

# International Ethics Standards Board for Accountants

## Definition of Professional Accountant

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## Project Status Since Paris Presentation

- IFAC Task Force held two conference calls
- Aim to have revised definition for consideration in 2011

## IFAC Task Force Composition

- IFAC staff led by Russell Guthrie
- One volunteer and one staff member for each of the following:
  - PIAC Committees – IAASB, IESBA, IAESB
  - Compliance Advisory Panel
  - Small and Medium Practices Committee
  - Professional Accountancy Organizations Development Committee (formally the Developing Nations Committee)
  - Professional Accountants in Business Committee

## Existing Definition

“An individual who is a member of an IFAC member body”

- Use of definition:
  - IESBA – defined term, which is further sub-divided into “professional accountant in public practice” (Part B) “professional accountant in business” (Part C)
  - IAASB Glossary
  - IAESB - Framework

## Concerns with Existing Definition

- Too simplistic – does not convey understanding of roles, functions and competence demonstrated by a professional accountant
- Does not recognize that professional accountants not necessarily members of IFAC member bodies (e.g. some professional accountants in business and public sector)
- Does not recognize that professional standards are adopted and enforced at the national/regional level
- Not helpful in the public's understanding of the term professional accountant

## Elements of a New Definition

- Provide an understanding of the breadth of competence, roles and functions demonstrated by professional accountants
- Embrace those professional accountants not members of member bodies that are subject to qualification and oversight
- Provide help in identifying users of IFAC standards and the public's understanding of the term professional accountant

## **Proposed Definition of Professional Accountant**

- The term professional accountant describes a person who has expertise in the field of accountancy, achieved through formal education and practical experience, and who:
  - Demonstrates and maintains competence;
  - Complies with a code of ethics;
  - Is held to a high professional standard; and
  - Is subject to enforcement by a professional accountancy organization or another regulatory mechanism.

## How Professional Accountants can be Differentiated from One Another?

- The paper invites the Boards to consider adding the following sentence:

*“Professional accountants can be differentiated from one another by certain factors such as types of responsibilities, tasks one can perform, and level of expertise and education.”*



## Explanatory Guidance

- The paper suggests explanatory guidance might be also be provided for:
  - What is a professional accountant?
  - What does a professional accountant do?
  - How can professional accountants be differentiated from one another based on specializations within the accountancy profession?

## Questions for Consideration

- Does the Board agree with the proposed definition?
- If adopted by the Board, is there a need to issue an ED?
- Would the Board wish to add the explanatory guidance?
- Are there any other matters of concern?