MINUTES OF THE INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD (IAESB) MEETING HELD JULY 17-19, 2006.

PLACE: Santiago, Chile   **Meeting No. 2/06 (55)**

VENUE: Ritz Carlton Hotel

HOSTS: Colegio de Contadores de Chile

PRESENT:

Voting Members:		**Technical Advisors:**
Ireland	Henry Saville (Chair)	Ronan O'Loughlin
Australia	Peter Wolnizer	Ann Johns
Canada	Paule Bouchard	Tim Forristal
France	Alain Burlaud	
Germany	Ulrich Maas	Brigitte Rothkegel-Hoffmeister
Hungary (ACCA)	Laura Ipacs	Clare Minchington
India	T. N. Manoharan	
Mexico	Jose Echenique	
United Kingdom	Mark Spofforth	Robert Jelly
United States	Karen Pincus	Beatrice Sanders
TAC	Mel Berg (Deputy Chair)	Ann Kilbride
TAC	Brion Smoker	
TAC	Hans Verkruijsse	
TAC	Anne Wickham	Monica del Carmen Basso
TAC	Timothy Bell	
Public member	Enock Mchiza	
Public member	Yoseph Asmelash	

Appointed Observer
IAAER   Prof. Belverd Needles

PIOB Observer
Donna Bovolaneas

CAG Chair
Dr. Charles H. Calhoun

IFAC Board
Kamlesh Vikamsey
Fermin del Valle (Wednesday July 19 only)

IFAC Staff
Jim Sylph (IFAC Technical Director)
Simon Thompson (IAESB Technical Manager)

APOLOGIES
Pakistan - Abdul Rahim Suriya (Member), Muhammad Arif Nara (Technical Advisor);
France - Helene Michelin; Zahra Cassim (Technical Advisor to Enock Mchiza).

OPENING MATTERS

Henry Saville, IAESB Chair, welcomed members and technical advisors to the meeting, extending a special welcome to new member Karen Pincus, to new technical advisor, Ann Kilbride, to Belverd Needles, the IAAER observer, and to Kamlesh Vikamsey, IFAC Board Liaison to the IAESB. Mr. Saville also welcomed Mel Berg to his first meeting since assuming the role of IAESB Deputy Chair, and introduced Donna Bovolaneas, Secretary General of the Public Interest Oversight Board (PIOB), Dr. Charles C. Calhoun, Chair of the IAESB Consultative Advisory Group (CAG) and Jim Sylph, IFAC Technical Director.

Welcoming Luis Alberto Werner-Wildner, President of the Colegio de Contadores de Chile, Mr. Saville thanked him on behalf of the IAESB for inviting the Board to meet in Santiago. Mr. Werner-Wildner briefly addressed IAESB members, warmly welcomed them to Chile, and wished the Board success in its meeting over the coming days.

Apologies were received and sustained from Abdul Rahim Suriya and Muhammad Arif Nara, who were unable to attend the meeting.

IAESB members welcomed Fermin del Valle, IFAC Deputy President, on Wednesday 19 July. Mr del Valle addressed IAESB members, stressing the importance of the IAESB's work and of the need to promote adoption and convergence of International Education Standards (IES).

1(i)   Approval of agenda

The agenda was approved as circulated.

1(ii)   Report from the Chair

The IAESB received a verbal report from the Chair. Mr. Saville highlighted Mel Berg's appointment as Deputy Chair, to the end of 2006, commenting that the appointment was in part a reflection of the increasing workload of the Board and of the Chair.

Mr. Saville took the opportunity to thank IAESB members for their support during the development of IES 8, Competence Requirements for Audit Professionals, published in early July 2006, and for their work in approving the standard electronically following the IAESB's previous meeting.

1(iii)   Minutes and Action List of February 2006 (New York) meeting

The minutes of the IAESB's previous meeting, held in New York from February 28 to March 2, 2006 were received and approved as a true and correct record of the meeting. There was one matter arising from the minutes. Hans Verkruijsse asked whether the IAESB's definition of "audit professional" in IES 8 was consistent with IAASB pronouncements. The IAESB Technical Manager promised to consult again with IAASB staff following the meeting to obtain an answer.

The IAESB also received and noted the action list from its previous meeting.

1(iv)   IFAC Update

The IAESB received a report from Jim Sylph, IFAC Technical Director, giving an overview of general IFAC activities of interest to the IAESB.

Mr. Sylph reported that the IFAC Board had recently approved the appointment of a third public member to the IAESB, to ensure consistency with the number of public members on the IAASB and IESBA. The deadline for nominations closed on June 23, 2006. At its meeting in June 2006, the IFAC Board also approved the development of a Small and Medium Practices (SMP) Guide to International Standards on Auditing (ISA). The first version of the Guide, based on existing ISAs, was expected to be released in mid-2007, with a second version based on redrafted ISAs to be released at the end of 2009.

Mr. Sylph drew attention to the work of various IFAC Boards and Committees, including the work of the IAASB to redraft and reissue all ISAs in "clarity" format by September 2008. He also informed the Board of a Developing Nations Committee forum, to be held in Nairobi in September 2006, bringing together representatives from all African countries. The event is to be jointly sponsored by IFAC, the World Bank and the African Development Bank.

It was also reported that the Canadian government had agreed to participate in the funding of the development of International Public Sector Accounting Standards (IPSAS), and that three new staff, including a secondee from the Chinese government, would be based in Toronto, Canada.

1(v)   Staff Report

The IAESB received and noted a report on staff (IAESB Technical Manager) activities for the period March 1 to June 30, 2006. Simon Thompson highlighted a number of key points in the report, including the promotional work undertaken by the IAESB Chair and IAESB Technical Manager in the period, and the work of the CAG membership panel to identify additional CAG Member Organizations and Representatives.

Mr. Thompson drew IAESB members' attention to Section 4 of the report, giving an overview of the new document titles to be used by the IAESB for its pronouncements, to ensure consistency across IFAC's standard-setting boards and committees. IAESB pronouncements will now include: International Education Standards – IES (no change), Practice Statements – IEPS (formerly International Education Guidelines) and International Education Information Papers (IEIP - formerly International Education Papers).

During the course of the meeting, the IAESB agreed on a new numbering system for IEPSs, which are to be numbered following the IES to which they apply. For instance, the IEPS on Information Technology supporting IES 2 is to be numbered IES 2.1.   Similarly, the Practice Statement on Ethics Education supporting IES 4 is to be numbered IES 4.1.

WORK PROGRAM

2.   Strategy Review

Henry Saville, IAESB Chair, introduced an agenda item designed to review the IAESB's existing strategy and begin the work of developing a new strategic plan for the IAESB for the period 2007-2009, reminding IAESB members that the aim of the agenda item was to agree on the contents of a draft strategic plan to be approved for exposure following the IAESB's next meeting in November 2006. Mr. Saville then introduced Jim Sylph, IFAC Technical Director, who facilitated the remainder of the strategy review session.

a) Introduction and Background

Mr. Sylph began with an overview of the strategy review process, stressing that it had been designed to give IAESB members as much freedom as possible to discuss and debate strategic options for the coming years, while ensuring consistency with the objectives set out in the IAESB's Terms of Reference, and the IFAC Board Strategic Plan, whilst also taking into account the IAESB's current level of resources.

After a brief report from Simon Thompson, IAESB Technical Manager, on the results of the strategy review survey of current and past members of the IAESB/Education Committee and Technical Advisors, CAG members, and Chairs and Technical Managers of other IFAC boards and committees (provided as Agenda Paper 2-4), Mr Sylph introduced 4 IAESB members, each of whom gave a short, thought-provoking presentation as to what they perceived to be the main issues facing the IAESB over the coming years, from the perspectives of their constituencies.

i) Academe

Peter Wolnizer identified three factors that could enhance the quality of accounting education:

- Overcoming the worldwide shortage of adequately qualified accounting educators, including doctoral faculty;
- Improving collaboration between practice (accounting firms) and educators; and
- Improving the visibility of the IAESB and its pronouncements.

From an academic perspective, Mr. Wolnizer suggested that the IAESB should do more to communicate its activities and pronouncements to the academic community, and could also work to facilitate collaboration between practice, educators and others.

ii) Developing Professions

T. N. Manoharan stressed that the effects of global economic forces such as offshoring and business process outsourcing meant that professions in developing nations often faced similar challenges as those in developed nations – e.g. coping with the demands of capital markets, the need for specialised knowledge such as in the area of risk management. Accounting educators needed to address these areas, and Mr. Manoharan offered a number

of concrete suggestions for doing so, stressing the importance of collaboration and of the IAESB's potential role in facilitating this:

- Student exchanges, overseas training and international workshops;
- Joint CPE programs, exchange of training materials; and
- Mutual recognition.

iii) Accountants in Business

Robert Jelly highlighted the changing nature of the finance function in many organizations, moving away from "traditional" transaction reporting and financial accounting, towards an environment where financial information is prepared and reported on in real time. The changing role of accountants would also encompass a greater need for decision-making support and management accounting type activities, plus a focus on regulatory compliance and on the efficiency of the finance function itself.

Noting that these changes would affect many current and future members of IFAC member bodies, and the education programs they would need to follow, Mr. Jelly challenged IAESB members to consider whether the Board spent too much time on the traditional role of audit professionals, and whether the IAESB should also do more to consider the changing needs of accountants in business, as well as the skills-sets that they and their auditors would need.

iv) Forum of Firms

Mel Berg drew attention to four main education issues of importance to Forum of Firm members:

- Regulatory environment – increasing regulation will result in new additions to accounting education curricula;
- Quality of candidates – firms are finding it increasingly difficult to attract the number and quality of new hires required, and need to hire greater numbers from non-traditional backgrounds;
- Body of knowledge – increasing complexity and specialisation of the business environment makes it difficult/impossible for professional accountants to be knowledgeable in all areas, leading to de-facto specialisation post-qualification; and
- Delivery models – do traditional, classroom-based delivery models for accountancy education work? Are they able to deal with application of judgment and with the application of rules in real work environments?

Henry Saville thanked the four presenters for their stimulating presentations, which gave IAESB members a very helpful introduction to some of the issues they would consider during the course of this agenda item.

(NB – copies of presentations will be made available to IAESB members on the Leadership Intranet, but will not form part of the public minutes of the meeting).

b) Breakout Group Discussions and Feedback

Following the presentations summarized above, IAESB members split into four breakout groups, which discussed the questions set out in Agenda Paper 2-1.

A spokesperson for each group reported their group's discussions and conclusions to the full Board. The raised and discussed by breakout groups were prominently displayed on flipcharts, as summarized in Appendix 1 to these Minutes.

IAESB members and Technical Advisors were then asked to choose (in their opinion) the most important issues listed on the flipcharts for further discussion in breakout groups. The IAESB Chair, IFAC Technical Director and IAESB Technical Manager then developed a further series of five questions based on the key issues thus identified:

Question 1 (all groups)

The IAESB expressed a clear interest in developing further implementation guidance/support for existing pronouncements. What specific activities should the IAESB undertake, and/or what specific documents should the IAESB develop within the next 3 years to achieve this?

Question 2 (all groups)

There was concern expressed that the IAESB was not doing enough to communicate its activities, work and pronouncements. What needs to be communicated, in what form (e.g. Powerpoints, speeches, conferences), to whom (e.g. academics, member bodies, regulators), and by whom over the next 3 years? Please be as specific as possible.

Question 3 (all groups)

If we want to make sure that all member bodies meet the requirements of IES, what steps would we need to take to achieve this? What would constitute "meeting the requirements"? If this means establishing additional benchmarks, what are the implications for IES?

Question 4 (two groups)

Given the changing environment in which professional accountants are operating (as the IAESB heard from a number of presenters), what impact will this have on the IAESB's work? In what specific ways should the IAESB plan to take action?

Question 5 (two groups)

In what ways can greater educational support/materials be provided to developing professions, and by whom?

A spokesperson for each group again reported their group's discussions and conclusions on the above questions to the full Board, and suggestions for specific activities and projects that could be undertaken by the IAESB were prominently displayed on flipcharts. IAESB members and Technical Advisors then prioritized the activities listed.   The potential

activities and projects identified, and their relative priorities, are included as Appendix 2 to these Minutes.

c) Summary of IAESB Discussions and Way Ahead

Before beginning his summary of the IAESB's discussions on strategy, Mr. Saville asked Charles Calhoun, CAG Chair, for comments from the CAG on the IAESB's current and future strategy. Dr. Calhoun reported the CAG's electronic discussion of the IAESB strategy review survey (Agenda Item 2-4), and in particular the views of the CAG that the IAESB should:

- Focus on the production of guidance and other materials to support existing standards;
- Consider in more depth the needs of accountants in business;
- Improve communication with regulators, the academic community and other stakeholders; and
- Ensure the rationale for undertaking a particular project or activity continues to remain consistent with the remit of the IAESB.

It was noted that the views of the CAG mirrored the IAESB's own conclusions (see below) in many respects. IAESB members were reminded that the CAG would have an opportunity to comment on the IAESB's new draft strategy in detail at its next meeting in September 2006, and that CAG comments and suggestions on this would be relayed to the IAESB at its November 2006 meeting in Istanbul.

Mr. Saville then summarized the key strategic issues identified by IAESB members during breakout group sessions, and the proposed activities and projects prioritized by the IAESB that could form part of the Board's draft strategic plan for the period 2007-2009, beginning with the need for the IAESB to develop and communicate an effective value proposition for its activities, focusing on serving the public interest. The lack of communication in general between the IAESB and its various stakeholders was identified as a key strategic issue. Mr. Saville then outlined the four key strategic areas identified during the IAESB's discussions, and highlighted the high priority activities and projects proposed for each:

i) Standards/Guidance

- Conduct a review of existing IES to identify where further implementation guidance is needed (it was agreed that the IAESB would ask member bodies on areas for specific guidance when exposing the draft strategic plan);
- Once this review is completed, consider projects to develop implementation guidance on specific areas thus identified; and
- Development of competency maps (it was agreed that the Steering Committee would discuss how to approach this).

ii) Communication

- Improve two-way communication with host member bodies/regional groupings;
- Investigate the possibility of organizing an annual/bi-annual meeting/forum of major IAESB stakeholders - member bodies, regulators, academics, etc — to discuss and seek input to the work of the IAESB; and
- Develop a communication plan for each IAESB pronouncement, and ensure that appropriate consideration is given to communication during the development of project proposals.

iii) Benchmarking

- Work with the Compliance Advisory Panel (CAP) to identify the IAESB's role (if any) in compliance, and the CAP's needs from the IAESB; and
- Identify possible approaches to benchmarking implementation of IES, including researching opportunities to link with existing benchmarking projects.

iv) Changing Environment/Developing Professions

- Identify educational materials available from member bodies, firms and others and facilitate effective access to these; and
- Investigate possibility of achieving above by developing IAESB Search Engine (possibly based on the PAIB Knowledge Net).

It was agreed that a small working group consisting of the IAESB Chair, members of the Steering Committee, the IFAC Technical Director and IAESB Technical Manager would work to develop a draft strategic plan based on the above in time for the CAG to discuss this at their meeting in September 2006.

Following CAG input, a revised draft strategic plan will be considered by the IAESB at its next meeting in November 2006, and it is anticipated that it will be approved for exposure at that time. It is planned that comments received on exposure will be considered by the IAESB at its meeting in February 2007, and a final strategic plan for the period 2007-2009 agreed at that time.

PROJECTS

3.   Ethics Education

The Board approached this agenda item in 4 stages:

- (a) Approval of the Ethics Education Research Report for publication as an Information Paper (IEIP 4);
- (b) Approval of the Ethics Education Toolkit for release;
- (c) Consideration of an updated draft of an Ethics Education International Education Practice Statement (IEPS 4.1 – formerly IEG 10);
- (d) Approval of IEPS 4.1 for release as an Exposure Draft (ED).

(a) Approval of Ethics Education Research Report (IEP 4)

The IAESB received and approved the final ethics education research report, written by a research team lead by Professor Philomena Leung from Deakin University, Australia, for publication as an Information Paper. The Board noted that the content of the Information Paper was unchanged from the version noted by the IAESB in February 2006, following an academic review of the research report, but that the report had been slightly restyled to maintain consistency with IFAC publication guidelines. In addition, a short foreword had been added by the IAESB Chair.

A formal vote was held to approve the publication of IEIP 4, *Approaches to the Development and Maintenance of Professional Values, Ethics and Attitudes in Accounting Education*. The IAESB agreed unanimously to publish IEIP 4 as soon as practicable following the IAESB's meeting, subject to minor edits to remove references to IEG 10 (now IEPS 4.1) from the Foreword.

(b) Approval of draft Ethics Education Toolkit

The IAESB received the final draft of the Ethics Education "Toolkit" from the research team/developers, noting that a final 'debugged' version was being produced and would be available in early September.

The CD-ROM based Toolkit contains a range of case studies and supporting notes, Powerpoint presentations, video clips and other teaching materials of practical use to member bodies and accounting educators designed to support the guidance provided in the proposed Ethics Education International Education Practice Statement (IEPS 4.1). Some IAESB members raised concerns that, while the material contained within the Toolkit was useful, there were too few examples of teaching materials (e.g. case studies, ethical dilemma) and that only some of the 8 subject areas were well-populated with such materials. Concerns were also raised that some users may find the Toolkit difficult to navigate, and that teaching materials were, in some cases, too linguistically or culturally specific to be globally applicable.

Other IAESB members, however, were highly positive about the Toolkit and its contents and felt that it would be of considerable use to member bodies and other accounting educators developing education programs. Brion Smoker reported very positive feedback from the Transnational Auditors Committee (TAC), to whom he presented the Toolkit at their last meeting, and also reported that TAC member firms had promised to provide additional case study type materials for any future versions of the Toolkit.

A formal vote was held to decide whether to release the Toolkit in its current form (a "debugged" version). The IAESB approved the release of the Toolkit to member bodies and TAC member firms by a vote of 14 members in favor, 2 members against (with 1 abstention). It is anticipated that the Toolkit will be released in September 2006.

The IAESB also decided that, in considering the future work program of the Board, thought would be given to the further development of the Toolkit which could include additional teaching materials drawn from a wider group of member bodies and other sources, plus scripts to accompany video case studies and a range of assessment materials.

(c) Consideration of updated draft of Ethics Education Practice Statement (IEPS 4.1)

The proposed International Education Practice Statement (IEPS), formerly IEG 10, is intended to provide guidance to IFAC member bodies on how to achieve good practice in developing professional values, ethics and attitudes in accordance with IES 4, and will also recommend how member bodies may ensure professional accountants continue to develop professional values, ethics, and attitudes throughout their careers through continuing professional development (CPD).

Peter Wolnizer, Task Force Chair, introduced a substantially revised draft of the proposed IEPS, together with an accompanying discussion paper. In considering both, the IAESB agreed with a number of major changes made to the document since the IAESB's last meeting in February 2006 as the result of suggestions from both the IAESB and CAG:

- Alignment with IFAC Code of Ethics – the IAESB noted that the revised draft was much more closely aligned with the IFAC Code of Ethics, and that an International Ethics Standards Board for Accountants (IESBA) Working Party had commented on the document;
- Structure of proposed IEPS – the IAESB agreed that the revised draft now focused on learning outcomes, rather than inputs, and that this would give greater flexibility to member bodies in implementing the IEPS's recommendations;
- Ethics Education Framework (EEF) – the IAESB noted that the EEF had been incorporated in to the body of the proposed IEPS, which had been restructured in order to give the EEF a more prominent role. The IAESB also noted that a greater degree of overall flexibility was now given to member bodies in implementing the EEF;
- Delivery Methods – the IAESB agreed that this section of the proposed IEPS now gave much greater weight to the role of workplace learning, and that a range of more helpful guidance on this subject was now provided for member bodies; and
- Assessment – the IAESB noted that the "Assessment" section of the proposed IEPS had been expanded, following the IAESB's recommendation at its previous meeting

After discussion, the IAESB also agreed with a number of Task Force recommendations:

- To delete references to ethics logs/diaries as a possible way of recording ethical dilemmas and problems in the workplace;
- To delete Appendix 2, the former "Framework Approach" section of the document; and
- To delete Appendix 4, containing examples of decision-making models, as these are covered in more detail in the Toolkit.

In addition to the changes made to the document as outlined above, a number of further revisions were proposed by IAESB members, and agreed by the Board:

- To improve the graphic design of Table 1, the Ethics Education Framework;
- To remove the reference to a separate final module of ethics education, recognising that this could be part of an integrated education module at this stage;

- To add a paragraph on coaching to the Workplace Learning section of the document; and
- To remove the distinction between formal/workplace assessment in the Assessment section of the document.

The Task Force agreed to update the document following the meeting in line with the changes agreed by the IAESB.

(d) Approval of IEPS 4.1 for release as an Exposure Draft (ED)

After considering the substantially revised version of the document, and agreeing on the changes outlined above, the IAESB conducted a page-by-page review of the document, suggesting a number of further, minor, editing changes. The IAESB then approved in principle the release of an ED of IEPS 4.1, *Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes*, subject to agreement on further editing changes to the document to be made by the Task Force following the meeting.

The Task Force agreed to circulate an edited version of the proposed ED to IAESB members in mid-August, together with suggested questions to be asked of respondents, for IAESB approval by electronic ballot. It is anticipated that, in the event of IAESB approval of the document, the ED will be released on 31 August 2006.

After debating the length of the proposed exposure period, the IAESB agreed that a 90 day exposure period was appropriate for the document, provided that the ED was not released at the same time as the IEPS 2.1 ED (see below).

4. Information Technology for Professional Accountants

Hans Verkruijsse, Task Force Chair, introduced an updated draft of proposed International Education Practice Statement (IEPS) 2.1, *Information Technology for Professional Accountants* (formerly numbered IEG 11). Mr. Verkruijsse informed the IAESB that the document had been updated by the project Task Force following the IAESB's previous meeting in February 2006, to take account of suggestions made by the IAESB and CAG at that time.

Considering an accompanying discussion paper, the IAESB noted a number of changes to the proposed IEPS, including:

- The removal of references to "requirements", where content was intended to be illustrative;
- More consistent and user-friendly cross-referencing between the body of the document and appendices;
- Further development of the "advanced user" role;
- The removal of specific references to IT auditors;
- The removal of specific references to IAASB pronouncements;
- Maintaining "evaluator" terminology to maintain consistency with IES 2;
- Splitting the assurance provider and evaluator role into "audit professional" and "assurance provider/evaluator roles" to maintain consistency with IES 8; and

- The inclusion of paragraphs 104-107 of the current version of the IEG in the updated document.

The only issue for discussion arising from the accompanying paper was a clarification of the role of "audit professionals". The IAESB was reminded that an audit professional was an example of the evaluator/assurance provider role, and was therefore included in the scope of the proposed IEPS as currently drafted.

The IAESB agreed to conduct a page-by-page review of the document, and then consider whether to release the document for exposure. A number of editing changes were suggested by IAESB members. Major editing changes agreed included:

- Re-drafting paragraph 14 to remove the reference to professional accountants undertaking one of the three roles described in IES 2, in addition to the user role, when the standard and proposed IEPS cover accounting students during pre-qualification;
- Changing references in paragraph 15 to "domain specific" roles to "other specific roles" in the context of roles other than those outlined in IES 2;
- Deleting paragraphs 23 and 24, which were felt to be confusing, and re-titling this section "General IT Skills"; and
- Deleting paragraphs 31 and 32 from the proposed IEPS (paragraphs 104-107 from the current version of the IEG, inserted into the document at the suggestion of the CAG), as it was felt the proposed IEPS already adequately defined assurance provider/evaluator role competences.

In addition, a number of minor editing changes were made to the Appendices accompanying the proposed IEPS.

The IAESB agreed to vote to approve IEPS 2.1 for release as an exposure draft (ED) following editing by the Task Force, without requiring an updated document to be re-circulated, as the remaining edits were relatively minor and would not significantly alter the document. Following a formal vote, the IAESB unanimously agreed to release IEPS 2.1 as an ED.

The IAESB also discussed the length of the exposure period, and agreed that 90 days was appropriate. It was agreed that the ED would be released on August 15, 2006, with a deadline for comments of November 15, 2006. The IAESB also agreed on three specific questions to be asked of respondents, focusing on the helpfulness to member bodies of the document and the accompanying appendices, and on the concept of other specific roles to be defined by member bodies (e.g. an advanced user role).

On concluding this agenda item, Henry Saville, the IAESB Chair, thanked the project Task Force for their hard work and dedication in developing the proposed IEPS, and paid special tribute to Hans Verkruijsse for his leading role in the project.

5.   Practical Experience

Mark Spofforth, Task Force Chair, introduced an early draft of a proposed International Education Practice Statement (IEPS) to support IES 5, and an accompanying discussion paper, with a short presentation highlighting a number of major issues for IAESB consideration including:

- The need to consider links between IES 5 and IES 7 in the initial and continuing development of professional competence;
- The need for guidance to support IES 5 to include both input and output measures, following the approach taken in the standard;
- Ensuring that sufficient and appropriate guidance is provided for the four main stakeholder groups identified in IES 5 (member bodies, mentors, employers and trainees); and
- The potential difficulties for accountants in business in SMP/SME environments in identifying appropriate mentors.

In addition, Mr. Spofforth set out a number of principles followed and recommendations made by the Task Force in developing the early draft of the proposed IEPS:

- A focus on trying not to introduce additional requirements in the IEPS that would go beyond the requirements set out in IES 5;
- An overall recommendation of a combination approach (a mixture of input and output measures) in meeting the requirements of IES 5;
- The introduction of a concept of "Initial Professional Development" (IPD), to highlight the idea that a period of practical experience is the first part of a professional development continuum that is ongoing throughout an individual's career;
- A recommendation that the formation and development of professional values, ethics and attitudes needs a period of practical experience in addition to formal education;
- The introduction of the concept of a "remote mentor;" and
- The development of a series of objectives of practical experience, set out as learning outcomes (described in Table 1 in the proposed IEPS).

The IAESB expressed general support for the work done by the Task Force to date, and for the overall structure and content of the document – in particular for the introduction of the principle of Initial Professional Development (IPD) and for the competence based approach taken in describing the outcomes of a period of practical experience.

There was a general view expressed, however, that the proposed IEPS had gone too far in some areas in imposing additional requirements on member bodies beyond those set out in IES 5, and the Task Force agreed to redraft the document to remove these and to tone down some of the language in the document which seemed to require, rather than recommend, particular approaches. IAESB members also suggested that more could be done to include examples of best/good practice in the document, in particular in terms of assessment by mentors.

Other improvements to the proposed IEPS suggested by the IAESB included:

- Placing less emphasis on the possibility of remote mentoring, and including the concept as one way in which the requirements for a period of experience under the guidance of a mentor could be achieved;
- Doing more to highlight the concept of IPD throughout the document;
- Developing Table 1 to make it more relevant to a range of professional accounting environments, and also improving the graphic design and layout of the Table;
- Removing references to "sustained" professional competence and adopting new terminology reflecting a behavioral approach to the repeated demonstration of competence instead;
- Clarifying guidance given on the recognition of prior experience; and
- Ensuring that guidance is provided for stakeholders in terms of all 9 sub-headings in IES paragraph 26.

It was decided that the Task Force would update the proposed IEPS along the lines discussed above, and that an updated draft would be posted on the IAESB Discussion Board in September 2006, to enable IAESB members to comment electronically on the document well in advance of the IAESB's next meeting in November 2006, when the revised draft will be considered further. In addition, a discussion paper highlighting the major issues in the proposed IEPS would be prepared for the CAG's next meeting in September 2006, and their views and advice on these relayed to the IAESB in November.

On behalf of the IAESB, Henry Saville expressed thanks to the Practical Experience Task Force for making rapid and substantial progress with this project, enabling the IAESB to consider an early draft of a proposed IEPS at this stage. Mark Spofforth paid tribute to the work done by Bea Sanders in developing the questionnaire of member bodies' experience requirements, which provided the foundation for the Task Force's drafting of the document considered by the IAESB.

6.   CPD Guidance

The IAESB received and discussed a report from Mel Berg, Task Force Chair, detailing the Task Force's initial findings following literature and website reviews to establish the extent of and approaches to output-based CPD in accounting and other professions.

The IAESB noted that the review to date was limited in scope, but that this was a reflection of the scarcity of professions pursuing output-based approaches to CPD in general. It was noted that output-based approaches to CPD do exist, however, and that a number of professions including medicine, engineering and teaching are worthy of more detailed investigation. It was also noted that a number of IFAC member bodies had recently introduced output-based (or combination) approaches to CPD, and that materials from these bodies were being collected by the Task Force.

IAESB members discussed a number of the practical difficulties of implementing output-based CPD systems in the accountancy profession, including the perceived preference of regulators for input-based approaches, the difficulties of convincing professional accountants of the benefits of an output-based approach, the need for different systems in

different countries, and the fact that many member bodies had only just implemented input-based systems to meet the requirements of IES 7.

IAESB members suggested a number of areas for possible further investigation, including:

- Trying to collect materials from TAC member firms, and other employers, who may have implemented accreditation/output-based systems of internal training and development;
- Approaching the project from a "performance appraisal" perspective; and
- Investigating literature and collecting material from training and development fields.

It was recognized that further work in these areas by the Task Force alone would be difficult with limited resources. Given this, it was agreed by the IAESB that to make progress with this project, the Board would probably need to seek external assistance to produce a forward-looking International Education Information Paper (IEIP) to try and encourage member bodies towards an output-based approach. During the development of such a paper, it was suggested that the IAESB engage with member bodies, employers, regulators and others in a consultative manner to establish their views on output-based approaches at an early stage.

It was therefore agreed that the Task Force, working with IFAC staff, would scope a potential project and present a proposal for the development of an IEIP by external consultants at the IAESB's next meeting in Istanbul, in November 2006.

7.   Education Framework for Accounting Technicians

Laura Ipacs, Task Force Chair, introduced the results of a web-based survey, sent out in April 2006, to establish the need (if any) of IFAC member bodies and other technician bodies for guidance in this area. It was noted that a total of 56 responses were received (from approximately 135 questionnaires sent out), which was agreed to be a very good response rate.

In an accompanying discussion paper, introduced by the IAESB Technical Manager, the IAESB considered a number of Task Force recommendations for the possible future work program of the Board, arising from the survey results, including:

- The development of a new definition for "Accounting Technician", to replace the current definition of "Technical Accounting Staff";
- The need to closely involve the IFAC Developing Nations Committee in any project to develop guidance for this sector;
- The need to hold a consultative forum at an early stage in any project, to establish the views of IFAC/non-IFAC technician bodies and other key stakeholders, as to the scope and direction of any project to produce guidance in this area;
- A focus on the production of guidance for the education of accounting technicians in the areas of: Content of Education Programs, including Professional Skills; Values, Ethics and Attitudes; and Assessment (subject to any recommendations arising from the proposed consultative forum); and

- The possibility of developing ECSAFA's existing guidance for the education of accounting technicians to produce global guidance material for the Content of Education Programs, and basing Values, Ethics and Attitudes and Assessment on the work already undertaken in these areas by the IAESB with respect to professional accountants.

There was a general feeling expressed that, while one or more useful projects could be undertaken by the IAESB in the area of education of accounting technicians, limited resources meant that this would not be a priority for the Board at this time. This was a view echoed by the CAG Chair.

IAESB members agreed, however, that the long-term benefits of work in this area could be significant, especially given accounting technicians' important role in the financial reporting chain and the profession in general. The IAESB decided, therefore, that the Task Force would (subject to approval from the IFAC Board) develop a paper contextualizing accounting technicians in relation to professional accountants, probably developing a new definition of "accounting technician" in the process. It was noted that work in this area could benefit greatly from liaison with IFAC's Developing Nations (DNC) and Small and Medium Practices (SMPC) Committees, and the IAESB Technical Manager was charged with liaising with DNC/SMPC Technical Managers as a first step.

POLICIES AND PROCESSES

8(i).   IAESB/CAG Terms of Reference/CAG Roles & Responsibilities of the Chair

The IAESB received and noted final Terms of Reference for the IAESB and its Consultative Advisory Group (CAG), as agreed by the Public Interest Oversight Board (PIOB) at its meeting in March 2006. The IAESB noted that both documents were similar to the provisional documents seen by the Board at its previous meeting, in February 2006.

8(ii).   IAESB Roles & Responsibilities of the Chair

The IAESB also received and noted a document prepared for the Nominating Committee's meeting in June 2006 outlining the Roles & Responsibilities of the IAESB Chair. The IAESB noted that this was the first draft of a document to be formalized at a later stage, at which time it would come back to the IAESB for more detailed consideration.

LIAISON AND COMMUNICATIONS

9(i).   IFAC Committee Reports

The IAESB received and noted reports on the activities of the following IFAC technical committees:

- International Auditing and Assurance Standards Board (IAASB);
- International Ethics Standards Board for Accountants (IESBA);
- International Public Sector Accounting Standards Board (IPSASB);

- Professional Accountants in Business Committee (PAIB);
- Small and Medium Practices Committee (SMPC);
- Developing Nations Committee (DNC);
- Compliance Advisory Panel (CAP); and
- Transnational Auditors Committee (TAC).

There were no matters arising from the Committee Reports. IAESB members indicated that they found the reports a useful agenda item enabling them to keep up to date with the work of other IFAC Boards and Committees.

9(ii).   IAAER Update

The IAESB received a verbal update on the activities of the IAAER from Professor Belverd Needles. Professor Needles stressed the IAAER's willingness to work in partnership with the IAESB, in particular in areas such as the development of research proposals and dissemination and distribution of tenders for IAESB research funding to the academic community.

The IAESB was informed that the new IAAER Observer to future IAESB meetings would be Professor Gary Sunden, IAAER Vice-President of Education.

Professor Needles also reminded IAESB members of the World Congress of Accounting Educators, of the 3rd Globalisation Roundtable and of the accompanying Education Directors' meeting, all to be held in Istanbul in November 2006.

9(iii).   UNCTAD Update

The IAESB received a verbal update on the activities of the UNCTAD from Yoseph Asmelash. Mr. Asmelash highlighted UNCTAD's recent report on corporate disclosure, copies of which were made available to IAESB members, and gave an overview of the forthcoming ISAR meeting in Geneva in October 2006, to be preceded by an IFRS implementation workshop.

OTHER MATTERS OF INTEREST

10.   Future Meetings

Henry Saville reminded the IAESB that the Board's next meeting would be in Istanbul, Turkey, from November 6-8, 2006. The IAESB's next meeting coincides with the IAAER World Congress of Accounting Educators, and the World Congress of Accountants.

Following a short discussion on future meeting locations, the IAESB confirmed dates and locations of its meetings in 2007:

- February 27 - March 1, 2007 – New York;
- June 25 – 27, 2007 – Prague;

The IAESB was informed that no decision had been taken as to a final location for the IAESB's October 2007 meeting, but that this would be decided before the IAESB's next meeting in November 2006.

Tentative locations for IAESB meetings in 2008 were also noted:

- February - North America (to coincide with the proposed AAA international section conference if possible);
- June – Middle-East/Asia;
- October – Africa (to coincide with the ECSAFA regional conference if possible).

IAESB members were asked to liaise with their regional associations to identify opportunities for the IAESB to meet in future in conjunction with regional conferences and seminars, where possible.

11.   Other Business

Henry Saville informed IAESB members that future meeting agendas would include, as discussed during the IAESB's strategy sessions, reports from members on developments in education in their countries and/or presentations/reports on specific topics of interest to the IAESB.

It was envisaged, for instance, that country reports might occur on a rolling basis, with a number of IAESB members invited to report at each meeting. It was also envisaged that, from time to time, all IAESB members might be requested to come to meetings prepared to discuss their country's/member body's approach to a particular issue of relevance to the IAESB's current work.

12.   Closure

The Chair thanked all for their participation and contribution to the meeting, and wished all a safe journey home. Thanks were expressed to the Colegio de Contadores de Chile for hosting the meeting, and for arranging a joint education seminar with the IAESB on 20 July, following the meeting. There being no additional business, the meeting closed at 2.30 pm.

Approved by Chairman: ………………………………………

Date: …………………………………………………………..

ACTION LIST - IAESB MEETING JULY 2006

ACTION	PERSON(S) RESPONSIBLE	DUE DATE	STATUS
1. Update and circulate CDL	Simon Thompson	ASAP	DONE
2. Circulate strategy presentations to IAESB members	Simon Thompson	ASAP	DONE
3. Check consistency of "audit professional" with IAASB pronouncements	Simon Thompson/IAASB staff	ASAP	DONE
4. Make editing changes to IEPS 2.1 (Information Technology) and release as ED	Simon Thompson	15 August	DONE
5. Revise draft of IEPS 4.1 (Ethics Education) and circulate to IAESB members for electronic ballot	Simon Thompson	15 August	DONE
6. Return ballot papers	IAESB members	25 August	DONE
7. Release ED of IEPS 4.1 (assuming approval by electronic ballot)	Simon Thompson	31 August	DONE
8. Publish Ethics Education Research Report as IEP	Simon Thompson	1 August	DONE
9. Send Ethics Education Toolkit to member bodies/TAC member firms	Simon Thompson	30 September	
10. Revise Practical Experience Practice Statement and post on IAESB discussion board	PE Task Force	15 September	DONE
11. Post reminder on discussion board for IAESB members to collect info on output-based CPD	Simon Thompson	ASAP	DONE
12. Develop proposal for CPD project to be conducted by external consultants	CPD Task Force	15 October	DONE
13. Ask selected member bodies to present on CPD at next IAESB meeting	Henry Saville/Simon Thompson	30 September	DONE
14. Liaise with DNC, SMPC and IFAC Board over possible joint paper/project on accounting technicians	Simon Thompson/Jim Sylph	15 September	DONE
15. Draft IAESB Strategy Paper (produce version to discuss at SC meeting in Toronto)	Steering Committee/Simon Thompson	6 September	DONE
16. Agree October 2007 meeting location	Henry Saville/Simon Thompson	31 August	IN PROGRESS

APPENDIX ONE

Main issues raised and discussed by breakout groups as listed on flip charts, from page 6 above:

Standards and Guidance
- IAESB needs to spend more time on producing guidance rather than standards;
- What is the difference between guidelines and benchmarks?
- What do we mean by "high quality" standards and guidance? Are they simply well-written and implementable or do they raise the bar of quality?
- Standards and guidance need to focus more on concept than content to ensure continued relevance.

Convergence
- What is convergence and how is member body convergence demonstrated?
- What happens when all member bodies comply with IES?

Specialization
- Need for standards for professional accountants other than auditors – e.g. accountants in business;
- Role of IAESB in professional accountants and value creation;
- Need to make sure all member bodies meet requirements of IES (i.e. establish clear benchmarks).

Working with Developing Professions
- Can we make more educational materials available to developing professions?
- Can we do more to facilitate sharing or materials between developed/developing professions?

Communication
- Greater communication with donor funders (e.g. World Bank)/consultants working on accountancy education;
- Need to do more to communicate with member bodies, regulators, etc;
- Balance of communication/collaboration between IAESB, member bodies and others;
- How can we communicate better with regulators with regard to IES? Which regulators? Which IES?
- Need to produce a communication plan for each IAESB pronouncement.

Other
- One or multiple models of education?
- Differing interpretations of IAESB's Terms of Reference;
- Is there any interest in a clarity redrafting project outside the audit profession?
- Need to revisit issue of translation;
- Should IAESB survey member bodies for challenges in implementation?
- IAESB's role in post-qualification education for new areas of professional accountants' activities.

APPENDIX TWO

Suggestions for specific projects and activities for the IAESB for the period 2007-2009, as identified by IAESB members and Technical Advisors in breakout group sessions, from page 7 above. Number of "votes" (indicating the priority attached to each item) is included in parentheses.

1) The IAESB expressed a clear interest in developing further implementation guidance/support for existing pronouncements. What specific activities should the IAESB undertake, and/or what specific documents should the IAESB develop within the next 3 years to achieve this?

- Review existing IES to identify where guidance is needed (18)
- Survey of member bodies to identify their needs for guidance (15)
- Guidance on development of competency maps (10)
- IES 8 – specific guidance for "advanced level" knowledge (7)
- IES 2/3/8 – focus on areas where no current content (7)
- Information Paper that identifies specializations (6)
- Country/firm update reports sharing best practice/on specific themes (4)
- Co-ordinate co-operation between academics, practitioners and member bodies (3)
- Produce guidance for users other than member bodies (2)
- More user-friendly document numbering system (2)
- IES 7 – examples from member bodies (2)
- IES 4 – case studies that reflect cultural sensitivity (1)
- Provide links/resources/bibliographies to help member bodies share materials on specific topics (1)
- Dealing with changing competences in the profession (1)
- Accreditation of international curricula (0)
- IES 5 – case studies (0)

2) There was concern expressed that the IAESB was not doing enough to communicate its activities, work and pronouncements. What needs to be communicated, in what form (e.g. Powerpoints, speeches, conferences), to whom (e.g. academics, member bodies, regulators), and by whom over the next 3 years? Please be as specific as possible.

- Better 2-way communication with host member bodies/regions when IAESB visits (18)
- Develop communication plan for each IAESB pronouncement (15)
- Annual/bi-annual forum of major IAESB stakeholders responsible for implementing IES (11)
- Focus on more collaborative communication with member bodies (8)
- Translation – keep IES in English, but translate guidance into major languages (7)
- Develop and communicate value proposition for IAESB/IES (6)
- Electronic newsletter 4x per year (4)
- Develop presentation on implementing IES (4)
- Publish new IES 1-8 booklet (3)
- Develop specific IAESB Powerpoint presentations (2)
- Develop IAESB webcasts (1)

- Electronic IAESB discussion board (1)
- Encourage other IFAC boards and committees to communicate IAESB messages (0)
- Utilize IFAC Communications Team better (0)
- All IAESB members to pursue opportunities to speak (0)

3) If we want to make sure that all member bodies meet the requirements of IES, what steps would we need to take to achieve this? What would constitute "meeting the requirements"? If this means establishing additional benchmarks, what are the implications for IES?

- More discussion with Compliance Advisory Panel (CAP) – what are they doing, what do they need from the IAESB? Greater IAESB input into compliance process and more feedback from CAP to IAESB (16)
- Further research into measurement of learning outcomes (13)
- Investigate working with DePaul/GAEB benchmarking project (10)
- Learn from national qualifications and assessment processes (7)
- Do not concentrate on assessment (3)
- Simplified presentation of IES (3)

4) Given the changing environment in which professional accountants are operating (as the IAESB heard from a number of presenters), what impact will this have on the IAESB's work? In what specific ways should the IAESB plan to take action?

- Member bodies to be surveyed/report to IAESB on their strategic drivers/priorities (19)
- IAESB to work more closely with CAG to be more pro-active (7)
- IAESB to work more closely with employers (6)
- Develop new model of practical experience for a changing world (3)

5) In what ways can greater educational support/materials be provided to developing professions, and by whom?

- Identify education/training material available from sources other than major audit firms (17)
- Needs analysis of stakeholder needs for materials and survey of materials available for sharing (16)
- IAESB Google - based on PAIB KnowledgeNet (11)
- Stimulate universities to make greater use of practitioners (8)
- Develop more materials for professional accountants in business rather than for audit professionals (6)