the International Federation of Accountants (IFAC), 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 International Accounting Education Standards Board (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, discussion papers and other information documents on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession. The IFAC Board has determined that designation of the IAESB as the responsible body, under its own authority and within its stated terms of reference, best serves the public interest in achieving this aspect of its mission.

The IAESB acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development. The IAESB’s role is focussed on developing the professional knowledge, skills and professional values, ethics and attitudes of the accountancy profession to serve the overall public interest.

2.0 OBJECTIVES

The IAESB’s objectives are to serve the public interest by:

- 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; and
- Fostering international debate on emerging issues relating to the education and development of professional accountants.

3.0 PRONOUNCEMENTS

In fulfilling the above 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 for Professional Accountants (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.

The sole authoritative text of the IESs and other pronouncements is that published by the IAESB in the English language.

4.0 MEMBERSHIP

The members of the IAESB, including the Chair and Deputy Chair, are appointed by the IFAC Board on the recommendation of the IFAC Nominating Committee and with the approval of the Public Interest Oversight Board (PIOB). The IAESB comprises ten members from IFAC member bodies, five representatives from the Forum of Firms and three public members. The appointment as Deputy Chair does not imply that the individual concerned is the Chair-elect.

The selection process is based on the principle of “the best person for the job,” the primary criterion being the individual qualities and abilities of the nominee in relation to the position for which they are being nominated. However, the selection process also seeks a balance between the personal and professional qualifications of a nominee and representational needs, including gender balance of the IAESB. Accordingly, consideration will be given to other factors including geographic representation, sector of the accounting profession (including academic and non-academics), size of organization, and level of economic development. Candidates for appointment as public members may be put forward by any individual or organization.

IAESB members serve for three years, with one third of the IAESB membership subject to retirement every year. Continuous service on the IAESB is limited to two consecutive three-year terms, unless that member is appointed to serve as Chair for a further period of not more than three years.

IAESB members may be accompanied at meetings by a technical advisor.

The IAESB may also include up to three observers, appointed at the discretion of the IFAC Board in consultation with the PIOB. Observers may attend IAESB meetings, have the privilege of the floor, and participate in projects, but have no vote. These observers would be expected to possess the technical skills to participate fully in IAESB debates and attend IAESB meetings regularly to maintain an understanding of current issues.

IAESB members are required to sign an annual statement declaring they will act in the public interest and with integrity in discharging their roles within IFAC.

5.0 MEETING PROCEDURES

Each IAESB meeting requires the presence, in person or by simultaneous telecommunications link, of at least twelve appointed members.

IAESB meetings shall be chaired by the Chair, or in his/her absence, by the Deputy Chair. In the event of the absence of both, the members present shall select one of their number to take the chair for the duration of the meeting, or of the absence of the Chair and Deputy.

Each member of the IAESB has one vote. The affirmative vote of at least two-thirds of members present at the meeting or by simultaneous telecommunications link or by proxy, but not less than twelve, is required to approve or withdraw IESs, IEPSs, and other pronouncements, and to approve exposure drafts.

IAESB meetings to discuss the development, and to approve the issuance or withdrawal of IESs, IEPSs, exposure drafts and other pronouncements intended to advance the education and continuing development of professional accountants are open to the public. Matters of a general administrative nature or with privacy implications may be dealt with in closed sessions. Agenda papers for open sessions, including minutes of the meetings of the IAESB are published on the IFAC web site. The meetings and agenda papers are in English, which is the official working language of IFAC.

6.0 DUE PROCESS

In developing IESs and other pronouncements, the IAESB is required to be transparent in its activities, and to adhere to due process as approved by the PIOB.

The PIOB is consulted to help establish the appropriateness of the IAESB's project priorities and any changes therein. The IAESB obtains the PIOB's opinion, as at the date of that opinion, on the appropriateness of the items on the work program and on whether or not it wishes, from a public interest perspective, to have any further items added. The IAESB adds to its work program those items that the PIOB resolves should, from a public interest perspective, form part of the IAESB's work program.

7.0 CONSULTATIVE ADVISORY GROUP

The objective of the IAESB Consultative Advisory Group (CAG) is to provide input to and assist the IAESB through consultation with the CAG member organizations and their representatives at the CAG meetings, in order to obtain: advice on the IAESB's agenda and project timetable (work program), including project priorities; technical advice on projects; and other matters of relevance to the activities of the IAESB.

The membership and terms of reference of the IAESB CAG are posted on the IFAC website.

8.0 OTHER

The IAESB will annually report on its work program, activities and progress made in achieving its objectives during the year. This report is normally included as part of the IFAC annual report.

The IFAC Board will review the effectiveness of the IAESB's processes at least every three years.