

# IFAC EDUCATION COMMITTEE - an update

*Abdul Rahim Suriya, FCA*

## 1. International Federation of Accountants

The International Federation of Accountants (IFAC) is the worldwide organization for the accountancy profession. It has 163 member organizations in 119 countries. Both the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan are its members. IFAC is the sole body representing the accounting profession comprising 2.5 million accountants employed in public practice, industry and commerce, government, and academe, on a global basis.

IFAC's mission is to serve the public interest by strengthening the worldwide accountancy profession and contributing to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

## 2. IFAC Committees / Task Forces

To meet its objectives IFAC has constituted a number of committees and task forces are as follows:

- Compliance Advisory Panel
- Developing Nations Permanent Task Force
- Education Committee
- Ethics Committee
- International Auditing and Assurance Standards Board
- International Public Sector Accounting Standards Board
- Nominating Committee
- Professional Accountants in Business Committee
- Small and Medium Practices Permanent Task Force
- Transnational Auditors Committee

Mr. Mujahid Eshai, FCA represents Pakistan on the Developing Nations Permanent Task Force and Mr. Khaliq ur Rahman, FCA represents Pakistan on the Small and Medium Practices Task Force.

## 3. Education Committee

The IFAC Education Committee (EDCOM) is an independent standard setting body. The Committee develops and issues, in the public interest and under its

own authority, standards, guidelines, discussion papers and other information documents on both prequalification education and training of accountants and on continuing professional development for members of the accounting profession.

The Committee also acts as a catalyst in bringing together the developed and developing nations and assists in the advancement of accounting education programs worldwide, particularly where this will assist economic development. The Committee's role is focused on developing the knowledge, skills, values, ethics and attitudes of the accountancy profession.

Pakistan has been represented on this Committee as a permanent member for the last nine years. The Committee has eighteen members including two public members and five members from the Transnational Auditors Committee (TAC). The following is composition of IFAC EDCOM:

### Education Committee Members

Henry Saville (Chair)	Ireland
Peter Wolnizer	Australia
Abdul Rahim Suriya	Pakistan
Alain Burlaud	France
Ulrich Maas	Germany
Ramanathan Bupathy	India
Dato' Ab. Him bin Mohyiddin	Malaysia
Jose Echenique	Mexico
Steve McGregor	South Africa
David Hunt	United Kingdom
W. Steve Albrecht	United States

### Transnational Auditors Committee (TAC)

Melvin Berg	Deloitte Touche Tohmatsu
Hans Verkruijsse	Ernst & Young
Brion Smoker	INPACT
Anne Wickham	PricewaterhouseCoopers
Vacant	



### Public Members

Yoseph Asmelash  
Enock Fanyana Mchiza

UNCTAD  
South Africa

Each member is authorized to nominate one Technical Advisor. At present Dr Khawaja Amjad Saeed, FCA, FCMA is the Technical Advisor for Pakistan on this Committee.

### Mission

The mission of the Education Committee is: -

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

### Values

The values indicated below reflect the guiding principles that IFAC as an organization through its Council, Board, Committees, other volunteers and staff seek:

- ▮ Integrity
- ▮ Expertise
- ▮ Transparency

IFAC also seeks to reinforce professional accountants' adherence to these values, which are reflected in the IFAC Code of Ethics for Professional Accountants.

### Strategic Objectives

To meet its mission, the Education Committee has developed the following key strategic objectives:

- ▮ Provide leadership in pre- and post-qualification accounting education to the worldwide accountancy profession in serving the public interest, by:
  - (i) Developing, promoting, and maintaining standards, guidance and other forms of advice and assistance;
  - (ii) Anticipating the future needs of users and the implications for accounting education;
  - (iii) Obtaining endorsement by key regulators of International Education Standards
  - (iv) Acting as a catalyst in bringing together the developed, developing and emerging economies to assist in the advancement of accounting education.
- ▮ Assist IFAC's in its role of speaking out on public interest issues relating to accounting education

## 4. Recent Achievements of IFAC EDCOM

### (a) International Education Standards (IES) 1 to 6

- ▮ The objective of IESs is to advance the profession of accountancy by establishing benchmarks for the minimum learning requirements of qualified accountants, including education, practical experience and continuing professional development.

- ▮ International Education Standards (IES 1 to 6) were approved by IFAC EDCOM at its meeting held on August 2003 at Cape Town and are effective from January 01, 2005. These IES are:

IES 1: Entry Requirements to a Program of Professional Accounting Education

IES 2: Content of Professional Accounting Education Programs

IES 3: Professional Skills

IES 4: Professional Values Ethics and Attitudes

IES 5: Practical Experience Requirements

IES 6: Assessment of Professional Capabilities and Competence

- ▮ The Institute of Chartered Accountants of Pakistan considers it is compliant with IESs 1 to 6 with the following exceptions:

IES 4: Ethics, Values and attitudes are embedded in ICAP syllabi and have also been included in the Training Regulations and Guidelines for imparting training in these areas. Once IFAC guidelines on IES4 are received it would be considered whether to introduce these as a subject in the curriculum or through a course of interactive workshops at which the students would be assessed before they can become members of ICAP.

IES 5: Would be compliant when revised Training Regulations and Guidelines become effective upon approval of amendments to relevant byelaws of ICAP by the Government. This is expected by June this year.

- ▮ The November/December 2004 issue of the Pakistan Accountant was International Education Standards and IESs are being reproduced in the subsequent issues of the journal.



- ▮ Various communications initiatives are being undertaken to promote the International Education Standards. EDCOM has also promoted the standards at various international conferences, contributing articles to various international publications, and conducting interviews to promote awareness of the Standards. To enhance the understanding of the scope of issues covered in the IESs and the manner in which they may be applied to the education programmes of accounting bodies, the Institute of Chartered Accountants of Pakistan had invited Mr David M Hunt FCA (Eng & Wales), a member of the IFAC Education Committee, in January 2004 to address seminars on International Education Standards in Karachi, Lahore and Islamabad.
- ▮ In August 2004 EDCOM hosted an International Accounting Education Forum in Stockholm. Key education specialists attended the Forum from the European member bodies. Its objectives were to discuss the implementation of the International Education Standards, identify any implementation issues and the need for further guidance to assist in implementation, and to provide feedback on the Committee's strategy and work program. The Forum was well attended with a total of 25 participants from 22 member bodies present, and provided a good feedback and confirmation that the work program is on track. Mr Abdul Rahim Suriya along with one technical adviser represented Pakistan.
- ▮ Mr. Yusuf M Siddiqi, Director of Education and Training represented ICAP at the IFAC / International Association for Accountancy Education and Research (IAAER) Globalization Roundtable held on 30 June 2004 in Durban, to discuss the implementation barriers of IES. The theme of the roundtable was "Implementing International Education Standards: Global Challenges". After the opening addresses, IES1 to 6 were considered at a workshop by six groups of 38 participants.

The Committee is considering the need for further guidance to be developed to assist with the implementation of IES 1 to 7.

### (b) International Education Standards - 7, (IES 7)

In May 2004, the Committee issued IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Competence*. All IFAC member bodies are expected to comply with the standard by January 1, 2006.

The Standard emphasizes the profession's commitment to serving the worldwide public interest and presents CPD as a key means of meeting this commitment. The Standard prescribes the following:

- ▮ All members of the profession are required to undertake continuing professional development (CPD) activities
- ▮ CPD activities are expected to be relevant to the current and future professional responsibilities of the individual professional accountant
- ▮ Member bodies are required to facilitate access to CPD opportunities and resources to assist professional accountants to meet their responsibility for lifelong learning
- ▮ Member bodies are required to monitor whether their members meet the CPD requirement and provide for appropriate sanctions for failure meet the requirement.

The Standard also outlines the three approaches that member bodies may adopt in designing their CPD policies, namely, input, output, or combination approaches.

Member bodies operating an input-based approach should require the professional accountant to:

- (a) complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent learning units should be verifiable; and
- (b) complete at least 20 hours or equivalent learning units in each year.

ICAP realizing the importance of CPD has setup a separate directorate and has appointed Mr Imran Qamar as CPD Director in October 2004. Recently a members' survey was conducted through a questionnaire to receive views and suggestions for improvements in CPD activities, as well as, their mode of conduct. In this context a comparative analysis of ICAP CPD framework with other major institutes is in progress. IFAC Education Committee is developing guidelines to facilitate member's bodies in implementing IES 7.

### (c) Competence Requirements for Audit Professionals, IES 8

The IFAC EDCOM has developed an International Education Standard on education and training for audit professionals. This proposed Standard prescribes the specific requirements for the education and training of professional accountants who have a substantial involvement in audit assignments, including transnational audit work. The committee considered

an initial draft at its August 2004 meeting, and approved an exposure draft for release in its meeting in New York in March 2005. Consultation and input was taken from the Transnational Auditors Committee and the IAASB. The exposure draft was released on April 14, 2005 and comments are requested by July 15, 2005.

The proposed effective date of this standard is January 01, 2008.

### (d) IES 9 (IEG 11)

The revised draft of IEG 11 was tabled for discussion. It was debated whether to revise IEG 11 or to convert it into a Standard numbered as IES 9. It was finally agreed to continue as a Guideline (IEG 11) and segregate pre and post qualification requirements relating to IT. It was also agreed that IEG 11 would be reviewed every two years.

### (e) Mutual Recognition and Equivalency of Qualifications

A few members of EDCOM are of the view that this subject may not fall under its purview, but rather at a broader IFAC level to support its member bodies to comply with their obligations under international trade laws and support the development of a global market for accountancy services. However, others including India and Pakistan are of the opinion that IFAC EDOM should at least provide guidelines and do base work on the pattern of European countries who are trying to introduce one common qualification for Accounting Professionals. EDCOM was informed that Pakistan was in compliance with all IFRS, Auditing Standards and International Education Standards are also being complied. Therefore it was advocated that EDCOM should adopt this project.

The Chairman Mr Henry Saville will take-up the matter at the IFAC Board meeting and seek guidance in this regard.

### (f) International Education Paper, Assessment Methods

The Paper is designed to support the implementation of the requirements in the International Education Standards, more specifically to assist member bodies adopt appropriate approaches to ensure that candidates admitted to membership are appropriately qualified. The Paper is based on a body of research the Committee commissioned in 2003 from The Robert Gordon University, Aberdeen, Scotland.

The Paper considers the key concepts in assessment, provides a summarized evaluation of relevant assessment methods and considers which assessment methods are best suited to test different capabilities and competences. In addition, the Paper includes a listing of web links to appropriate tools to assist member bodies, and a series of questions designed to assist member bodies in selecting and reviewing their assessment methods and determining the appropriate mix of methods suitable to their environment and circumstances.

### (g) Ethics Education Project

The Committee has commissioned research on ethics education for professional accountants. The objective of the project is to produce guidance to support the implementation of IES 4, *Professional Values, Ethics and Attitudes*. The project will provide practical guidance to member bodies, academics and others responsible for the education of professional accountants, and encourage them to adopt a range of appropriate approaches to develop professional values, ethics and attitudes as part of the education and training for all professional accountants, and the maintenance of these after qualification.

### (h) Implementation of Reforms

The Committee is working towards implementation of many of the reforms approved by the Council in November 2003. The Committee held its first meeting in public in August 2004, and the Education Consultative Advisory Group (CAG) has been established and held its first meeting on March 1, 2005. The revised Committee composition, including the appointment of two public members and up to five members from the TAC has been taken place from this year.

### (i) Guidance on Practical Experience Requirements

In the meeting at Stockholm in August 2004 it was agreed that further guidance be developed to assist with the implementation of IES 5, *Practical Experience Requirements*. Mr Mark Allison of UK presented report on preparing the guideline with estimated cost and project timetable. A Task Force has been formed to assist this project. Pakistan has been included in this task force.

It is expected that the guideline will update the Committee's earlier discussion document issued in 1998, and provide specific guidance regarding the concept of mentoring.

### (j) Liaison

The Committee continue to work with UNCTAD (United Nations Conference on Trade and Development) and other relevant groups on matters relating to education. The Committee also plans to work with the Developing Nations Permanent Task Force and the compliance programme to build capacity for the profession in developing and emerging economies.

#### About the Author:

Mr. Abdul Rahim Suriya, (FCA, FCMA) is an Executive Director of Spencer Pharma (Pvt) Ltd. He is a Council Member of ICAP and member of IFAC Education Committee. He is also a visiting faculty of a Business School.