

**TO: IESBA**  
**FROM: Russell Guthrie, Executive Director of Quality Assurance and Member Body Relations**  
**DATE: January 18, 2011**  
**SUBJECT: Definition of the Professional Accountant – Staff Paper Prepared for Consultation**

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### **Section 1: Overview**

- 1.1 In November 2009, the Chairs of IFAC’s committees and independent standard setting boards identified the need to assess the current definition of the term *professional accountant*, which is defined as “an individual who is a member of an IFAC member body.”<sup>1</sup>
- 1.2 The Chairs discussed a number of issues with the current definition and concluded that a task force should be established to 1) further evaluate the current definition and 2) determine whether an alternative could be developed for further consideration.
- 1.3 In March 2010, IFAC formed a task force comprised of a volunteer and a staff member from each of IFAC’s boards and committees. The task force met via teleconference on three occasions and provided input to IFAC staff regarding key issues to be considered. The task force exchanged ideas through a series of three informal discussion papers which noted various debates and perspectives.
- 1.4 With input from the task force, IFAC staff has prepared the attached paper, *A Proposed Definition of the Professional Accountant: A Staff Paper Prepared for Consultation* for further consultation with the independent standard setting boards and other IFAC groups.

### **Section 2: Key Issues and Considerations**

- 2.1 The task force agreed that the current definition of the professional accountant, as employed by IFAC boards and committees may be too simplistic for the needs of the future and that a new definition should be explored. The current definition does not convey an understanding of the practice of activity, the variety of accounting roles, nor does it delineate the competence and functions that are demonstrated by a professional accountant. The current definition also does not provide an understanding of the breadth of membership in IFAC member bodies.
- 2.2 The task force recognized that any new definition to be used within authoritative standards would need to be subjected to the due process of each board.
- 2.3 The task force also recognized that if one standard-setting board changes its definition of the professional accountant it may have implications for the other standard-setting boards. Thus, further consideration will need to be given to the

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<sup>1</sup> This definition resides in the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA) and also appears in the International Auditing and Assurance Standards Board (IAASB) and International Accounting Education Standards Board (IAESB) glossaries of terms.

timing of this process, how comments might be reconciled between the boards as well as the timing of changes to any particular set of standards.

### **Section 3: Questions for Consideration**

- 3.1. In order to further develop a proposed definition that could be applicable to the needs of each board and committee of IFAC, the task force seeks input on the following questions:
- a) Does the proposed definition, as presented in the enclosed consultation paper, have the potential to be applicable for the IESBA?
  - b) Do you agree with the scope of the proposed definition as described in the consultation paper?
  - c) Are there any barriers to its application by IESBA?
  - d) Are there any other issues or concern of the IESBA that should be considered by the task force?

### **Section 4: Recommendation**

- 4.1 **Each board and committee is requested to circulate the consultation paper, *A Proposed Definition of the Professional Accountant*, to their members as part of their upcoming agendas for discussion.**
- 4.2 **Input from each board and committee, based upon the discussion questions provided in *Section 3.1* of this memorandum is requested by no later than July 25, 2011 and should be sent to Eli Khazzam, Senior Technical Manager of Public Policy and Regulation at [Elikhazzam@ifac.org](mailto:Elikhazzam@ifac.org).**