

THE ROLE OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS IN EDUCATION

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ABSTRACT

This paper outlines briefly the structure and operations of the International Federation of Accountants (IFAC), with particular emphasis on the Education Committee of IFAC. The work of the Education Committee is discussed in general followed by a more detailed consideration of two major documents which have been issued in recent years. The first of these is concerned with the pre-qualification education of accountants, and is linked to such developments as the Accounting Education Change Commission in the United States. The second is the guideline on information technology in the accounting curriculum, together with its appendix and the discussion papers issued subsequent to the guideline. The paper continues with an overview of the role of IFAC in relation to developing nations, and deals briefly with its work on reciprocity.

INTRODUCTION

The International Federation of Accountants (IFAC) is the worldwide organisation for the accounting profession. Its mission is the development and enhancement of the profession to enable it to provide services of consistently high quality in the public interest. Its membership comprises 126 member bodies in 89 countries throughout the world, representing just over two million accountants (IFAC, 1997).

IFAC has an Assembly, which consists of one representative from each member accountancy body. This Assembly elects the members of Council, which has the responsibility for implementing the work programme of IFAC. This is done primarily through standing technical committees, and from time to time small working groups, *ad hoc* committees or task forces are appointed to work on special projects. Major committees are the Education Committee, the Financial and Management Accounting Committee, the Information Technology Committee and the Public Sector Committee. The International Auditing Practices Committee is also a committee of IFAC, while the International Accounting Standards Committee operates as a parallel body, with membership consisting of those professional bodies which are members of IFAC.

Most of the operating committees of IFAC have authority for the issue of pronouncements following an exposure period. The Education Committee has such authority, and has the right to issue guidelines without having to obtain the specific approval of Council before publication.

This paper focuses on the activities of the Education Committee, which has two specific terms of reference:

- To develop guidelines, discussion papers and other information documents on both pre-qualification education and training of accountants and on continuing professional education for members of the accounting profession
- To act as a catalyst in bringing together the developed and developing nations and to assist in the advancement of accounting education programmes worldwide, particularly where this will assist economic development.

The Committee has been effective in accomplishing the first term of reference. At every meeting, the Committee considers very carefully the developments which are taking place in accounting education and discusses the perceived need to produce guidelines and/or discussion papers on new or developing matters. Over the years, a number of guidelines and discussion papers have been published; a summary of those documents presently in issue is set out in an Appendix to this paper. IFAC educational guidelines promote good practice and/or provide advice. They are based on careful study of existing best practices and most effective methods for dealing with issues being raised. They are not intended to override requirements of individual member bodies. They

set out basic essential elements which education and training programmes may be expected to contain. Each individual member body determines detailed requirements of pre-qualification and post-qualification education and training programmes. However, member bodies are expected to consider the recommendations in the guidelines in developing their education and training programmes.

Initially, guidelines were written with the objective of attainability in the short term by all member bodies around the world. Consequently, guidelines tended to reflect the lowest common denominator and promote as elements of good practice standards which were well below those attainable by developed countries with well-established accounting traditions. Guidelines are now written in stronger and more definitive language, as illustrated by the recently-issued International Education Guideline (IEG) 11, *Information Technology in the Accounting Curriculum*. IEG 9, *Prequalification Education, Assessment of Professional Competence, and Experience Requirements of Professional Accountants* has recently been revised; again, the approach is more definitive than before and the document has been written on the basis of standards to be sought and attained by all member bodies.

The second term of reference, to act as a catalyst for developing nations, is a more difficult area. In the formative years of the Committee, undue emphasis was placed on the first term of reference and it can be argued that the second term of reference was somewhat neglected. The detailed discussions which the Committee has had from time to time, to achieve some success in helping developing nations, have only underlined the complexity of the problems in achieving progress in adopting successfully the catalyst role. This subject will be returned to later, in the context of an important report prepared by the Developing Nations Task Force, which was established by IFAC several years ago; in May 1995, it issued a series of recommendations of tasks to be worked on by various IFAC committees, including the Education Committee.

PRE-QUALIFICATION EDUCATION

This section of the paper deals with the area of pre-qualification education in general, focusing on a number of major guidelines and papers produced by the IFAC Education Committee. In July 1991, the Committee issued IEG 9, *Prequalification Education, Tests of Professional*

Competence and Practical Experience of Professional Accountants, consolidating in this document previously issued IEGs 1, 3, 4, 5, 6 and 8. In November 1995, the Education Committee issued an Exposure Draft proposing a revision of IEG 9 and, in October 1996, the revised version of the guideline was issued. In undertaking such a revision, the Committee was aware of the diversity which exists around the world and was conscious that there are sometimes not just two but three or four routes which lead to the same end – qualification within a professional framework. The Committee has to ensure that guidelines recognise such diversity. The Committee also has to be aware that a need exists to give detailed guidance on those matters which are constant within that diversity.

The revision of the guideline on pre-qualification education took place against the background of a debate on the long-term direction of education for the accounting profession. An example of this debate was the appointment by the American Accounting Association in the mid-1980s of a committee of individuals from various backgrounds with a common interest in accounting education. This committee prepared a report (AAA, 1986) entitled *Future Accounting Education: Preparing for the Expanding Profession*; the report became known as the Bedford Report after the Chairman, Norton Bedford of the University of Illinois. Some years later, the thinking of the then Big 8 firms was developed in a paper entitled *Perspectives on Education: Capabilities for Success in the Accounting Profession* (Kullberg et al., 1989). The report emphasised that the role of the profession is to specify and communicate the skills and knowledge needed to be an accomplished practitioner, while responsibility for curriculum development and appropriate teaching methods rests primarily with the academic community. This division of responsibilities requires that any successful effort to enhance education for accounting will be achieved only through a partnership of educators and practitioners.

These two reports, and the continuing debate that they fostered, lead to the Accounting Education Change Commission, dealt with in a previous issue of the *Irish Accounting Review* by Sundem (1995). IFAC's Education Committee, aware of the debate taking place in the United States of America, decided to develop and publish a discussion paper for its member bodies. This paper was issued in June 1994, entitled *A Strategic Framework for Prequalification Education for the Accountancy Profession in the Year 2000 and Beyond*. In considering education re-

quirements for the twenty-first century, the Committee recognised that dramatic changes were taking place in a dynamic and increasingly complex environment. Many of the changes were due to:

- Globalisation of business enterprises
- Strategic economic and trade alliances
- Rapid advancement in the development and use of Information Technology
- Increasing government and bureaucratic regulation
- Changes in user behaviour.

The changing political, social and economic environment and future uncertainties were forcing educators to take a new look at the education process and to re-examine the professional and academic accounting curricula. The discussion paper which the Education Committee prepared was intended to provide assistance to member bodies in this re-examination process. The first part of the paper deals with the skills and knowledge requirements of accountants in the year 2000 and beyond; the second part of the paper addresses ways in which the profession might take a leadership role in their relationships with academic institutions.

Skills and knowledge requirements – the background

The education of student accountants, having a professional designation as the ultimate objective, occurs in many different ways around the world. Educational programmes are offered on a continuum, at and between two extremes:

- All formal education is provided by institutes of higher learning such as universities, with no involvement of professional bodies and no practical experience
- The entire formal education is designed and delivered by the professional body coupled with practical experience acquired through a training contract programme with a practising firm or a commercial body.

All these programmes have in common the perceived need to include more and more technical material in order to cope with the ever-increasing complexities of the general business environment. IFAC's Education Committee suggests that no graduate can be expected to have the range of knowledge and skills of experienced professional account-

ants. To attain and maintain the expertise of a professional accountant requires continuous learning. Therefore, rather than adding more and more technical material to the curriculum, pre-entry education should lay the base on which life-long learning habits can be built. Students should be taught how to learn as well as how to accumulate knowledge.

Learning in current accounting curricula is often defined and measured in terms of knowledge of principles, standards, concepts and facts. This approach, based on the transfer of a body of knowledge, has been the traditional focus of accounting education, in marked contrast to some other professions such as law. In essence, the discussion paper supports the goal of the Accounting Education Change Commission to change the educational focus from knowledge acquisition and accumulation to "learning to learn". Learning to learn involves developing skills, knowledge and a professional orientation to help candidates learn more effectively and to use these effective learning strategies to continue to learn throughout their lifetime as new knowledge and skills are required and acquired. The approach should develop students' motivation, research capability and capacity to learn on their own.

The process of learning should focus on developing the ability to:

- Identify problems
- Seek opportunities
- Search for desired information
- Analyse and interpret information
- Reach a well-reasoned conclusion from among feasible alternatives.

Students must be active in the learning process. Learning by doing and working in groups should be encouraged and creative use of technology is essential. Teaching methods which expand and reinforce basic communication, intellectual and interpersonal skills should be used. If this is to happen, however, one should recognise that this will require that educators be trained and motivated to use new methods, approaches and technologies.

The content of the programme must create a base upon which continued learning can be built. Developing both an understanding of underlying concepts and principles and the ability to apply and adapt these concepts and principles in a variety of situations are essential to life-long learning. A focus on memorisation of rules and regulations and mere accumulation of knowledge is not the goal of learning to learn. The base

on which life-long learning is built may be classified into two components, skills and knowledge, each of which is considered below.

Skills

The paper suggests that accounting graduates should possess the following skills to become successful professionals:

- Communication skills
- Negotiation skills
- Intellectual skills
- Interpersonal skills
- Accounting skills
- Personal skills

The discussion paper sets out in some detail the elements of these necessary skills.

Knowledge

Accounting graduates should have general knowledge, organisational and business knowledge, and accounting and auditing knowledge. Ideally, the main components of general knowledge should have been acquired at second level education before the commencement of university or third level college.

In regard to organisational and business knowledge, professional accountants should understand the work environments found in organisations. They should understand the basic internal workings of organisations and the methods by which organisations change. Accounting professionals should understand current technology and the likelihood of increased dependence on technology in the future.

More specifically, they should have knowledge of:

- The activities of business, government and non-profit organisations and of the environments in which they operate, including the major forces and influences
- Finance, including financial statement analysis, financial instruments and capital markets, both domestic and international
- An understanding of interpersonal and group dynamics in business
- The methods for creating and managing change in organisations

- The basic internal workings of organisations and the application of this knowledge to specific examples.

In the area of accounting and auditing knowledge, there is a need for a strong fundamental understanding of accounting. The focus should be on developing analytical and conceptual thinking based on professional standards. It will involve acquiring in-depth knowledge in specialised areas such as financial accounting, management accounting, taxation, information systems, auditing and international accounting. Additionally, there should be developed within the student an understanding of the history of accounting thought, the information needs of financial decision-makers and a knowledge of the regulation of accounting and the ethical and professional responsibilities of an accountant. Particularly essential is a perception of the existing and increasingly important role of computer-based information technology.

Curriculum design

Professional accounting education can be divided into four components:

- General education
- General business education
- General accounting education
- Specialised accounting education.

These components can and will be addressed in a variety of ways. No one model of accounting education will be appropriate for all member bodies in every country. Nevertheless, it is the view of the Committee that some minimum coverage of all four areas should be part of the content of the education of every accountant.

One suggested approach is to use a three-phased education curriculum:

- Phase 1 would consist of general education in the underlying university disciplines, including those pre-professional areas which are particularly relevant to accounting education such as general business education
- Phase 2 would consist of the conceptual general professional education core of the accounting discipline which spans all areas of accounting

- Phase 3 would consist of various bodies of professional accounting knowledge which apply the overall discipline to specialised areas of accounting practice.

Clearly, the extent to which such an approach represents a departure from existing practice will vary from country to country.

The proposed general university education curriculum must provide the accounting student with skills needed to apply other disciplines such as history and science to practical professional accounting problems. The curriculum for general education should develop students' capacity for enquiry, abstract logical thinking and critical analysis and should train them to understand the use of quantitative data. It should improve their writing skills to the degree that they can perform at the level acceptable for professional accountants and should give them some awareness of the ingredients of research. It should develop speaking and listening skills, historical consciousness, international and multicultural knowledge, and the study of values and their role in decision-making. This goal will not be met by a random set of courses, though while structure is required this should not be overly restrictive.

It is necessary for professional accountants to understand the environment in which they work. Accounting programmes should, therefore, include courses designed to develop knowledge of the functional activities of business, government, and non-profit organisations. The courses should cover finance, marketing, organisational behaviour and how the general manager integrates all those functions.

The accounting courses in the general professional accounting curriculum should be more concerned with concepts, goals and broad principles than with detailed descriptions of current practice. The courses should present accounting as an information development and communication process. The central theme should be how information is identified, measured, communicated and used. Essential components would be:

- Decision-making and information in organisations
- Design and use of information systems
- Financial information and public reporting, including attestation
- Knowledge of the accounting profession.

Courses should focus on both basic concepts and the application of these concepts in real-world environments, including international and ethical issues.

The specialised professional curriculum should deal extensively with prevailing professional practices. The programme should follow only after attainment of general accounting, organisational and business knowledge. Therefore, it should be offered primarily at the post-graduate level and through continuing education. Specialised accounting programmes may include advanced study in financial accounting, management accounting, taxation, information systems, auditing, and government, non-profit and international accounting. Continuing professional education may overlap considerably with specialised accounting education offered by universities.

A final comment on the topic of curriculum design is that as part of the process of developing the skills required, the team approach must be developed. Focusing on tutorials, group discussion and case studies may mean a move away from the established stereotype lecture, but the Committee feels that this must be achieved, while keeping a careful eye on the necessary balance. The introduction and development of participative learning must be addressed.

THE ROLE OF INFORMATION TECHNOLOGY

The machine has become a major tool of management. We must continue to realise that the machine is nothing but a tool and it is people who make decisions. It is people who programme the machines to do what we want them to perform. It is the view of IFAC, and the IFAC Education Committee in particular, that it is imperative for member bodies to redouble their efforts in formulating programmes for both pre-qualification and continuing professional education in Information Technology (IT). To this end, the Committee issued in December 1995 an International Education Guideline (IEG 11), entitled *Information Technology in the Accounting Curriculum*. The main part of the guideline establishes a framework for organising IT-oriented education. It suggests a system which considers the knowledge and skill to be covered around the four key roles of professional accountants in IT:

- User of information technology
- Manager of information systems

- Designer of business systems
- Evaluator of information systems.

It is assumed in the guideline that, at a minimum, all professional accountants will operate in two roles – in the role of user and one other of the roles mentioned above.

Using such a framework serves at least two purposes:

1. It enables educators and individual bodies to design a curriculum which reflects the primary focus of the student or member.
2. It enables a professional body to develop continuing professional education activities which address the specific needs of their individual members.

The knowledge and skills for each individual role are detailed in an appendix to the guideline which also outlines general IT education requirements.

The Education Committee will be reviewing periodically any necessary updating of the guideline or its appendix. The first of such reviews took place at the Committee's meeting in March 1997 when it discussed the content of the guideline with the author and it was decided that no amendments were necessary at that stage. A further updating review will take place at the meeting of the Committee in April 1998 when it will be joined by a representative of the Information Technology Committee of IFAC so as to achieve adequate liaison between both committees to ensure that both the education for and development of IT are being kept under the closest review by IFAC.

In conjunction with the new guideline, the Committee issued as a discussion paper the first of a series of case studies focusing on implementing the new guidance. *Integrating Information Technology Across the Accounting Curriculum: The Experience of the Certified General Accountants' Association of Canada* outlines how one organisation developed a programme of computer-integrated studies. The IFAC Education Committee intends to produce further such papers from other regions of the world describing successful applications or problems which have been encountered and may remain unsolved in the development of IT education in some parts of the world. The implementation issues and strategies adopted by the American Institute of Certified Public Accountants (AICPA) have been covered by a second document

where that Institute discusses the implications for the US accounting profession of IFAC's IEG 11.

Developments in IT have dramatically changed the role of the accountant. Both pre-qualification and continuing education of accountants must support the objectives of skill development and adaptability to ensure an effective and constructive profession in the future.

IFAC in general, and the IFAC Education Committee in particular, will be concentrating their efforts on the subject of IT over the foreseeable future. In their view, there cannot be too much stress on how seriously they see the need for member bodies and educators to concentrate resources of personnel and finance to ensure that the accountancy profession keeps completely up to date in this important subject area.

BRINGING TOGETHER DEVELOPED AND DEVELOPING NATIONS

Developing Nations Task Force Report

The Report of the Developing Nations Task Force has already been referred to in the Introduction, in the context of the second main term of reference for the IFAC Education Committee, to act as a catalyst in bringing together the developed and the developing nations. The Task Force Report has set out a large number of recommendations, and those which pertain to the Education Committee will form a core part of the programme of the Committee for some time to come. It has to be said that some of the recommendations relating to education challenge the Committee very seriously to produce guidance for member bodies in the subject areas suggested. These emphasise once again the need for IFAC to press forward in the drive to assist developing nations in the advancement of accounting education programmes, particularly where this will assist economic development. In some of the subject areas remitted for attention to the Committee, it is hoped that the work on the subject of Competence and Assessment will serve as a guide in completing the advice requested by the developing nations. In furthering their thinking on Competence, the Committee is taking into account the work undertaken by the profession's member bodies in New Zealand and Australia.

Networking and communication

With regard to the second main term of reference, the Committee have been seeking to develop a facilitator role in the linking of developing nations with member bodies in the developed countries, to facilitate exchanges of information and matching of assistance. The network of communication which is clearly required to meet these objectives could achieve the following:

- The development of a facility for professional data exchange
- The matching of educational facilities such as a database of resource material
- Guidance on the teaching of IT
- Sponsorship/assistance for developing countries
- Guidance on how to approach aid agencies
- Information about funding bodies around the world.

It is not just a question of the developed nations being asked to assist the developing world, although this is very important; all may be expected to benefit from networking, from the sharing of knowledge, information and material. IFAC is the logical centre for the necessary network. Among its advantages are:

- World status as the organisation of the world accounting profession
- Network of regional organisations covering the globe
- Significant member body list
- Established and well-known range of educational guidelines and publications
- Possible linkages and contacts with funding bodies such as the IMF, the World Bank, the United Nations, etc.

IFAC does not have the resources, by way of funds or manpower, to do anything more than assist countries in solving their problems for themselves. This assistance will take the form of the provision of guidance and information and, in time, the creation of an appropriate network. To illustrate the type of communication effort required, the executive of IFAC has established a separate newsletter entitled *Education Newsletter*. It is designed to help educators and member bodies to stay more in touch with one another. Its goal is to provide a forum for exchanging information, and in particular to provide information which will be of assistance to developing nations. The newsletter comes out at six-monthly intervals.

To develop the newsletter input from member bodies of IFAC, from education directors of the member bodies and from educators themselves is needed. In the introduction of *Education Network*, the matter was put as follows:

We plan to include articles on new developments in pre-accreditation programmes; self-study materials; testing and other assessment methods; continuing professional education; educating for Information Technology; and other topics of interest to the member bodies of IFAC. However, to do so and to ensure the relevancy of the newsletter, we need your input suggestions and article contributions. Articles can be brief – no more than 300 words.

RECIPROCITY

During 1994, the Education Committee worked on the guideline for reciprocity suggested by the IFAC Council. This matter was urgent. As a result of the GATT Agreement, the World Trade Organisation (WTO) was putting in position a major working party in early 1995 to review cross-border services in the professions, and in the accountancy profession in particular. The Committee had been asked to develop a guideline relating entirely to the assessment of educational matters where reciprocity is concerned. Although the Committee concentrated on the three Es – Education, Experience and Examinations – it also amplified the brief by widening the document to take into account the political aspects of the move towards some form of reciprocity. In late 1994, the Committee handed over a draft which was subsequently finalised by a Task Force within IFAC formed to deal with reciprocity and the liaison with the WTO. The Task Force produced a paper, entitled *Recognition of Professional Accountancy Qualifications (Statement of Policy of Council – June 1995)*, which in turn formed the basis of IFAC's representations to the relevant working party of the WTO.

CONCLUSION

This paper has given a brief overview of some of the activities of The International Federation of Accountants in general and of its Education Committee in particular. The paper has covered matters of central sig-

nificance such as the update of IEG 9 on pre-qualification education, and the strategic framework project dealing with pre-qualification education for the profession in the year 2000 and beyond. Some of the matters dealt with are likely to be of ongoing significance. As an example, the need for continuing work in the area of information technology has already been mentioned. In addition, there will be the implementation of some or all of the recommendations of the Report of the Developing Nations Task Force and, in this context, the further development of the networking project. The future agenda for the Committee is as challenging as the problems that have been confronted in the past.

APPENDIX

Guidelines (note 1)

2	Continuing Professional Education (see note 2 below)	February 1982
7	Education and Training Requirements for Accounting Technicians	October 1987
9	Prequalification Education, Assessment of Professional Competence and Experience Requirements of Professional Accountants	October 1996
10	Professional Ethics for Accountants: The Educational Challenge and Practical Application	November 1992
11	Information Technology in the Accounting Curriculum	December 1995

Discussion Papers

Specialization in the Accounting Profession	September 1992
Minimum Skills Levels in Information Technology for Professional Accountants	November 1993

2000 and Beyond: A Strategic Framework for Prequalification Education for the Accounting Profession in the Year 2000 and Beyond	June 1994
Integrating Information Technology across the Accounting Curriculum: The Experience of the Certified General Accountants' Association of Canada	December 1995
Implementing IEG 11 – Information Technology in the Accounting Curriculum: Strategies of the AICPA	June 1996

Note 1: Guidelines 1, 3, 4, 5, 6 and 8 were consolidated into Guideline 9.

Note 2: A draft of a revised IEG is at present (September 1997) out for discussion.

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