

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?