

NASBA

Global Accountancy Education Recognition Study 2012

The first ever systematic and detailed comparison of existing bilateral and multilateral recognition of qualifications of accountants and auditors in selected countries and regions around the world.

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ABSTRACT

International mobility of accountants and auditors and the recognition of their qualifications are of global interest. Qualification requirements in most cases are different between countries, but increasingly they are based on International Education Standards (IES) and other applicable regulation. In order to support international cooperation the Global Accountancy Education Recognition study (GAER 2012) provides a comparison of the recognition of qualifications of accountants and auditors in selected countries around the world.

The principle of substantial equivalence is considered for professional and general education, practical experience and licensing. A benchmarking methodology is made available that is based on the core competences and capabilities of accountancy education and training. A conceptual framework is presented that can be used to promote recognition of qualifications and as a result international mobility of accountants and auditors.

The GAER study provides a first ever systematic and detailed comparison of existing bilateral and multilateral recognition of qualifications of accountants and auditors in selected countries and regions around the world. The use of a conceptual model for accountancy education makes it possible to identify the major elements that have to be considered in recognition agreements: general and university education; professional accountancy education and training; and final assessment of professional competence. The GAER 2012 study gives special attention to the specific roles of standard setters, government agencies, accreditation boards and professional associations in the recognition of professional qualifications for accountants and auditors.

The overall objective of the study is to develop and test a benchmarking methodology for the comparison of professional qualifications of accountants and auditors that can be used when establishment of a Mutual Recognition Agreement (MRA) is considered. Publicly available data have been used for the comparison of countries. The data are considered to be adequate for the comparison but they can be partially incomplete or out of date. As a consequence more detailed information based on actual country fact-finding will be necessary as basis for decisions on new MRAs or evaluation of present MRAs.

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EXECUTIVE SUMMARY

The Executive Summary is divided in the four sections of the GAER 2012 Global Accountancy Education Recognition study research report.

- *Section 1: Research Objectives and Method*
- *Section 2: Analysis of Characteristics of Professional Qualifications*
- *Section 3: Substantial Equivalence between Qualifications*
- *Section 4: Overall Conclusions*

Section 1: Research Objectives and Method

The Global Accountancy Education Recognition (GAER) 2012 research study is made possible by a grant from the National Association of State Boards of Accountancy (NASBA). The study is conducted by Professor Dr Gert H. Karreman as principal investigator and Professor Belverd E. Needles Ph.D., CPA, CMA as principal researcher. Research and editing support is given by A.M. Verweij, LL.M. The objectives of the research study are included in the research grant agreement between NASBA and Professor Dr Gert H. Karreman.

GAER 2012 is placed in the context of the global development of the qualification, education and training of accountants and auditors in alignment with the revised International Education Standards (IES) of the International Accounting Education Standards Board (IAESB) and other applicable requirements. Its overall objective is to support international cooperation and mobility through providing an understanding of recognition requirements and achievements for the qualifications and experience requirements of accountants and auditors. Standard setters, oversight regulators, issuers and users of financial reports all rely on the professional competences and capabilities of accountants and auditors. At present mostly mutual recognition of qualifications is relevant for the international mobility of individual accountants and auditors. However, in multinational accountancy organizations international mobility does not depend on recognition alone. Clarifying existing recognition systems will also promote mutual understanding as a basis for international cooperation.

Specific research questions (RQ) are considered as basis for a benchmarking methodology for the recognition of accountant and auditor qualifications between countries:

- RQ 1 – What are the elements of a competency framework for accountants and auditors?
- RQ 2 – How can the use of a competency framework promote recognition of qualifications and contribute to international mobility of accountants and auditors?
- RQ 3 – Is it possible to move from mutual recognition between countries to a more general approach of international recognition?
- RQ 4 – Are these general elements of education, identified and evaluated through GAER 2012, conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition?

The research methodology for GAER 2012 can be identified as theoretical modelling with the use of classification criteria for accountancy education. For individual countries recognition of qualifications will be identified and compared with the relative adoption and implementation of IES; cultural, legal and economic background will be considered as key influences. GAER 2012 builds on and extends previous research in the area of global accountancy education:

- GAE 2002 "Impact of Globalisation on Accountancy Education" [Karreman, 2002]
- GAEB 2005 "Global Accounting Education Benchmarking" [Phelps, Karreman, 2005]
- GAE 2007 "Trends in Global Accounting Education" [Karreman, 2007]
- ADI 2011 "Measuring Country-level Accountancy Performance and Achievement" [Phelps, 2011]

- GAE 2012 “Dynamics of Global Accountancy Education” [Karreman, 2013]

All studies were conducted in an international network of participating experts and institutes. The GAE studies concentrated on accountancy education with its elements of general and professional education, practical experience and qualification. The Accountancy Development Index (ADI) study covered the global financial infrastructure with accountancy education as one of its pillars.

A GAER 2012 core model of accountancy education provides the background for the comparative analysis of accountancy education in the countries that are included in the recognition study. It can be used for the comparison of accountancy education systems in various parts of the world. A simplified version is included in the Executive Summary.

Box 1 Simplified Core Model of Accountancy Education

Country Characteristics	Accountancy Education	International Developments
Differences between countries	Core elements	Codification
<ul style="list-style-type: none"> • Cultural background • Legal system • Economic position • Higher education 	<ul style="list-style-type: none"> • Professional qualification • Final examination • Professional education • Practical experience • General education 	<ul style="list-style-type: none"> • Standards • Guidelines • Directives

The model places the core elements of accountancy education in the context of country characteristics and international influences. It illustrates a major challenge for the international recognition of professional qualifications of accountants and auditors. Accountancy education is part of the system of higher education in a country with requirements that can be difficult to combine with international standards for professional qualifications. The major objective for the GAER 2012 study is the design of a benchmarking methodology that can be used to compare and evaluate professional qualifications of accountants and auditors.

Section 2: Analysis of Characteristics of Professional Qualifications

Recognition of the qualifications of accountants and auditors between countries at present largely depends on national regulation. This makes it a challenge to find an objective and transparent method to establish substantial equivalence between qualifications as a basis for mutual recognition agreements. The method that is followed in this study starts with a competency framework for accountants and auditors that is based on the IES and comparable international regulation. Together the IES cover all elements of accountancy education.

Box 2 Competency Framework

Accountancy Education	Standards and Implementation Guidance
<i>Conceptual Framework</i>	IAESB Framework for IES
<i>Pre-Qualification</i>	
Entry Requirements	IES 1 – Entry Requirements Professional Accountancy Education
Knowledge, Skills and Attitudes	IES 2 – Content of Professional Accountancy Education IES 3 – Professional Skills & General Education IES 4 – Professional Values, Ethics & Attitudes
<i>Practical Experience</i>	IES 5 – Practical Experience Requirements
<i>Assessment</i>	IES 6 – Assessment of Professional Capabilities & Competence
<i>Post-Qualification</i>	
Life-Long Learning	IES 7 – Continuing Professional Development
Specialization	IES 8 – Competence Requirements for Audit Professionals

In the GAER 2012 study four Competency Pillars are distinguished to facilitate comparison between qualifications. The competency pillars combine the requirements of the IES in major topics for accountancy education.

Box 3 Competency Pillars

Competency Pillars	
<i>Personal Development</i>	University Entrance & Exit Level (IES 1 and IES 2) Professional Skills & General Education (IES 3) Professional Values, Ethics & Attitudes (IES 4)
<i>Professional Accountancy Education</i>	Accountancy, Finance & Related Knowledge (IES 2) Organizational & Business Knowledge (IES 2) Information Technology (IES 2)
<i>Professional Development</i>	Practical Experience Requirements (IES 5) Assessment of Professional Capabilities & Competence (IES 6) Continuing Professional Development (IES 7)
<i>Competence for Auditors Professionals</i>	Advanced Professional Knowledge (IES 8) Advanced Professional Skills, Values, Ethics & Attitudes (IES 8) Advanced Practical Experience, Assessment & CPD (IES 8)

The competency elements are the basis for the comparison of professional qualifications of accountants and auditors and for the design of the benchmarking methodology. Equivalences between competency elements in different countries and regions are identified that can be used to further develop recognition and promote cooperation based on understanding of achieved capabilities. The GAER research methodology is intended to assist policy makers in addressing recognition of qualifications of accountants and auditors between countries.

Characteristics of accountancy education can be used to identify differences between qualifications. They are based on an overview used by International Federation of Accountants (IFAC) for its compliance program for member bodies¹.

Box 4 Characteristics of Accountancy Education

Characteristics of Accountancy Education

<i>Certification Requirements</i>	Professional accountancy education Practical experience Final assessment
<i>Providers</i>	Continuing professional development Professional accountancy organizations Universities and education institutes Government
<i>Responsibility</i>	Government Government with the accountancy profession Professional accountancy organizations Universities
<i>Licensing</i>	Academic study Practical experience Licensing examination Continuing professional development and/or re-examination

A recognition framework can be used for comparison between countries that already have, or want to establish mutual recognition agreements (MRA). To identify the elements of the recognition framework approaches to recognition by stakeholders have been considered. Pronouncements of standard setters in regard to accountancy education are important for recognition of qualifications. In the report attention is given to IFAC Statements of Membership Obligations (SMO) in particular in regard to accountancy education, to the IES by the IAESB, to the European Audit Directive and its requirements for auditor qualifications, and to the International Auditing and Assurance Standard Board (IAASB) International Standard on Auditing (ISA) 600 and its requirements for auditor competence. Different approaches to recognition by the International Qualifications Appraisal Board (IQAB) in the USA, the Common Content Initiative (CCI)² in the EU, and the Global Accounting Alliance (GAA) are also considered.

Characteristics of qualifications of accountants and auditors that are relevant for the establishment of substantial equivalence between professional qualifications are discussed in the last part of Section 2 of the report. To advance international comparability five steps of the comparison process are discussed.

- *Step 1, Country Information:* General background information about a country can help to understand the position of a country and the relevance of mutual recognition agreements at a certain time. The data themselves are not used as criteria for recognition.
- *Step 2, Accountancy Profession:* Normally when an MRA is established this is based on consideration of substantial equivalence between qualifications. As accountants and auditors function as members of professional organizations, it is important to consider the quality of the profession. A proxy for this is full or associate IFAC membership of a Professional Accountancy Organization (PAO), compliance with IFAC SMOs, regional and global affiliations, and MRAs that

¹ IFAC, International Federation of Accountants, About IFAC, Membership & Compliance Program, www.ifac.org

² Common Content Initiative, www.commoncontent.com

already exist. The information in Step 2 is intended as a general benchmark when an MRA is considered.

- *Step 3, Characteristics of Accountancy Education:* Before achieved quality of accountancy education can be considered, it is necessary to understand the system of accountancy education in a country. Consideration is given to certification requirements, providers, responsibility, and licensing. The information in Step 3 not only helps to understand accountancy education in a country, it also gives insight in existing systems of quality control, whether these are professional, academic or a mixture. The issue of quality control is considered to be extremely important for the establishment of MRAs, although it is hardly mentioned as part of the IES.
- *Step 4, Compliance with International Education Standards:* The IES prescribe standards of good practice for accountancy education. Officially they only apply to those elements of accountancy education for which a PAO is directly responsible. Between countries this can range from overall responsibility to no responsibility at all. For benchmarking purposes this approach is too limited. The quality of professional qualifications should be evaluated for the country, irrespective of who are the providers. For that reason in the GAER 2012 study the IES are used as benchmarks on a country level. To facilitate overall analysis the IES have been combined in four competency pillars.
- *Step 5, Specific Requirements:* The characteristics in Step 1 through 4 have general relevance for the establishment of substantial equivalence between professional qualifications of accountants and auditors. Nevertheless the GAER 2012 analysis shows that there are major differences between the actual criteria that are used by the institutions that are responsible for the qualifications. As a result specific requirements that have to be met when establishing a MRA should be considered. The benchmarking methodology in Section 3 is based as far as possible on international standards. This often will not be possible when country specific requirements are considered.

Section 3: Substantial Equivalence between Qualifications

A benchmarking methodology is developed in the study that can be used to establish substantial equivalence between professional qualifications of accountants and auditors. The benchmarking methodology follows the five steps from Section 2. General principles for the benchmarking methodology have been considered.

- Principle 1: MRAs are the responsibility of standard setters and/or regulators and as a result requirements are different from country to country.
- Principle 2: International standards can be useful benchmarks to establish substantial equivalence.
- Principle 3: Establishment of a general benchmarking methodology will promote comparison of bilateral results between countries.
- Principle 4: The benchmarking methodology needs to be flexible to allow stakeholders to set their own priorities.

The overall process of considering substantial equivalence can be represented in an iterative flow diagram that is repeated for each module of the benchmarking methodology.

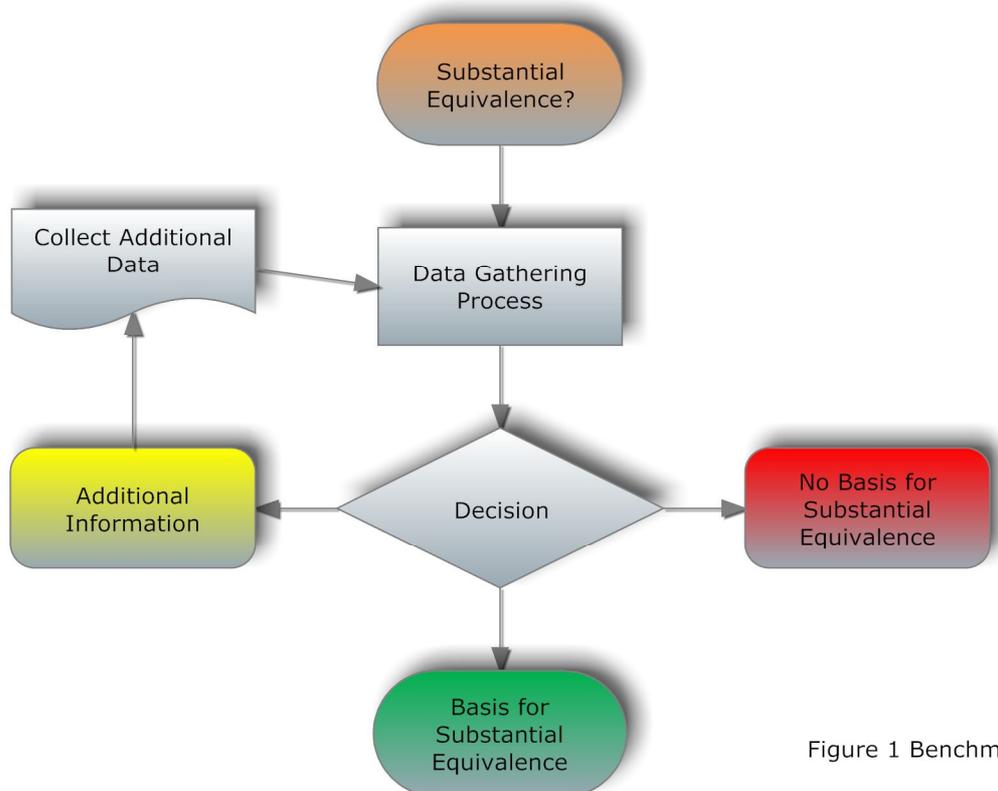


Figure 1 Benchmarking Process

Going through the benchmarking process should answer five essential questions when establishing substantial equivalence between qualifications as a basis for a MRA:

- Is the country background acceptable for establishment of substantial equivalence?
- Is the status of the accountancy profession acceptable for establishment of substantial equivalence between qualifications?
- Are the characteristics of accountancy education acceptable for establishment of substantial equivalence?
- Is compliance with IES acceptable for establishment of substantial equivalence?

- Finally, is compliance with specific requirements of the host organization acceptable for establishment of substantial equivalence?

In the second part of Section 3 countries and qualifications in the GAER 2012 sample are compared in order to identify similarities and differences. The data for the comparison come from public sources. The objective of the comparison is to test the methodology, not to actually establish substantial equivalence between qualifications. If two institutions consider a MRA between their qualifications self-assessment by the applicant body and review by the recognition body are necessary to establish the facts that lead to the conclusion that substantial equivalence is achieved. This is a bilateral process in which each body is responsible for the self-assessment of its own qualification and for the review of the qualification of the other body. One of the purposes of the GAER 2012 study is to illustrate that use of a standard methodology by both parties can be mutually beneficial and will facilitate comparison with other qualifications. A list of countries, professional accountancy organizations, and professional qualifications is presented in Appendix 1.

The analysis in Section 3 covers 23 professional accountancy organizations with 22 qualifications of accountants and auditors, in 16 countries. Some key findings are summarized here. For a more detailed comparison of qualifications reverence is made to the full report.

- *Country Information:* Countries have been considered from six regions, Asia & Pacific, Europe, Latin America, North America, and Sub Saharan Africa. Six countries in the sample have a common law system, eight have a civil law system, and two have a mixed legal system. In general common law countries have a more professional focus on accountancy education, whereas civil law countries have a more academic focus on accountancy education. The one major exception to this observation is the United States of America (USA). According to the World Economic Forum (WEF) classification [WEF, 2012] there is an overrepresentation of innovation driven and higher level efficiency driven countries.
- *Accountancy Profession:* All professional accountancy organizations are full member of IFAC and have to adhere to IFAC SMOs. This is a relevant proxy for achieved quality if the PAO is directly responsible for the subjects covered in the separate SMOs. For accountancy education this is an important consideration as some PAOs have full responsibility for the qualification of their members, others have partial responsibility, and some have no responsibility at all. This distinction is discussed under the next bullet point. Regional and global affiliations can be relevant for recognition purposes but only if specific requirements are in place. Three examples are mentioned here. The European Union (EU) 8th Directive sets standards for auditor qualifications and is important for recognition and practice rights inside the EU. The GAA requires its member bodies to comply with high professional standards for the PAO and its qualification. The GAA actively promotes MRAs between its members. The CCI in the EU sets accountancy education standards beyond IES and EU requirements. Interestingly it has not yet actively promoted MRAs that go beyond EU recognition. Finally two observations are made on existing MRAs for PAOs in the countries that have been considered. First, the vast majority of MRAs exists in English speaking, common law countries. Second, many PAOs in that group are connected to others in the group. However all MRAs are treated as strictly bilateral and there is no evidence of a more international approach.
- *Characteristics of Accountancy Education:* Almost all PAOs in the sample have mandatory programs of professional accountancy education, practical experience requirements, final assessment of professional capabilities and Continuing Professional Development (CPD). The one area with major differences is that of academic requirements. In general these are mandatory in civil law countries but not always in common law countries. As cooperation between universities and professional institutes increases, providers of accountancy education mostly come from both sides. There are only a few cases in which only universities, or only PAOs provide accountancy education. Certainly when CPD is included in the analysis cooperation with sharing of expertise is the usual situation. Government agencies do not play a

role as providers of accountancy education. However, governments and government agencies play an important and increasing role when responsibility for qualification requirements is considered. In most countries there is a shared responsibility between the government or government agencies, and the profession. This can be official and based on regulation, but also a result of practical cooperation. In the GAER 2012 sample there are no qualifications for which universities have sole responsibility.

- *Compliance with International Education Standards:* In most countries compliance with IES is not mandatory. However, for most qualifications the IES are regularly considered, either every year or every two years. This is not true for all countries. Obviously the use of IES in a country as benchmarks for accountancy education influences the result of the benchmarking exercise as countries can base their qualifications on other standards. An important example is the USA in which country the Uniform Accounting Act is the standard to observe. The GAER 2012 study confirms the conclusion in the GAE 2012 report [Karreman, 2013] that “the IES can play an important role in achieving comparability of professional qualifications, education and training of accountants and auditors”. However it also confirms that “for the consideration of results due attention should be given to the influence of country characteristics”. At the very least there is a willingness in many countries to use the IES as benchmarks to achieve comparability of qualifications.

Specific requirements are not mentioned here as they are the responsibility of standard setters in a country and depend on local circumstances. As such specific requirements cannot be benchmarked against international standards and are not included in the benchmarking methodology.

Section 4: Overall Conclusions

The overall conclusions in Section 4 are based on a comparison of the results of the study with the research questions in Section 1. Basis for the summary here in the Executive Summary is the trial use of the benchmarking methodology for the professional qualifications of accountants and auditors that are included in the GAER 2012 sample.

- RQ 1 –The elements of a competency framework for accountants and auditors have been identified.
- RQ 2 – The resulting competency framework is the basis for a benchmarking methodology that can promote recognition of qualifications and contribute to international mobility of accountants and auditors.
- RQ 3 – It is possible to move from mutual recognition between countries to a more general approach of international recognition if standard setters accept International Education Standards and other applicable international regulation as basis for the comparison of qualifications.
- RQ 4 – The general elements of education, identified and evaluated through GAER 2012 are conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition.

The conclusions are the responsibility of the researchers. It is important to note the limits of the GAER 2012 study. The study shows that comparison of professional qualifications of accountants and auditors for the establishment of MRAs can be based for a significant part on international standards. Whether this actually happens is the responsibility of standard setters and as such outside the scope of GAER 2012.

Potential areas for future use of the GAER 2012 benchmarking methodology can be identified, for example:

- Evaluate the accountancy education component of present MRAs.
- Identify candidates for new MRAs.
- Review MRA recognition criteria.
- Develop more standard evaluation of professional qualifications.

The researchers express the hope that their efforts will prove to be useful for the development of international cooperation in general and for recognition of qualifications in particular. We look forward to feedback, questions and suggestions from NASBA, and to future opportunities to discuss relevance and follow up of the study.

Section 1 Research Objectives and Method

1.1 Research Proposal and Grant Agreement

The objectives of the Global Accountancy Education Recognition Study (GAER 2012) are formulated in the research proposal that was submitted to NASBA. The research proposal was accepted as basis of the research study in the research grant agreement between NASBA and Dr Gert Karreman. The agreement sets out the conditions for the research project. The research proposal is incorporated as an integral part of the agreement. Both the research proposal and the agreement are included in a separate report to NASBA that gives an overview of research planning and progress, and of consultations with NASBA.

The GAER 2012 research is placed in the context of developments of the global financial infrastructure and the increasing need for comparability of professional qualifications of accountants and auditors. The next three sections of this report are directly based on the research proposal. They cover problem statement and relevance, advancement of previous research, and the research methodology. In the research methodology specific attention is given to research objectives and questions. A core model of accountancy education is introduced for the comparative analysis of accountancy education in the countries that are included in the recognition study. Attention is given to the research and project plan, and to the intermediate and final status reports. In the last section of Section 1 expected results and benefits of the study, as included in the research proposal, are repeated as benchmarks for the evaluation of the results of the study in Section 4.

1.2 Problem Statement and Relevance

The overall objective of GAER 2012 is to provide an analysis and comparison of the recognition of the qualifications of accountants and auditors in selected countries around the world. The analysis considers the principle of substantial equivalence for professional and general education, practical experience and licensing. A benchmarking methodology is developed that is based on the core competences and capabilities that should be achieved through accountancy education and training. The complementary roles of the stakeholders in the accountancy value chain are considered, including international standard setters, government agencies, professional associations and accreditation boards. The results of the research study are intended to contribute to the transparency of the international recognition of qualifications and should facilitate international mobility of accountants and auditors.

Previous studies have shown that increasingly the IES of the IAESB are relevant as benchmarks on a country level. Applicable international standards and regulation are considered, including the EU Directives for Auditors and the evaluation criteria of the USA IQAB. The selection of research questions is driven by the market demand for capacity, mobility and international recognition. In particular for the qualification of auditors there is an increased need for comparison and recognition. The results of the study are highly relevant for regulators, for group auditors and for other stakeholders. Consultations with international institutions and experts have confirmed that there is a need for the recognition study.

1.3 Advancement of Previous Research

GAER 2012 builds on previous research in the global development of accountancy education and the global financial infrastructure that was conducted under the responsibility and/or with participation of the researchers.

GAE 2012 "Dynamics of Global Accountancy Education" [Karreman, 2013] analyses competences and capabilities of accountants and auditors in selected countries around the world. A competency framework for accountancy education has been developed that includes qualification requirements, general and professional education, practical training and experience, as well as continuing professional development for accountants and auditors. IES are used as benchmarks. Global Accountancy Education

(GAE) 2012 results will support the recognition of qualifications as a means for international mobility. Specific attention is given to the requirements of ISA 600 on audits of group financial statements and the work of component auditors.

ADI 2011 "Measuring Country-level Accountancy Performance and Achievement" [Phelps, 2011] is a global benchmarking study of the accountancy environment that includes accountancy education. Using international standards and best practices in the areas of accounting and auditing, the ADI provides a numerical benchmark of a country's position at a point in time and its progress toward greater implementation of these standards and practices. Mindful of the multi-faceted nature of accountancy due care was taken to build an adaptable and flexible performance measurement methodology. To convert the ADI Framework into a format that can be used for benchmarking milestones were selected to cover the main characteristics of each of the pillars. Mapped to the milestones are indicators measuring not only the level of adoption, but also the level of implementation of the various milestones – a key component for understanding development of the accounting infrastructure.

GAE 2007 "Trends in Global Accounting Education" [Karreman, 2007] resulted in a global analysis of developments in accountancy education in the same group of 32 professional bodies in 25 countries that were selected for the GAE 2002 study that is mentioned below. The comparison between countries covered: global coordination of accounting education; standards and regulation; globalisation and convergence; programme development; competence education in professional accounting; and, accelerating educational change. The publication also contained updated summaries of systems of accountancy education in each country that was included in the study. Three out of four professional bodies indicated developments in regulation. The drive to cover international standards is both government driven and based on initiatives of professional bodies to modernise their governance structure. Public oversight of the accountancy profession also influences the regulation of professional qualifications. Almost all professional bodies in the study have changed or are changing their qualification standards. Qualification and licensing requirements for auditors have gained importance, even for professional bodies of accountants. CPD requirements are considered by many professional bodies as part of the qualification standards. Internal and external quality control is often strengthened. Across the range of countries competence based assessment gets increasing attention.

GAEB 2005 "Global Accounting Education Benchmarking" [Phelps, Karreman, 2005] is a regional benchmarking study of accountancy education. The primary objective of the GAEB project was to contribute to measurable progress in the professional qualification, education and training of accountants and auditors as a means to facilitate compliance with international standards and directives and integration into the global economy. Quantitative parameters were chosen to reflect the urgency of development. Country participants were asked to assess their own systems. After external validation this was the basis for decisions on priorities for immediate and future development. Relative assessment reflecting the development stage is more suitable to promote growth to sustainable systems than trying to design absolute measures from 'poor' to 'excellent'. A simple Yes/No scorecard does not reflect variations and for that reason was not used. Evaluation with the external assessors has confirmed that the benchmarking methodology is an important tool to compare local and regional professional development and accountancy.

GAE 2002 "Impact of Globalisation on Accountancy Education" [Karreman, 2002] is a global study that resulted in the classification of accountancy education based on the analysis of professional qualification, education and training of 34 professional bodies in 25 countries. The research participants came from academic and professional institutes and together covered all relevant areas of expertise. The development of a conceptual model for the classification of accountancy education systems in various parts of the world is a key element of the GAE research project. Classification was chosen as an efficient way of describing and comparing different systems for accountancy education. Major changes in legislation, regulation, world trade and in the accountancy profession during the last decade and results of globalisation to be expected in the next period made it essential to develop a flexible model with well-defined parameters, which in themselves are supposed to be constant in time,

but allow systems of accountancy education to move from one state to another by changing the values of the parameters.

1.4 Research Methodology

GAER 2012 is placed in the context of the global development of the qualification, education and training of accountants and auditors in alignment with the revised IES and other applicable requirements. Its overall objective is to support international cooperation and mobility through providing an understanding of recognition requirements and achievements for the qualifications and experience requirements of accountants and auditors. Standard setters, oversight regulators, issuers and users of financial reports all rely on the professional competences and capabilities of accountants and auditors.

At present mostly mutual recognition of qualifications is relevant for the international mobility of individual accountants and auditors. However, in multinational accountancy organizations international mobility does not depend on recognition alone. Clarifying existing recognition systems will also promote mutual understanding as a basis for international cooperation. In this regard it is important to note that ISA 600 requires a group auditor to obtain an understanding of (among others) the component auditor's professional competence. To comply with this requirement understanding of local education and training is necessary. In this regard GAER 2012 will give specific attention to the impact of IES 8 for Audit Professionals, the requirements of the USA IQAB and the EU regulation for auditors.

Specific research questions are considered as basis for a benchmarking methodology for the recognition of accountant and auditor qualifications between countries:

- RQ 1 – What are the elements of a competency framework for accountants and auditors?
- RQ 2 – How can the use of a competency framework promote recognition of qualifications and contribute to international mobility of accountants and auditors?
- RQ 3 – Is it possible to move from mutual recognition between countries to a more general approach of international recognition?
- RQ 4 – Are these general elements of education, identified and evaluated through GAER 2012, conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition?

Regional regulation and agreements are considered in the context of a competency framework that covers qualification, professional education, practical experience and CPD of accountants and auditors. Equivalences between competency elements in different countries and regions are identified that can be used to further develop recognition and promote cooperation based on understanding of achieved capabilities.

Due care is taken to use classification criteria for the selection of a globally representative mix of countries with specific attention to legal background (common law, civil law), stages of economic development and differences between regions. The recognition of qualifications is of particular interest for developed countries and higher-level developing countries with stock exchanges, listed companies and a functioning accountancy profession that includes regulation for accountants and auditors. Membership in the Organization for Economic Co-operation Development (OECD) is considered as one of the selection criteria.

The research methodology for GAER 2012 can be identified as theoretical modelling with the use of classification criteria for accountancy education. For individual countries recognition of qualifications will be identified and compared with the relative adoption and implementation of IES; cultural, legal and economic background will be considered as key influences.

1.5 Core Model of Accountancy Education

A GAER 2012 core model of accountancy education provides the background for the comparative analysis of accountancy education in the countries that are included in the recognition study. It can be used for the comparison of accountancy education systems in various parts of the world. The model was developed during the GAE 2002 classification study [Karreman, 2002] and updated for the GAE 2012 research study [Karreman, 2012] to include all actors that are relevant for accountancy education. The model includes country characteristics and international developments as key influences on the academic and professional elements of accounting education. The core elements of accountancy education are placed in the centre of the model. The complex environment of accountancy education is illustrated in Box 5 Core Model of Accountancy Education at the end of Section 1. In this relational model three levels are distinguished that are considered to be relevant for accountancy education. On the upper row the accountancy profession is influenced by the demands of the global financial infrastructure and by standard setters and regulators. Accountancy education on the middle row is placed between country characteristics and international developments. Country characteristics of accountancy education are summarized in the lower row influenced by stakeholders and international cooperation.

Recognition of the qualifications of accountants and auditors between countries at present largely depends on national regulation. This makes it a challenge to find an objective and transparent method to establish substantial equivalence between qualifications as a basis for mutual recognition agreements. The method that is followed in this study starts with a competency framework for accountants and auditors that is based on the IES and comparable international regulation. This is followed by systemic consideration of country characteristics as basis for a recognition framework. Finally a benchmarking methodology is developed based on the elements of the recognition framework. The research methodology for GAER 2012 can be identified as theoretical modelling with the use of classification criteria for accountancy education.

1.6 Research and Project Plan

The GAER 2012 Research and Project Plan is based on the research proposal and grant agreement that are mentioned in Section 1.1. NASBA agreed with the plan as basis for research activities and planning. Regular status reports were submitted to NASBA for comments and agreement. Both the research and project plan and the status reports are attached to the report. Together the status reports covered major topics of the research study.

- First Periodic Status Report: proposed competency framework for accountancy education and a draft conceptual model for comparison (benchmarking) of professional qualifications of accountants and auditors
- Second Periodic Status Report: collection of data, analysis of the recognition of accountancy qualifications in countries and regions, recognition framework, and data collection tool
- Third Periodic Status Report: review and finalization of the conceptual model, comparison of results, preparation of the final report
- Final Periodic Status Report: benchmarking methodology and preparation of the final report

Results of discussions with NASBA have been incorporated and are now integrated in the text of the research report. The planning stages from the research and project plan have been followed, with some agreed changes in actual delivery. The final periodic status report was submitted end April 2013 and the draft final report before end May 2013. The draft final report is submitted to NASBA in August 2013.

1.7 Expected Results and Benefits

According to the research proposal the GAER study makes available a first ever systematic and detailed comparison of existing bilateral and multilateral recognition of qualifications of accountants and auditors in selected countries and regions around the world. The use of a conceptual model for accountancy education makes it possible to identify the major elements that have to be considered in recognition agreements: general and university education; professional accountancy education and training; final assessment of professional competence.

Understanding of the recognition of qualifications is of major relevance for different groups of stakeholders which all have their specific responsibilities and priorities in the accounting value chain.

- Standard Setters: Promoting international mobility and cooperation through standards.
- Professional Bodies: Identifying areas for improvements in international recognition.
- Professional Accountants and Auditors: Understanding recognition and comparability of the qualifications of accountants and auditors as a basis for international cooperation.
- Education Providers: Identifying areas for further human and institutional capacity building.
- Oversight Regulators: Focus attention on adoption and implementation of international accounting education standards and issues relating to proper enforcement.
- Issuers of Financial Reports: Understanding human resources requirements and capacity.
- Users of Accounting and Auditing Services: Understanding human resources requirements and capacity.
- Other Stakeholders, including Donors: Understanding necessity and impact of development initiatives.

In Section 4 of the report, the results of the research study are compared with the original expectations. Particular attention is given to the four research questions that are included in section 4.1:

- RQ 1 – What are the elements of a competency framework for accountants and auditors?
- RQ 2 – How can the use of a competency framework promote recognition of qualifications and contribute to international mobility of accountants and auditors?
- RQ 3 – Is it possible to move from mutual recognition between countries to a more general approach of international recognition?
- RQ 4 – Are these general elements of education, identified and evaluated through GAER 2012, conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition?

Box 5 Core Model of Accountancy Education

Global Financial Infrastructure	Accountancy Profession	Standard Setters and Regulators
Professional expertise of accountants and auditors is a necessary condition for the functioning of the global financial infrastructure	IAESB IES for Qualifications of Professional Accountants and Auditors and IFAC Compliance Program for Professional Accountancy Organizations	International, regional and country standard setters are responsible for IFRS, ISAs and comparable standards that regulate the functioning of the global financial infrastructure
Country Characteristics	Accountancy Education	International Developments
<p>Differences between countries</p> <ul style="list-style-type: none"> • Cultural background • Legal system • Economic position • Higher education <p>Country characteristics define the regulatory environment and the structure of accountancy education in a country</p>	<p>Core elements of accountancy education</p> <ul style="list-style-type: none"> • Professional qualification objective and standards • Final examination of professional competence • Professional education • Practical experience • General education 	<p>Codification based on international developments</p> <ul style="list-style-type: none"> • Standards • Guidelines • Directives <p>IES of the IAESB can be used as benchmarks for international comparability and recognition of qualifications</p>
Accounting in the public interest	Characteristics of accountancy education	International cooperation
<p>Stakeholder approach to accountancy education</p> <ul style="list-style-type: none"> • Standard setters • Professional accounting and auditing bodies • Government agencies • Regulators • Donors • Educators • Investors <p>Cooperation between stakeholders is a necessary condition for accountancy education that is relevant on the country level and compliant with international standards</p>	<p>Certification requirements: professional accountancy education, practical experience, final assessment, CPD</p> <p>Providers: professional accountancy organizations, universities and education institutes, government</p> <p>Responsibility: government, government with the profession, professional accountancy organization, universities</p> <p>Licensing: academic study, practical experience, licensing examination, CPD and/or re-examination</p>	<p>Global and regional initiatives</p> <ul style="list-style-type: none"> • IAAER academic and professional partnership • UNCTAD capacity building initiative • Regional academic associations • Global accountancy firms and professional associations • Twinning <p>International networks play an important role in achieving comparability and progress</p>

Section 2 Analysis of Country Characteristics

2.1 Competency Framework

A competency framework that covers qualification, professional education, practical experience and CPD of accountants and auditors that is available from previous GAE research is presented in Box 6 Competency Framework on the next page (Karreman, 2013). The framework is divided in General Characteristics, Accountancy Education and Competency Pillars. Regional regulation and agreements are considered as part of General Characteristics. The content of Accountancy Education is based on the IES. For comparison between qualifications the last part of the framework is essential in which four Competency Pillars that are based on the IES are distinguished:

- Pillar 1, Personal Development: university entrance level and academic study; professional skills and general education; professional values, ethics and attitudes
- Pillar 2, Professional Accountancy Education: accounting, finance and related knowledge; organizational and business knowledge; information technology
- Pillar 3, Professional Development: practical experience requirements; assessment of professional capabilities and competence; continuing professional development
- Pillar 4, Competence for Audit Professionals

The competency pillars cover qualification, professional education, practical training and CPD of accountants and auditors. The framework is based on the 'Framework for International Education Standards for Professional Accountants' that is published by the IAESB³, and on classification criteria. Use of the framework makes it possible to refer to the most recent version of applicable standards, to update information about countries that are included in the study, and to add new countries in a later stage.

The competency elements are the basis for the comparison of professional qualifications of accountants and auditors and for the design of the benchmarking methodology. Equivalences between competency elements in different countries and regions are identified that can be used to further develop recognition and promote cooperation based on understanding of achieved capabilities. The GAER research methodology is intended to assist policy makers in addressing recognition of qualifications of accountants and auditors between countries.

Country characteristics of accountancy education can be used to identify differences between countries. They are based on an overview used by IFAC for its compliance program for member bodies⁴.

- Certification Requirements: professional accountancy education, practical experience, final assessment, continuing professional development
- Providers: professional accountancy organizations, universities and education institutes, government
- Responsibility: government, government with the accountancy profession, professional accountancy organizations, universities
- Licensing: academic study, practical experience, licensing examination, continuing professional development and/or re-examination

Effectively, accountancy education can be compared in five steps that identify the hierarchical levels of the classification model: regulation, final examination, professional education in combination with practical experience, general education and life-long learning. In the analysis a bi-polar approach to comparative accountancy education will be used with a distinction in the academic part and in the professional part.

³ IFAC, International Standard Setting Boards, Education, www.ifac.org

⁴ IFAC, Membership & Compliance Program, www.ifac.org/about-ifac/membership

Box 6 Competency Framework

General Characteristics	Considerations
Country Characteristics	Legal system, economic position, region
Professional Characteristics	Professional regulation and recognition
Qualification Characteristics	Practice rights of accountants and auditors
	International recognition of qualifications
Accountancy Education	Standards and Implementation Guidance
<i>Conceptual Framework</i>	IAESB Framework for IES
<i>Pre-Qualification</i>	
Entry Requirements	IES 1 – Entry Requirements Professional Accountancy Education
Knowledge, Skills and Attitudes	IES 2 – Content of Professional Accountancy Education
	IES 3 – Professional Skills & General Education
	IES 4 – Professional Values, Ethics & Attitudes
<i>Practical Experience</i>	IES 5 – Practical Experience Requirements
<i>Assessment</i>	IES 6 – Assessment of Professional Capabilities & Competence
<i>Post-Qualification</i>	
Life-Long Learning	IES 7 – Continuing Professional Development
Specialization	IES 8 – Competence Requirements for Audit Professionals
Competency Pillars	
<i>Personal Development</i>	University Entrance & Exit Level (IES 1 and IES 2)
	Professional Skills & General Education (IES 3)
	Professional Values, Ethics & Attitudes (IES 4)
<i>Professional Accountancy Education</i>	Accountancy, Finance & Related Knowledge (IES 2)
	Organizational & Business Knowledge (IES 2)
	Information Technology (IES 2)
<i>Professional Development</i>	Practical Experience Requirements (IES 5)
	Assessment of Professional Capabilities & Competence (IES 6)
	Continuing Professional Development (IES 7)
<i>Competence for Auditors Professionals</i>	Advanced Professional Knowledge (IES 8)
	Advanced Professional Skills, Values, Ethics & Attitudes (IES 8)
	Advanced Practical Experience, Assessment & CPD (IES 8)

2.2 Recognition Framework

A recognition framework can be used for comparison between countries that already have, or want to establish MRAs. The main parameters in the recognition framework are discussed in this section. The objective of the establishment of a recognition framework is to promote international cooperation and mobility through providing an understanding of recognition requirements and achievements for the qualifications and experience requirements of accountants and auditors. The framework starts with a discussion of the position of stakeholders. This provides an opportunity to consider the selection of recognition criteria that are relevant from a variety of viewpoints. Background information about the countries that are considered in the study and about the accountancy profession in the countries helps to understand the environment of accountancy education. For discussions of and decisions on recognition of qualifications it is necessary to understand the characteristics of accountancy education in a country. The elements of the competency framework for individual accountants and auditors are embedded in the recognition framework. Consideration is given to the level of adoption and implementation of applicable international standards and to systems of academic and professional quality control that are in existence. Finally a distinction is made between two forms of recognition, recognition of qualifications and recognition of practice rights. As part of the benchmarking methodology metrics will be made available to evaluate substantial equivalency between qualifications with a focus on the quality of outputs.

General country characteristics are summarized in Box 6 Competency Framework. They are included in the framework to help understand the environment of the qualification, education and training of professional accountants and auditors.

Due care was taken to use classification criteria for the selection of a globally representative mix of countries with specific attention to legal background (common law, civil law), stages of economic development and differences between regions. The recognition of qualifications is of particular interest for developed countries and higher-level developing countries with stock exchanges, listed companies and a functioning accountancy profession. Membership of the OECD⁵ (*) is considered as one of the selection criteria. In the pilot study countries are included from North America, the European Union and other key regions.

- Asia & Pacific: Australia*, Hong Kong, India, Japan*, and New Zealand*
- Europe: Czech Republic*, France*, Germany*, Netherlands*, United Kingdom* (all from the EU) and Turkey*
- Latin America: Brazil* and Mexico*
- North America: Canada*, and USA*
- Sub Saharan Africa: South Africa*

Data gathering for previous studies was largely based on the use of questionnaires supplemented by available literature. Due to the rapid development of accounting education and research in particular after 2004 when the IES were introduced, it is now possible to make more general use of data from public sources with additional data finding when necessary. To facilitate the collection and comparison of data a relational data structure is used that becomes available through GAE research activities.

2.3 Position of Stakeholders

It is of interest to consider how some major players approach the recognition of qualifications and whether their conclusions are based on applicable international standards for professional qualifications of accountants and auditors. In the analysis three standard setters are considered and three professional conglomerates.

⁵ OECD, Organization for Economic Cooperation and Development, www.oecd.org

Standard Setters: The position of standard setters is an important consideration for recognition of qualifications. The positions of the IAESB, the EU, and the IAASB are discussed here.

- *IFAC:* The IFAC SMOs summaries the requirements for IFAC member bodies. SMO 2 requires compliance with IES that are prescribed by the IAESB by IFAC member bodies. According to IFAC “globally accepted standards should minimize differences between countries and jurisdictions, thus reducing international differences in the requirements to qualify and work as a professional accountant”. IFAC does not address responsibility for qualifications and accepts differences between countries. The IES are promoted as benchmarks; recognition of qualifications between countries is not considered as a specific subject.
- *European Union:* Qualification requirements for auditors are included in the EU 8th Directive (EU, 1984); EU Member States must include the requirements in national law. The requirements cover university entrance level, program subjects relevant for auditors, practical experience in an auditing environment, assessment at university final examination level, and CPD. The EU only regulates auditors in view of their public function; there is no regulation for accountants. Each Member State has to establish procedures for the approval of statutory auditors from other Member States. At present an aptitude test is required that is limited to national law and professional rules relevant for auditors. In future it may also be possible for candidates to choose an adaptation period.
- *ISA 600:* The IAASB is responsible for ISA 600⁶. According to ISA 600 a group engagement team has, among others, to obtain an understanding of the component auditor’s professional competence. ISA 600 does not refer to applicable international standards on the qualification, education and training of local experts. It can be argued that this creates uncertainty for the selection of benchmarks that can ensure that ISA 600 requirements are met.

There are two major differences between IFAC and EU regulation. The IFAC IES cover competence requirements for accountants and auditors. Although the IES are increasingly used as country benchmarks, they are only mandatory when a professional accountancy organization is responsible. The EU 8th Directive is mandatory for auditors, the position of accountants is not considered; the requirements are implemented in national law for each country in the EU. For consideration outside the EU it is necessary to consider that EU auditor qualifications are considered to be equivalent. The requirements of the 8th Directive are so general that actually major differences between EU countries still exist. This has to be taken into account when recognition of auditor qualifications between EU countries and countries outside the EU is considered. The review of the component auditor’s competence required by ISA 600 is not based on consideration of any international standard.

Conglomerates: In the recognition framework the position of three professional conglomerates is considered, IQAB, CCI, and GAA.

- *IQAB:* In the USA NASBA⁷, representing the regulators, and the American Institute of Certified Public Accountants (AICPA), representing the profession, have a joint board (IQAB) which researches and recommends potential MRA partners. State Boards of Accountancy have sole authority regarding the acceptance of the MRAs. Through an MRA qualified professional accountants from another country can practice in the USA without having to completely re-credential; similar recognition is given to USA Certified Public Accountants (CPAs) who wish to practice in that same country. The IQAB comparison is based on substantial equivalence in the areas of education with a focus on degree requirements, examination and experience as stated in the Uniform Accountancy Act (UAA). Reference is not made to compliance with IES. The procedure considers competence of accountants; licensing requirements are not included.

⁶ IFAC, International Standard on Auditing 600: Special Considerations Audits of Group Financial Statements

⁷ NASBA, National Association of State Boards of Accountancy, www.nasba.org

- *CCI*: Nine professional accountancy organizations from six EU countries⁸ cooperate in CCI⁹ for which a specific approach has been chosen. The participants have developed a largely common program that is aimed at five core areas in which entry level accountants work: Assurance & Related Services, Performance Measurement & Reporting, Strategic Business Management, Financial Management, Taxation & Legal Services. Requirements include compliance with applicable international standards, university entrance and final qualification level, quality assurance, an integrated approach to learning and higher level skills. Due to differences between countries it has not yet been possible to achieve a general recognition of qualifications in the group.
- *GAA*: GAA is an alliance of eleven professional bodies in significant capital markets¹⁰. Areas of endeavour include support for the GAA Passport Program, providing services to members working in GAA member body jurisdictions, and strengthening of the network of reciprocal membership and mutual recognition agreements. In doing so GAA promotes international portability and recognition of the respective national qualifications. The main components that are considered for the qualifying process are the characteristics of the professional body, the intake into the qualification, the learning process and the quality and consistency of the assessment system.

There are major differences in the approach to recognition by IQAB, CCI and GAA. IQAB bases its recommendations about possible MRAs on comparison with the CPA qualification requirements in the USA. There is no direct reference to the IES. The IQAB approach is normal procedure when authorities in a country want to establish MRAs. Major reasons for its relevance are the international scope and influence of the US CPA qualification. CCI has chosen a different approach by developing its own core program for the qualification, education and training of accountants and auditors to which are added general requirements: compliance with international standards, university level and quality control. GAA in comparison with CCI is a global organization of professional bodies that, as does CCI, adhere to international standards. GAA has a broader objective than CCI but for both portability of qualifications is an important objective.

In Box 7, Country Data and Recognition Criteria, on the next page a summary is given of the relevance of recognition criteria for the standard setters and conglomerates that are considered in this section. In the first column country data are divided in general characteristics, characteristics of accountancy education and compliance with IES. In the second column an overview is presented of the application of country data by standard setters and conglomerates.

Overall it has to be concluded that there is no global comparable approach to the establishment of mutual recognition agreements and practice rights between countries. Recognition is not considered by the IAESB or in the IFAC compliance program for professional accountancy organizations. The use of IES as benchmarks for recognition is not actively promoted by IFAC although the use of IES as benchmarks for accountancy education is one of the objectives of the IAESB. In ISA 600 that is published by the IAASB group auditors are required to check on the competence of component auditors but no reference is made to the application of IES for that purpose. The EU requirements for auditors are mandatory for EU member countries; they are comparable to the IAESB requirements for auditors with one major difference. According to IFAC an auditor is a specialized accountant; the EU does not consider the position of accountants. As there are no clear international requirements, and as a result of major differences between systems of qualification, education and training of accountants and auditors in separate countries, there is no standard approach to recognition of qualifications and practice rights. This is illustrated by examples from IQAB, CCI and GAA.

⁸ France, Germany, Ireland, Italy, Netherlands, and United Kingdom

⁹ CCI, Common Content Initiative, www.commoncontent.com

¹⁰ Australia, Canada, Germany, Hong Kong, Ireland, Japan, New Zealand, South Africa, United Kingdom, and USA

Box 7 Country Data and Recognition Criteria

Country Data	Recognition Criteria
General Characteristics	IFAC, EU, ISA 600; IQAB, CC, GAA
1. Country Information Benchmarks are not applicable	Not considered by IFAC, in ISA 600, by CCI and GAA All EU member countries must implement EU Directives in national law IQAB considers cultural, business and economic environment during MRA evaluation
2. Accountancy Profession IFAC SMOs as benchmarks for the accountancy profession; influence of EU Directives on the accountancy profession	IFAC member bodies must comply with SMO 2 EU countries must comply with the 8 th Directive IQAB structure and administration of the profession CCI and GAA good standing of the profession
Characteristics Accountancy Education	
3.1 Certification Requirements: - program content; - practical experience; - assessment; - CPD Certification requirements depend on country regulation, with or without consideration of international standards	IFAC IES as requirements for accountants and auditors EU and ISA 600 no requirements for accountants EU Directive program content, practical experience, assessment and CPD for auditors; university entrance level; final examination at university exit level IQAB accredited university degree and professional requirements; assessment and practical experience CCI common program requirements, based on IES and EU GAA consideration of professional qualifications
3.2 Providers of Professional Education: - professional accountancy organizations; - universities and/or education institutes; - government bodies Variation between countries depending on systems for higher education and training	Not considered by IFAC, by the EU, and in ISA 600 IQAB content and accreditation of university degrees CCI quality control for all providers GAA quality control of professional bodies
3.3 Responsibility for Education Requirements: - government or government agency; - government with the profession; - professional accountancy organizations; - universities Variation between countries depending on systems for higher education and training	Not considered in ISA 600, by IQAB, CCI and GAA IFAC SMO 2 limited responsibility of member bodies EU examination of professional competence for auditors organized or recognized by the Member State
3.4 Licensing Requirements for Auditors only: - academic study; - practical experience; - licensing or final qualifying examination; - on-going requirements (CPD, examination) Variation between countries depending on systems for higher education and training	Not considered by IQAB and GAA IFAC IES 8 advanced requirements for auditors EU 8 th Directive stand-alone requirements for auditors ISA 600 check on professional competence of component auditor; no applicable standards CCI program complies with IES 8 and EU 8 th Directive
Compliance with IES	
4.1 Personal Development 4.2 Professional Accountancy Education 4.3 Professional Development 4.4 Competence Requirements for Auditors IES as benchmarks for comparison of accountancy education between countries	IFAC IES 1 - 7 for accountants and IES 8 advanced requirements for auditors EU 8 th Directive program content, practical experience and assessment for auditors; no requirements for accountants

2.4 Country Characteristics

Country characteristics that are relevant for the establishment of substantial equivalence between professional qualifications are discussed in the present section. In Step 1 general country information is considered as background to help understand the position of the country. The data themselves will not be criteria for recognition. The focus in Step 2 is on the position of the accountancy profession. Step 3 is dedicated to the characteristics of the system of accountancy education. Achieved compliance with IES is the core of Step 4. Finally in Step 5 country specific requirements are considered. For each step the use of criteria by standard setters and conglomerates is summarized. Overall the Recognition Framework that was introduced in section 2.3 is intended to be of assistance to standard setters, regulators and other institutions that want to consider the establishment of an MRA in a structured and internationally comparable way. In Section 3 a benchmarking methodology for comparison is introduced with a separate data collection tool.

Step 1, Country Information: General background information about a country can help to understand the position of a country and the relevance of mutual recognition agreements at a certain time. Factual data to be collected are population in millions, Gross Domestic Product (GDP) per capita in United States Dollar (USD), business language(s), legal system (common law, civil law, or mixed) and economic position. To help understand differences between countries it is relevant to consider classification criteria. According to the GAE 2002 study [Karreman, 2002] legal system and economic position are independent variables. For legal system a distinction is made between common law, civil law and mixed. Due to the influence of international standards and regulation the number of systems that have to be considered mixed has increased. Canada has a common law system except in Quebec where civil law based on the French civil code prevails. For the overall position of a country the WEF makes an interesting distinction. The WEF Competitiveness Index developed three stages of development and placed all countries into one of the three. The three stages are factor driven, efficiency driven, and innovation driven. The level of competitiveness increases as a country moves from factor driven (low skilled labour and natural resources) to efficiency driven (more efficient production processes and increased product quality) to innovation driven (new and different products, services and processes). Naturally as a country moves upwards in the WEF classification, the needs for accountancy services and qualified accountants and auditors will also increase.

General country information is summarized in Box 8 Country Selection and Characteristics on the next page. In the last column country information is mentioned that is available in previous GAE 2002, 2007 and 2012 studies [Karreman, 2002, 2007, 2013], in the Global Accountancy Education Benchmarking (GAEB) 2005 study [Phelps & Karreman, 2005], in the ADI pilot study [Phelps, 2011] and in the Reports on the Observance of Standards and Codes (ROSC) Accounting and Auditing¹¹. Information about PAOs in a country can be found on the IFAC website¹². The compliance information consists of three parts: Part 1, Regulatory and Standard-Setting Framework; Part 2, SMO Self-Assessment; and, Part 3, Action Plans.

¹¹ ROSC, Reports on the Observation of Standards and Codes, Accounting & Auditing, World Bank, www.worldbank.org

¹² IFAC, International Federation of Accountants, About IFAC, Membership & Compliance Program, www.ifac.org

Box 8 Country Selection and Characteristics

Country Selection and Characteristics			
Country	Legal	Economic	Information
Asia & Pacific			
Australia	Common law	Innovation	GAE 2002, 2007, 2012; ADI
Hong Kong	Mixed	Innovation	GAE 2002, 2007, 2012; ADI
India	Common law	Factor	GAE 2002, 2007, 2012; ROSC 2004
Japan	Civil law	Innovation	GAE 2002, 2007, 2012
New Zealand	Common law	Innovation	GAE 2002, 2007, 2012
European Union			
Czech Republic	Civil law	Innovation	GAE 2002, 2007, 2012; ADI; ROSC 2003; GAEB 2005
France	Civil law	Innovation	GAE 2002, 2007, 2012; ADI; GAEB 2005
Germany	Civil law	Innovation	GAE 2002, 2007; GAEB 2005
Netherlands	Civil law	Innovation	GAE 2002, 2007, 2012; ADI
United Kingdom	Common law	Innovation	GAE 2002, 2007, 2012; ADI; GAEB 2005
Eurasia			
Turkey	Civil law	Efficiency	GAE 2002, 2007, 2012; ADI; ROSC 2005
Latin America			
Brazil	Civil law	Efficiency	GAE 2012; ADI; ROSC 2005
Mexico	Civil law	Efficiency	GAE 2002, 2007, 2012; ADI; ROSC 2004
North America			
Canada	Common law and civil law	Innovation	GAE 2002, 2007, 2012
USA	Common law	Innovation	GAE 2002, 2007, 2012; ADI
Sub Saharan Africa			
South Africa	Mixed	Efficiency	GAE 2002, 2007, 2012; ADI; ROSC 2003

From the group of standard setters and conglomerates only the EU and NASBA give some consideration to country information.

Step 2, Accountancy Profession: Mutual recognition of professional qualifications and practice rights of accountants and auditors is an important condition for international trade and development. Normally when an MRA is established this is based on consideration of substantial equivalence between qualifications. As accountants and auditors function as members of professional organizations, it is important to consider the quality of the profession. A proxy for this is full or associate IFAC membership of a PAO. IFAC member bodies are obliged to comply with the full set of IFAC SMOs¹³. Together the SMOs cover all applicable standards; a summary is included as Appendix 2. Through its compliance program IFAC annually reviews the status of the profession. Regional or global affiliations of PAOs help to clarify their position. Finally in Section 2 information is collected about the qualifications that are considered. The information in Step 2 is intended as a general benchmark when an MRA is considered.

¹³ IFAC, Membership & Compliance Program, www.ifac.org/about-ifac/membership

In Step 2 of the data collection tool the following information is collected about professional accountancy organizations:

- Name and web address of the PAO(s)
- IFAC membership (full member or associate member)
- Regional and/or global affiliations
- Professional qualifications of accountants and auditors
- Compliance with IFAC SMOs 1, 2, 3, 4 and 6
- Mutual recognition agreements

For benchmarking purposes a distinction is made between scope and relevance of separate SMOs. First there is a group of SMOs that are directly relevant for the accountancy profession and that in most cases fall under the responsibility of professional accountancy organizations.

- SMO 1, Quality Assurance;
- SMO 3, International Standards for Quality Control, Audit and Assurance;
- SMO 4, Code of Ethics; and,
- SMO 6, Investigation and Discipline.

The adoption and implementation of the standards in the SMOs are relevant benchmarks for the status of the accountancy profession.

Specific and separate attention should be given to SMO 2, International Education Standards. The adoption and implementation of IESs is an important benchmark for the quality of professional qualifications of accountants and auditors. The challenge is that while some PAOs can have almost complete responsibility for the qualifications of their members, others may have almost no responsibility for the professional expertise of their members. For this reason in the GAER 2012 study compliance with IES is considered on a country level, and not limited to the accountancy profession.

Finally there are two SMOs, SMO 5, International Public Sector Accounting Standards (IPSAS), and SMO 7, International Financial Reporting Standards, that are less relevant for the establishment of substantial equivalence between qualifications. For that reason SMO 5 and SMO 7 are not considered in the study.

From the group of standard setters and conglomerates only IFAC covers the accountancy profession in full. CCI and GAA consider the quality of the profession to be an important benchmark. NASBA and the EU concentrate on professional qualifications. Strangely enough the quality of the profession is not considered in ISA 600.

Accountancy Profession	IFAC	EU	ISA	IQAB	CCI	GAA
IFAC membership	1	0	0	0	1	1
Regional affiliations	1	0	0	0	0	0
Professional qualifications	1	1	0	1	1	1
Compliance with IES	1	0	0	0	1	1
Compliance with SMOs	1	0	1	1	1	1

Insight in existing recognition agreements between countries, both of qualifications and of practice rights will help to identify candidates for recognition. As not all recognition is mutual a distinction must be made between recognition from the home country to another country and recognition from another country to the home country. Even if recognition exists there almost always are specific entry requirements. These are included in the data collection tool. A distinction is made between country specific requirements like local law, tax and professional rules and general program requirements. The results of the analysis later in this report are summarized in matrix format for ease of access.

In the data collection tool information is collected about recognition of qualifications and practice rights.

Recognition of qualifications from the home country to other countries:

- List of countries and qualifications
- Overview of entry requirements

Recognition of qualifications from other countries to the home country:

- List of countries and qualifications
- Overview of entry requirements

Recognition of practice rights from the home country to other countries:

- List of countries and qualifications
- Overview of entry requirements

Recognition of practice rights from other countries to the home country:

- List of countries and qualifications
- Overview of entry requirements

IFAC as a standard setter does not show an interest in recognition of qualifications between countries. The EU on the other hand requires mutual recognition of audit rights inside the Union. Conglomerates concentrate on recognition of qualifications and do not actively consider practice rights.

Mutual Recognition	IFAC	EU	ISA	IQAB	CCI	GAA
Recognition of qualifications	0	1	0	1	1	1
Home country to other country	0	1	0	1	1	1
Other country to home country	0	1	0	1	1	1
Practice rights	0	1	0	0	0	0
Home country to other country	0	1	0	0	0	0
Other country to home country	0	1	0	0	0	0

Step 3, Characteristics of Accountancy Education: Before achieved quality of accountancy education can be considered, it is necessary to understand the system of accountancy education in a country. The subjects in Step 3 are based on the IFAC compliance program. First information is gathered about certification requirements, with a distinction in academic requirements, the program of accountancy education, practical experience, assessment and CPD. Second attention is given to the providers of accountancy education. Normally this is a mix of universities or other institutes of higher education, and professional organizations. Third responsibilities for education requirements are considered. As international regulation increases a shift can be observed from professional regulation to government regulation. Finally, in Section 3 licensing requirements for auditors are considered. The information in Step 3 not only helps to understand accountancy education in a country, it also gives insight in existing systems of quality control, whether these are professional, academic or a mixture. The issue of quality control is considered to be extremely important for the establishment of MRAs, although it is hardly mentioned as part of the IES.

In Step 3 of the data collection tool information is collected about the characteristics of accountancy education. The information is both quantitative (does the item exist) and qualitative (description).

Certification requirements

- Academic requirements
- Program of professional accountancy education
- Practical experience requirement
- Final assessment of professional capabilities

Providers of professional education

- Professional Accountancy Organization(s)
- Universities and/or education institutes
- Government bodies

Responsibility for education requirements

- Government or government agency
- Government with the accountancy profession
- Professional Accountancy Organization(s)
- Universities

Licensing requirements for auditors

- Academic study
- Practical experience
- Licensing or final qualifying examination
- On-going requirements (CPD, re-examination)

It is interesting to observe that standard setters hardly give attention to providers of accountancy education and that conglomerates do not give specific attention to institutional responsibility for accountancy education.

Characteristics Accountancy Education	IFAC	EU	ISA	IQAB	CCI	GAA
Certification requirements	1	0	0	1	1	1
Providers of accountancy education	0	0	0	1	1	1
Responsibility for accountancy education	1	1	0	0	0	0
Licensing requirements for auditors	1	1	1	0	1	0

Step 4, Compliance with International Education Standards: The IES prescribe standards of good practice for accountancy education¹⁴; a summary is included in Box 9 International Education Standards. Officially the IES only apply to those elements of accountancy education for which a member body of IFAC is responsible. Between countries this can range from overall responsibility to no responsibility at all. For benchmarking purposes this approach is too limited. The quality of professional qualifications should be evaluated for the country, irrespective of who are the providers. For that reason IES are increasingly used as benchmarks on a country level. Recent examples are the GAE 2012 research study and the United Nations Conference on Trade and Development (UNCTAD¹⁵) capacity building initiative¹⁶. This approach is also followed in the GAER Recognition Framework. Each of the IES addresses separate subjects. To facilitate overall analysis in both GAE 2012 and GAER the IES have been combined in four pillars under the headings personal development, content of accountancy education, professional development, and competence of audit professionals. The use of the GAE 2012 statistical methodology results in an adoption – implementation score for the country that is considered. The combination of the requirements of IES 1 through 8 in four pillars makes it possible to consider adoption and implementation of the IES from different but complementary perspectives. Drilling down it remains possible to consider compliance with the separate IES. The relation between pillars, milestones and IES is summarized in Box 10 Pillars, Milestones and IES. The results of the statistical analysis are presented in a spider graph to facilitate understanding of the level of compliance with IES that has been achieved.

¹⁴ IFAC, (2010), Handbook of International Education Pronouncements

¹⁵ UNCTAD, United Nations Conference on Trade and Development, www.unctad.org/isar

¹⁶ UNCTAD, (2010), Capacity-building Framework for High-quality Corporate Reporting

Box 9 International Education Standards¹⁷

Pre-Qualification Standards

Entry Requirements for Professional Accounting Education Programs (IES 1)

IES 1 requires an entry level that is equivalent to that for admission in a recognized university degree program.

Content of Professional Accounting Education (IES 2, 3 and 4)

IES 2, Content of Professional Accounting Education, is divided in Accounting, Finance & Related Knowledge, Organizational & Business Knowledge, and Information Technology.

IES 3, Professional Skills and General Education, distinguishes five major areas: intellectual skills, technical and functional skills, personal skills, interpersonal and communication skills, organizational and business management skills.

IES 4, Professional Values, Ethics and Attitudes, that are necessary to function as a professional accountant.

Practical Experience (IES 5)

IES 5 requires a minimum period of three years for certification, one of which can be covered by theoretical education.

Assessment (IES 6)

IES 6 requires a formal assessment before the qualification of professional accountant is awarded.

Post-Qualification Standards

Continuing Professional Development (IES 7)

IES 7 describes a CPD requirement as an integral component of a professional accountant's continued membership.

Specialization for Auditors (IES 8)

IES 8, Competence Requirements for Audit Professionals, requires audit professionals to qualify as a professional accountant, to hold an undergraduate degree or its equivalent, and to satisfy specialization requirements for auditors.

Box 10 Pillars, Milestones and IES

Pillars	Milestones and IES
Pillar 1 Personal Development	1.1 Academic Entry & Exit Level (IES 1) 1.2 Intellectual & Technical Skills (IES 3) 1.3 Values, Ethics & Attitudes (IES 4)
Pillar 2 Program Content	2.1 Accounting, Finance & related Knowledge (IES 2) 2.2 Organizational & Business Knowledge (IES 2) 2.3 Information Technology (IES 2)
Pillar 3 Professional Development	3.1 Practical Experience (IES 5) 3.2 Assessment (IES 6) 3.3 Continuing Professional Development (IES 7)
Pillar 4 Competence of Audit Professionals	4.1 Advanced Audit Program (IES 8) 4.2 Advanced Audit Skills & Ethics (IES 8) 4.3 Advanced Audit Professional Requirements (IES 8)

¹⁷ IFAC, International Federation of Accountants, Education, Handbook of International Education Pronouncements 2010 Edition (Current edition), www.ifac.org

There are several reasons to use the present set of IES as benchmarks for the GAER Recognition Study and not the draft versions that have been distributed by the IAESB for comments. In our opinion it is not yet possible to use the new draft IES as benchmarks to review accountancy education in a country. In general knowledge of the new draft set of IES is still limited and, more important, most country stakeholders have not yet considered what their influence on the country system of accountancy education can or should be. The question about the possible influence of the new draft IES is far from trivial as in future they will influence the benchmarking methodology. The IAESB has adopted an output based approach (which in itself is fine) but the IAESB has not included clear criteria for benchmarking. Much is left to interpretation and local circumstances. This does not help international comparability; consequences for benchmarking still have to be considered. However, there is no immediate priority to consider the new set of IES for recognition purposes. There will be a considerable time lag before the new set of draft IES have an impact on the qualifications of accountants and auditors. This gives time to work on a more transparent and international comparable approach to the establishment of substantial equivalence of qualifications based on the present IES.

The most interesting observation from the group of standard setters and conglomerates is the limited attention standard setters give to quality control.

Compliance with IES	IFAC	EU	ISA	IQAB	CCI	GAA
Personal development	1	0	0	1	1	1
Quality control	0	0	0	1	1	1
Content of accountancy education	1	0	0	1	1	1
Quality control	0	0	0	1	1	1
Professional development	1	0	0	1	1	1
Quality control	1	0	0	1	1	1
Competence of audit professionals	1	1	1	0	1	0
Quality control	0	1	1	0	1	0

Step 5, Country Specific Requirements

In our opinion the country characteristics that are presented in step 1 through 4 have general relevance for the establishment of substantial equivalence between professional qualifications of accountants and auditors. Nevertheless there are major differences between the actual criteria that are used by the institutions that are responsible for the qualifications. As a result two major questions must be answered when deciding on the relevance of the benchmarking methodology in section 3.

- Question 1: Is the information in the benchmarking methodology relevant?
- Question 2: Is the information in the benchmarking methodology sufficient?

The answer to the first question is relatively simple as in the modular approach to the benchmarking methodology a responsible institution can decide not to consider certain parts of the information. The answer to the second question can be more complicated as additional data gathering may be necessary. This is outside the scope of the GAER 2012 study. Purely as an example the country characteristics are compared with the IQAB system that has a more academic focus, and the GAA system with a more professional focus.

- IQAB: The comparison is based on substantial equivalence in the areas of education with a focus on degree requirements, examination and experience as stated in the UAA. Reference is not made to compliance with IES. As academic requirements between countries vary greatly, the inevitable conclusion is that bilateral comparison of qualifications remains necessary in addition to a general benchmarking methodology based on international, professional standards.

- GAA: The main components that are considered by GAA for the qualifying process are the characteristics of the professional body, the intake into the qualification, the learning process and the quality and consistency of the assessment system. It can be concluded that some of the requirements in particular for the professional body are more specific but that the approaches are comparable. Most of the GAA requirements are included in the benchmarking methodology.

The benchmarking methodology in section 3 is based as far as possible on international standards. This often will not be possible when country specific requirements are considered.

Section 3 Substantial Equivalence between Qualifications

3.1 Benchmarking Methodology

General Principles

This section deals with the development of a benchmarking methodology that can be used to establish substantial equivalence between professional qualifications of accountants and auditors as a basis for MRAs. Country characteristics that can be relevant for recognition are summarized in Section 2 of the research study. They are divided in five subjects:

- Country Information
- Accountancy Profession
- Characteristics of Accountancy Education
- Compliance with IES
- Country Specific Requirements

The first consideration in the development of a benchmarking methodology is to establish general principles.

- Principle 1: MRAs are the responsibility of standard setters and/or regulators in countries and as a result requirements are different from country to country
- Principle 2: International standards can be useful benchmarks to establish substantial equivalence but as a result of differences in adoption and implementation between countries they have no absolute relevance
- Principle 3: Establishment of a general benchmarking methodology will promote comparison of bilateral results between countries
- Principle 4: The benchmarking methodology needs to be flexible to allow stakeholders to set their own priorities.

The analysis in the previous section of the study confirms that different stakeholders use different methods to establish substantial equivalence as a basis for MRAs. Nevertheless all subjects mentioned above have potential relevance and as such are included in the benchmarking methodology that is described in this chapter. It is argued that there is a logical sequence starting with step 1, followed by steps 2, 3 and 4, with final consideration of step 5 as basis for a decision on substantial equivalence. This can be presented in the following way:

- Step 1: collect country information
- Decision 1: review country information; if acceptable continue, if not acceptable stop comparison
- Step 2: collect information about the accountancy profession
- Decision 2: review information about the accountancy profession; if acceptable continue, if not acceptable stop comparison
- Step 3: collect information about the characteristics of accountancy education
- Decision 3: review information about the characteristics of accountancy education; if acceptable continue, if not acceptable stop comparison
- Step 4: collect information about compliance with IES
- Decision 4: review information about compliance with IES; if acceptable continue, if not acceptable stop comparison
- Step 5: consider country specific requirements
- Decision 5: review information about country specific requirements; if acceptable a MRA can be considered, if not acceptable a MRA cannot or not yet be considered

Specific attention should be given to the process of data gathering. Normally this will be a combination of self-assessment by the applicant body and review by the intended host body. A relative small part of

the information will be objective and directly verifiable; the larger part of the information will depend on professional judgment and has to be reviewed by the host body.

The benchmarking methodology establishes a general approach to steps 1 through 4; all decisions and step 5 are specific for the organization that considers agreeing an MRA with the applicant body.

The overall process of considering substantial equivalence can be represented in a flow diagram.

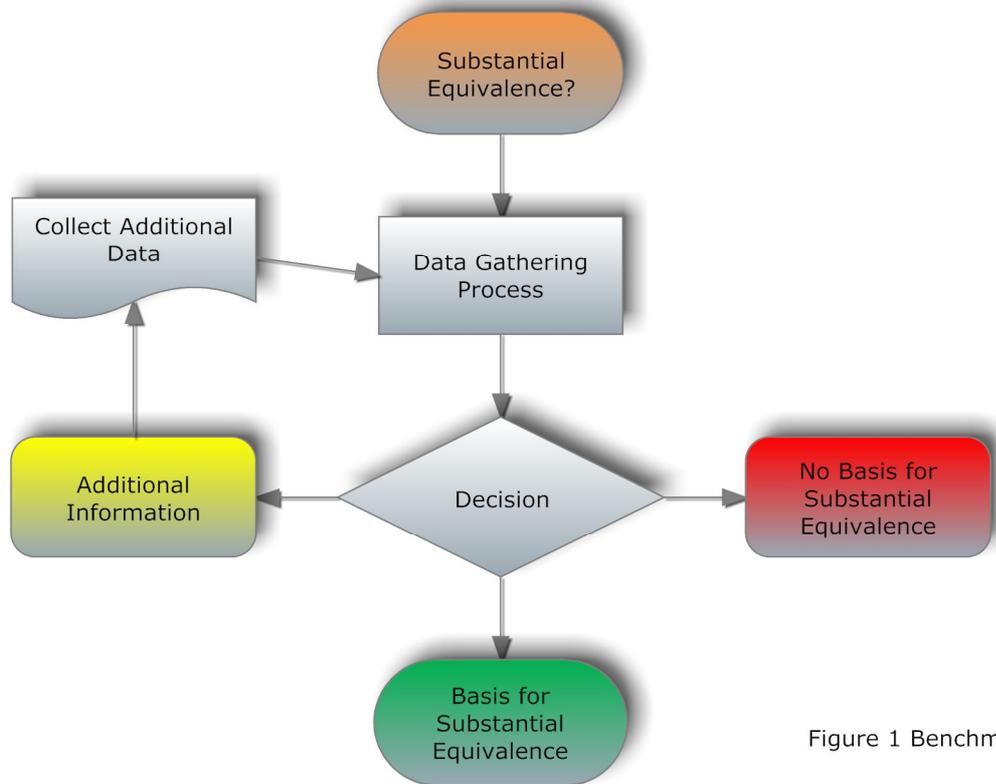


Figure 1 Benchmarking Process

The flow diagram is structured as an iterative process:

- The process starts with a decision to consider substantial equivalence.
- This is followed by data gathering for the five steps of the benchmarking methodology
- Based on the available data three decisions are distinguished.
- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available data is insufficient to establish substantial equivalence; the process continues with additional fact finding.
- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue.

Going through the process should answer five essential questions when establishing substantial equivalence between qualifications as a basis for a MRA:

- Is this a country that should be considered for establishment of substantial equivalence between qualifications?
- Is the status of the accountancy profession acceptable for establishment of substantial equivalence between qualifications?
- Are the characteristics of accountancy education acceptable for establishment of substantial equivalence?
- Is compliance with IES acceptable for establishment of substantial equivalence?

- Finally, is compliance with specific requirements of the host organization acceptable for establishment of substantial equivalence?

The use of a standard model makes it possible for a standard setter to more easily compare results between countries as a first step in establishing international recognition instead of separate bilateral agreements.

Country Characteristics, Step1: Country Information

General background information about a country can help to understand the position of a country and the relevance of mutual recognition agreements at a certain time. The following information is included in the GAER 2012 Data Collection Tool:

- Population in millions
- GDP per capita in USD
- Business language(s)
- Legal system (common law, civil law, or mixed)
- Economic position (factor driven, efficiency driven, innovation driven)
- Regional affiliations

Specific mention is made of regional affiliations as they can have an impact on professional qualifications of accountants and auditors. The EU is mentioned as an example. Member countries of the EU have to comply with EU Directives. The EU 8th Statutory Audit Directive is directly relevant for the benchmarking methodology.

Consideration of country information is Step 1 of the benchmarking process.

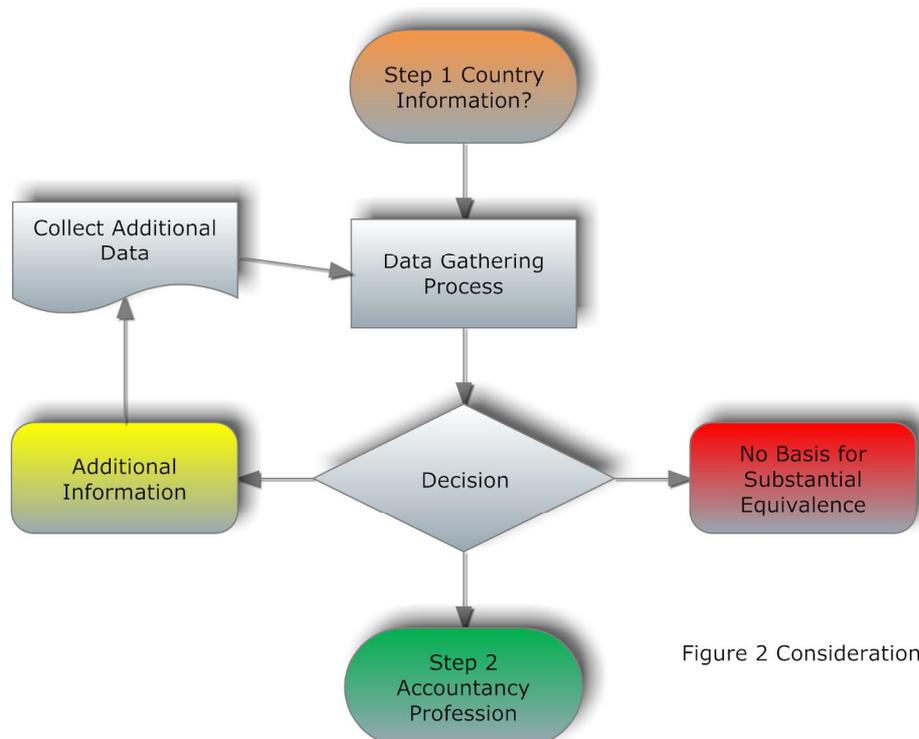


Figure 2 Consideration of Country Information

As discussed in the overall approach there are three possible decisions:

- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available country information is insufficient to establish substantial equivalence; the process continues with additional fact finding.

- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue with Step 2, Accountancy Profession.

Country Characteristics, Step 2: Accountancy Profession

The status of the accountancy profession in a country is an important consideration when substantial equivalence for the establishment of a MRA is considered. The following information that is included in the GAER 2012 Data Collection Tool is considered as a proxy for quality:

- PAO name and web address
- IFAC membership; regional and/or global affiliations
- Professional qualification; mutual recognition agreements
- Compliance with SMO 2 – IES
- Compliance with SMO 1, SMO 3, SMO 4 and SMO 6

IFAC membership of a PAO is in itself a benchmark for quality. As of November 15, 2012 IFAC is comprised of 172 members and associates in 129 countries and jurisdictions. IFAC members are required to support IFAC’s mission and programs and have to meet IFAC membership criteria. Regional and/or global affiliations of the PAO can be additional benchmarks for quality based on the affiliation’s membership requirements. MRAs normally are based on substantial equivalence between professional qualifications. Existing MRAs are included as a measure for achieved recognition of a professional qualification.

IFAC member bodies are required to comply with the IFAC SMOs. The IFAC compliance program requires the member bodies to report on the way this is achieved. Compliance with SMO 2 and IES has to be considered on a country level as in many cases PAOs only have limited responsibilities for education, training and assessment. Other SMOs are PAO specific. SMO1 on Quality Assurance, SMO 3 on International Standards for Quality Control, Audit & Assurance, SMO 4 on Code of Ethics and SMO 6 on Investigation & Discipline address requirements that directly apply to the accountancy profession. SMO 5 on International Public Sector Accounting Standards and SMO 7 on International Financial Reporting Standards are not included in the benchmarking methodology.

Consideration of the accountancy profession is Step 2 of the benchmarking process.

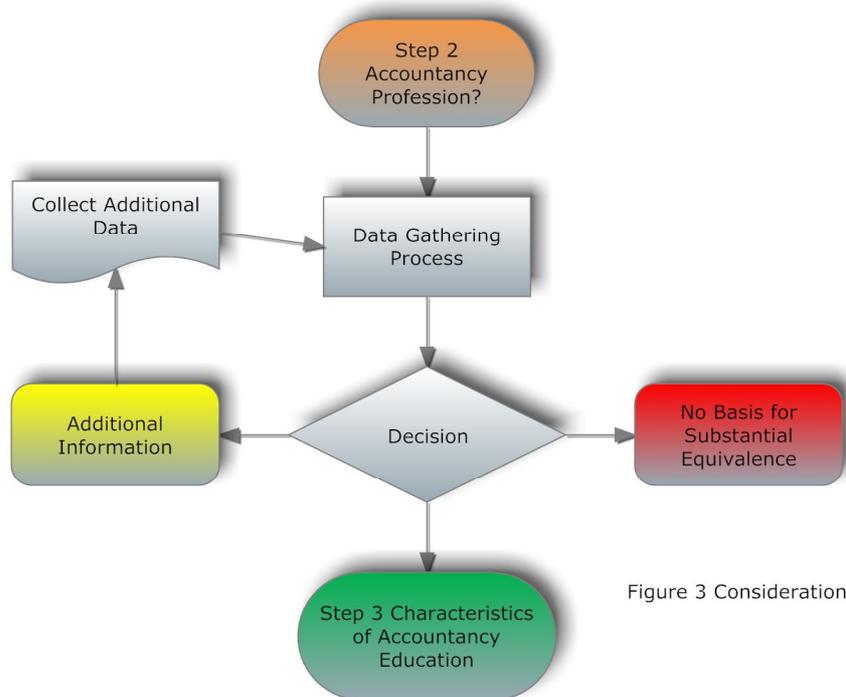


Figure 3 Consideration of the Accountancy Profession

There are again three possible decisions:

- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available information about the accountancy profession is insufficient to establish substantial equivalence; the process continues with additional fact finding.
- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue with Step 3, Characteristics of Accountancy Education.

Country Characteristics, Step 3: Characteristics of Accountancy Education

It is necessary to understand the characteristics of accountancy education to be able to evaluate content and quality of a professional qualification. As explained in Section 2 accountancy education in the context of the benchmarking methodology includes general and professional education, practical training and experience, assessment and CPD. The following information is included in the GAER 2012 Data Collection Tool:

- Certification requirements
- Providers of professional education
- Responsibility for education requirements
- Licensing requirements for auditors

Accountancy education can be compared on five levels: regulation, final qualifying examination, professional education in combination with practical experience, general education and life-long learning. Content alone is not sufficient to establish substantial equivalence. Academic and professional quality control are of equal importance.

Consideration of the characteristics of accountancy education is Step 3 of the benchmarking process.

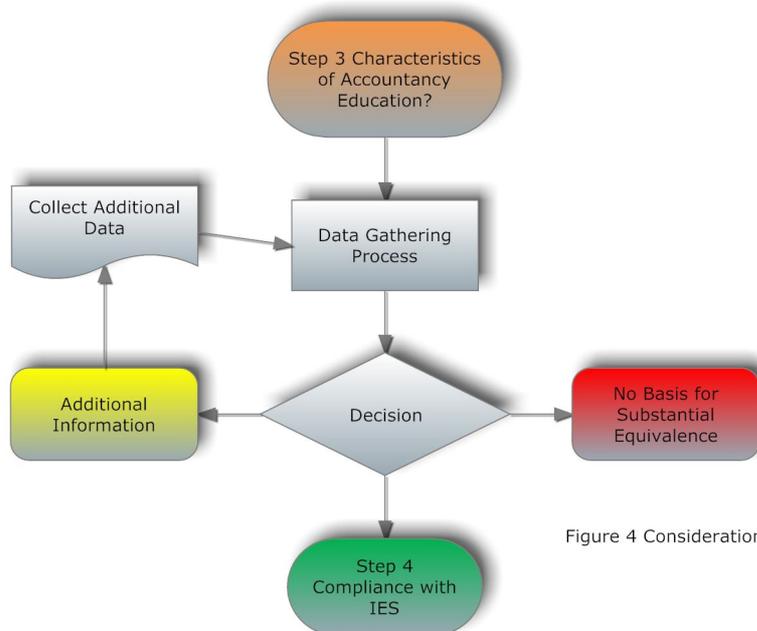


Figure 4 Consideration of Characteristics of Accountancy Education

There are again three possible decisions:

- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available information about the accountancy profession is insufficient to establish substantial equivalence; the process continues with additional fact finding.
- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue with Step 4, Compliance with International Education Standards.

Country Characteristics, Step 4: Compliance with International Education Standards

In the GAE 2012 study a pillar structure has been developed for the evaluation of compliance with IES (Box 10 Pillars, Milestones and IES). The pillars cover personal development, content of professional accountancy education, professional development and competence of audit professionals. Separate IES or parts of IES are included in the pillars as milestones that can be evaluated separately.

Consideration of compliance with IES is Step 4 of the benchmarking process.

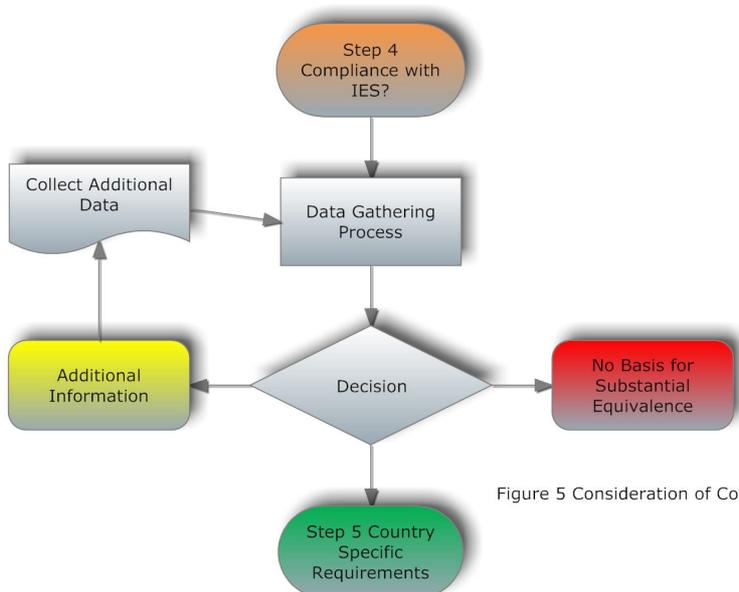


Figure 5 Consideration of Compliance with International Education Standards

There are again three possible decisions:

- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available information about the accountancy profession is insufficient to establish substantial equivalence; the process continues with additional fact finding.
- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue with Step 5, Country Specific Requirements.

Country Characteristics, Step 5: Country Specific Requirements

Establishing substantial equivalence as a basis for a MRA of two professional qualifications is a process between two standard setting bodies. In the GAER 2012 benchmarking methodology the process is described from the perspective of one standard setter that wants to establish whether a professional qualification in another country can be recognized by a MRA. Steps 1 through 4 of the benchmarking methodology address issues that can be relevant for any qualification in any country. Due to major differences between countries in legal system, economic position, accountancy profession, and last but

not least higher education, each standard setter may want to consider specific requirements. To facilitate their inclusion Step 5 is the last step in the benchmarking process.

Consideration of country specific requirements is Step 5 of the benchmarking process.

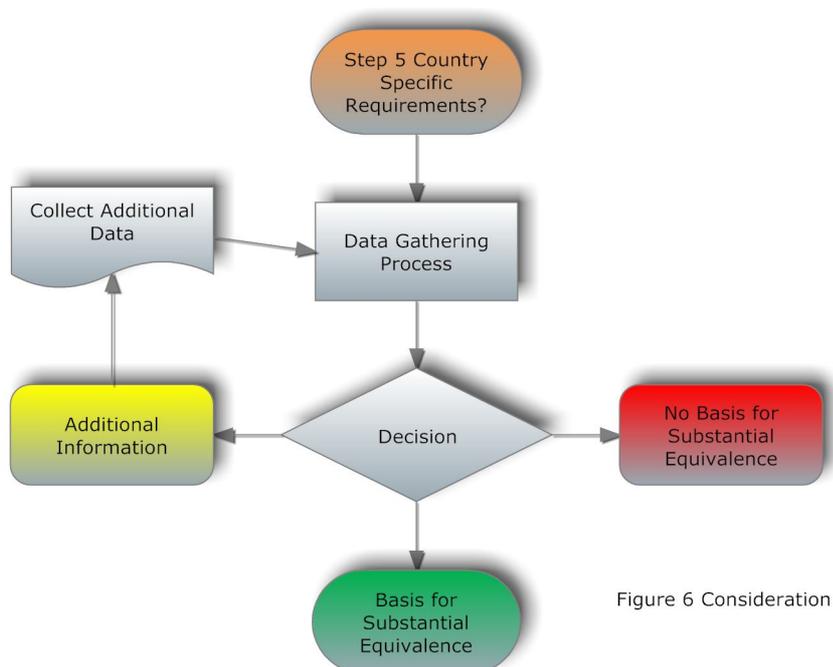


Figure 6 Consideration of Country Specific Requirements

There are again three possible decisions:

- RED in the diagram: there is no basis for substantial equivalence; the process stops.
- YELLOW in the diagram: the available information about the accountancy profession is insufficient to establish substantial equivalence; the process continues with additional fact finding.
- GREEN in the diagram: a basis for substantial equivalence is established; the process can continue with more detailed considerations for the establishment of a MRA.

For actual data gathering during the five steps of the benchmarking process a separate data collection tool is made available in Appendix 3.1. The data collection tool starts with identification of the country and qualification under review. This is followed by data collection subjects for the five steps of the benchmarking methodology.

3.2 Comparison of Countries and Qualifications

In this section the results for the countries and qualifications in the GAER 2012 sample are compared in order to identify similarities and differences. Country Overviews are available in Appendix 4. The data for the comparison come from public sources. The objective of the comparison is to test the methodology, not to actually establish substantial equivalence between qualifications. If two institutions consider a MRA between their qualifications self-assessment by the applicant body and review by the recognition body are necessary to establish the facts that lead to the conclusion that substantial equivalence is achieved. This is a bilateral process in which each body is responsible for the self-assessment of its own qualification and for the review of the qualification of the other body. One of the purposes of the GAER 2012 study is to illustrate that use of a standard methodology by both parties can be mutually beneficial and will facilitate comparison with other qualifications.

Country Characteristics, Step 1: Country Information

General country information is summarized in Box 8: Country Selection and Characteristics. In regard to legal system the sample includes common law countries, civil law countries and countries with a mixed legal system.

- Common Law: Australia, Canada (English speaking), India, New Zealand, United Kingdom, USA
- Civil Law: Brazil, Canada (French speaking), Czech Republic, France, Germany, Japan, Mexico, Netherlands, Turkey
- Mixed Legal System: Hong Kong, South Africa

The distinction is considered to be relevant for the benchmarking methodology. Traditionally many common law countries have a professional system of accountancy education with limited contributions from institutes of higher education, whereas civil law countries have a more academic system of accountancy education. The one major exception to this observation is the USA in which country there is an emphasis on academic requirements.

The level of economic development of a country can be an indication of the institutions that can be expected. The WEF distinguishes three levels that are all represented in the sample.

- Innovation Driven: Australia, Canada, Czech Republic, France, Germany, Hong Kong, Japan, Netherlands, New Zealand, United Kingdom, USA
- Efficiency Driven: Brazil, Mexico, Turkey, South Africa
- Factor Driven: India

In the sample there is an overrepresentation of innovation driven and higher level efficiency driven countries. The level of economic development is relevant for the benchmarking methodology but it has no absolute value. For example historically South Africa has a highly developed accountancy profession that is well comparable with the profession in common law innovation countries.

Finally, country partnerships in regional or global affiliations can be relevant for the benchmarking methodology. The most relevant example is the EU as EU Directives have force of law in member countries. As a result EU countries in the sample have to comply with the requirements for auditors in the EU Directive for Statutory Audit.

Country Characteristics, Step 2: Accountancy Profession

The status of the accountancy profession in a country is an important consideration when substantial equivalence for the establishment of a MRA is considered.

PAOs and their qualifications have been compared on the following subjects:

- IFAC membership
- Regional and global affiliations
- Professional qualification
- Compliance with SMO 1, SMO 3, SMO 4 and SMO 6
- Compliance with SMO 2 IES
- Mutual recognition agreements

The results for each country are summarized in Appendix 4: Country Overviews.

All PAOs in the sample are full member of IFAC. Membership of IFAC is an important consideration for a review of qualifications as all IFAC member bodies are required to meet IFAC membership criteria and to comply with IFAC SMOs. Actual compliance is addressed through the IFAC Compliance Program. According to IFAC membership shall be open to Professional Accountancy Organizations meeting the following criteria:

- The organization is acknowledged, either by legal decree or by general consensus, as being a national professional organization in good standing in the jurisdiction.
- The organization has met the obligations specified in the IFAC SMOs. In those cases where an organization has not yet met all the obligations in the SMOs, the organization has prepared a realistic and detailed action plan to meet such obligations.
- The organization actively participates in the IFAC Member Body Compliance Program.
- The organization is committed to participate in IFAC and promote the importance of IFAC and the IASB programs, activities and pronouncements.
- The organization is financially and operationally viable, and has an appropriate governance structure.
- The organization has an internal operating structure

The IFAC membership requirements are considered to be relevant for recognition of qualifications:

- The PAO has good standing in the jurisdiction with an appropriate governance structure.
- The PAO meets the obligations specified in the SMOs. Together the SMOs cover the pronouncements of four independent standard setting boards: the IAASB, the IAESB, the International Ethics Standards Board for Accountants (IESBA), and the International Public Sector Accounting Standards Board (IPSASB).
- Separate reference is made of the pronouncements of the IASB.

Although relevant, the fact that a PAO is a full member of IFAC is not an absolute measure of quality. IFAC recognises the influence of local legislation and circumstances which in practice means that there are major differences between PAOs in their compliance with SMOs.

In the GAER 2012 Recognition Study attention is given to four professionally oriented SMOs:

- SMO 1: Quality Assurance
- SMO 3: Quality Control, Audit and Assurance
- SMO 4: Code of Ethics
- SMO 6: Investigation and Discipline

These SMOs have in common that they govern the profession and that traditionally the profession has a large if not total influence on their adoption and implementation. Compliance with SMO 2 and the IES are considered in the next two parts of the study.

SMO 5: Public Sector Accounting Standards and SMO 7: International Financial Reporting Standards are not considered in the study as they are less relevant for recognition of qualifications.

For most countries in the GAER 2012 sample one PAO with one qualification has been considered. This is the case for Canada, the Czech Republic, Hong Kong, India, Japan, Mexico, the Netherlands, New Zealand, South Africa, and the USA. In Australia two PAOs with two separate qualifications and in the UK three PAOs with three separate qualifications are part of the sample. In some countries PAOs work together so closely that they are considered as one entity. This is the case for Brazil, France, Germany, and Turkey.

Some general observations can be made on compliance with SMO 1, SMO 3, SMO 4 and SMO 6.

In most countries there is a high level of compliance with the four SMOs. Most countries consider their systems to be equivalent to international requirements. Overall the highest level of compliance is reached for SMO 3 as in many countries IAASB pronouncements are fully adopted and implemented. As can be expected local circumstances often have an impact on the Code of Ethics that is adopted in a country. In most countries SMO 1 and SMO 6 are followed. Professional systems in development with the objective of convergence towards international standards are found in Brazil, India, Japan, Mexico and Turkey.

Regulation for accountants is in most cases the responsibility of the profession, sometimes with public oversight. In the US system regulation of all professional accountants is under the authority of the government. Government influence is highly evident for auditors. Interesting differences in approach can be noted. In Brazil, the Czech Republic, France, Germany and Turkey separate bodies for auditors exist; normally there is close cooperation with the accountancy profession. In France members of *Compagnie Nationale des Commissaires aux Comptes (CNCC)* are also expert-comptable, which is the qualification to consider for recognition. In Germany *wirtschaftsprüfer* acting as auditor are mandatory member of the *Wirtschaftsprüferkammer (WPK)*. In the Netherlands and the UK there is specific government regulation for auditors.

Traditionally the accountancy profession was self-governing. This is changing as increasingly government regulation gets more influence. For SMO 1 and SMO 6 there is still an overall high level of self-regulation for accountants; for SMO 3 and SMO 4 legislation is leading. Government influence through public oversight or government regulation is increasingly applicable to auditors whether through the establishment of separate PAOs, or through separate government institutions or through public oversight.

If a general conclusion is possible, it is that in a large majority of the countries in the GAER 2012 sample a high level of compliance with SMO 1, SMO 3, SMO 4 and SMO 6 already has been achieved, and that in the few countries in which that is not yet the case, convergence towards international standards is high on the agenda. However the systems in which this is achieved are highly different, ranging from self-regulation to government regulation.

Compliance with SMO 2: International Education Standards only means that a PAO complies with its requirements of the IESs for those elements of accountancy education for which it is directly responsible. For recognition purposes it is necessary to consider that in many countries the profession has limited responsibility for its qualification(s). It is for this reason that consideration of compliance by a PAO with the requirements of SMO 2 has limited added value, and is not considered in this section, as in most cases it presents a partial picture. In Step 3 and Step 4 of the recognition methodology the characteristics of accountancy education and the level of compliance with the IESs are considered for the countries in the sample.

The final part of Step 2 is consideration of existing mutual recognition agreements. For country information reference is made to Appendix 4. Some general observations are made here.

According to IFAC “globally accepted standards (IES) should minimize differences between countries and jurisdictions, thus reducing international differences in the requirements to qualify and work as a professional accountant”. This may well be the case but neither IFAC nor the IAESB actively promote MRAs between professional qualifications of accountants and auditors in different countries.

Recognition of auditors in the EU is addressed in the EU 8th Directive and in the EU Mutual Recognition Directive. Each Member State has to establish procedures for the approval of statutory auditors from other Member States. At present an aptitude test is required that is limited to national law and professional rules relevant for auditors.

Traditionally PAOs of Chartered Accountants in English speaking countries closely cooperate on professional and educational matters. The results are clearly visible in MRAs between Chartered Bodies and some other members of the Global Accounting Alliance almost all from common law countries.

Qualifications from some countries are actively promoted for use in other countries without the objective of mutual recognition with qualifications in other countries. Although outside the scope of this study, this is mentioned because of its importance for global cooperation and development. The most notable examples on a global scale are the USA CPA qualification and the Association of Chartered Certified Accountants (ACCA) qualification, on a regional scale the CPA Australia qualification.

Until now other forms of global or regional cooperation, including the CCI, have had little influence on the establishment of MRAs.

Conditions and requirements for MRAs vary greatly. There can be full acceptance without any additional conditions; there can be an aptitude test or comparable examination in local law, tax and professional rules; or the agreement can be limited to exemptions for each other's examinations. Comparing MRAs is difficult as the term is used for different meanings.

In summary, most MRAs exist in common law countries with comparable professional systems. The present system of establishing MRAs by comparing qualifications between countries more or less promotes a closed system: if you are comparable, you get recognised; if not it becomes at least more difficult. There are probably at least three ways to promote a more open approach. The first is to further develop the concept of substantial equivalence as is done by NASBA and others; the second is to include regulators like NASBA and the EU more in the debate; the third is to consider the use of international standards like the IES for comparison of qualifications.

Country Characteristics, Step 3: Characteristics of Accountancy Education

Characteristics of accountancy education have been considered in order to identify major differences in the overall structure of accountancy education. For each country the results are summarized in the country overviews. Some general conclusions are evident.

Certification requirements in themselves do not differentiate between qualifications. Professional accountancy education, practical experience, final assessment and CPD are always required. However, the level of adoption and implementation of the requirements of the IES can and do vary greatly between countries. This is discussed under Step 4.

There are some interesting differences in providers of accountancy education. Only for four qualifications the PAOs are the sole provider. For the other qualifications there is an even split between PAOs with universities and universities. Increasingly university programs and degrees are an important part of qualification requirements. This is discussed under Step 5 as degree requirements are not part of the IES.

In most countries either the government with the profession or the profession is responsible for qualification requirements. The difference is not big as in all cases there is legislation in regard to the qualification and, even when the profession is responsible, government controlled public oversight. Overall it is safe to say that in particular for auditors government control, either direct or indirect, is becoming the usual situation. There are only three countries in which the government is directly responsible. In Brazil and in Mexico the Ministry of Education is responsible. In the Netherlands the government appointed Committee Learning Outcomes Accounting and Auditing has final responsibility.

It is necessary to consider that licensing requirements in most cases are additional to the qualification requirements of accountants. For this reason the comparison between countries should be based on all requirements and not only on the additional requirements for license. Specific licensing requirements can consist of academic study, practical experience, examination and CPD.

- Australia, Canada, Hong Kong, India, Japan, New Zealand, South Africa, and the UK: no additional requirements for licensing.
- Brazil: additional licensing examination and CPD
- Czech Republic, Germany, Netherlands, and Turkey: auditor qualification
- France, USA: additional practical experience
- Mexico: additional licensing examination

In Step 4 consideration is given to compliance with IES. In the IES auditors are considered to be specialized accountants. This means that IES 1 – IES 7 apply to accountants and auditors; in IES 8 specific requirements for auditors are formulated.

Country Characteristics, Step 4: Compliance with International Education Standards

Based on the GAE 2012 study and some additional fact finding, the country overviews in Appendix 4 contain information about the level of compliance with IES for all qualifications that have been considered in the GAER 2012 study. Three levels of compliance are mentioned: High (80 – 100%), Medium (60 – 80%) and Low (60% and less). Both adoption and implementation have been considered in the calculation.

It is important to note that the IES have been used as standards on a country basis, whether their requirements are mandatory or not. This influences the outcomes of the comparison of country with the IES as requirements are not necessarily followed in each jurisdiction. GAE 2012 research confirms that nowadays the IES are widely accepted as benchmarks for professional qualifications of accountants and auditors. The focus of the IESs on professional requirements is both their strength and their potential weakness. It is strength because the standards are based on a thorough international analysis of core competences that are needed for the local and global financial infrastructure. An inherent weakness is that the IES were developed from a professional perspective. As a result relatively little attention is given to academic contributions to accountancy education. In a time that requirements increasingly move from content to competences this seems to limit the scope of the present IES.

The country overviews cover a wide range of countries with different legal system and economic development (see Box 8). In this context it is rather surprising that overall a very high level of compliance has been reached. Almost all innovation driven countries, whether with civil law or common law systems, have a high level of compliance on all subjects. There are only two exceptions. One is the USA with a medium score for practical experience. This is a direct result of the US system that is based on the UAA and not on the IES. The UAA concentrates on academic requirements and less on the importance of practical experience. The other is Japan with a relatively low score on Pillar 1: Personal Development. This pillar covers entrance level, professional skills and professional values, ethics and attitudes. The absence of academic requirements seems to play a role in this.

Of the four efficiency driven countries, South Africa has reached an overall high level of compliance. This conclusion is supported by the fact that South African institutions play important roles in international networks and that the South Africa CA qualification is widely recognised. The three other efficiency driven countries are Brazil, Mexico and Turkey. Both Brazil and Mexico have academic systems for professional qualifications. As a result both countries have their major weaknesses in comparison with the IES for Pillar 3: Professional Development, and Pillar 4: Competence of Audit Professionals.

Finally India is the only factor driven economy. Probably as a result of cooperation with other English speaking institutes of Chartered Accountants it has reached an overall high level of compliance with only one medium score for Organizational and Business Knowledge in Pillar 2: Professional Accountancy Education.

The two major providers of accountancy education as defined in this study are universities and the accountancy profession. Each country has its specific mix. Nevertheless it is becoming increasingly clear that high qualification standards can only be achieved through cooperation. Universities play an important role in personal development even if actual standards are set by the profession. Specific subjects of accountancy education can be covered in academic and in professional settings. Professional development and auditor competence do not depend on the profession alone but also needs academic contributions. The respective roles of providers and not in the least their quality control should be seen as important considerations for recognition of qualifications.

Country Characteristics, Step 5: Country Specific Requirements

IES focus on professional requirements and give relatively little attention to academic standards notwithstanding the importance of university degrees for qualifications of accountants and auditors. For many qualifications nowadays a bachelors' or masters' degree, general or specific, accredited or not, is required as the following overview shows. For more specific information reference is made to the separate country overviews.

- India, Japan, Turkey (accountants), and the UK: no degree requirement
- Canada: undergraduate degree with mandatory courses
- Brazil, Mexico, Turkey through the Union of Chambers of Certified Public Accountants of Turkey (TURMOB): bachelors' degree in accounting or related
- Australia, New Zealand: accredited undergraduate academic degree in accounting and related subjects
- Germany: bachelors' degree in business administration or accredited masters' degree
- South Africa: three year undergraduate and a one year postgraduate degree
- USA: bachelors' degree from an accredited university with minimum of 150 semester hours, containing specified number of accounting and business classes
- France: professional bachelors' and masters' degree
- Netherlands: accredited masters' degree in accounting

The overview clearly illustrates a global development towards a situation in which most if not all newly graduated accountants and auditors have a general or specific academic degree, usually of undergraduate level. Even in countries where possession of a degree is not mandatory, a large proportion of graduates have academic degrees. This raises two interesting questions for the establishment of MRAs:

- How important is an academic degree for the establishment of a MRA?
- If a degree is required, how important is its professional content?

General developments and the more and more competence oriented content of the IES seem to suggest that academic learning and personal development are increasingly important for future accountants and auditors. In this sense an academic degree is a benchmark for quality. Although practice shows that this quality can also be gained by other means. If responsible authorities decide that a university degree is necessary, there are two ways to address this. The first is to include a general requirement; the second is to limit the MRA to candidates with a degree.

It can be argued that the specific content of a degree is not particularly important as content requirements can also be met through professional education. This is illustrated by the approach in Australia that requires from candidates either an accredited university undergraduate degree in accounting or a university degree in another field supplemented by prescribed accounting and related courses.

Contrary to compliance with IES this is a field that still requires further thoughts on comparability of academic degrees that are required for professional qualifications. Global developments in standardizing the requirements for bachelors' and masters' degrees, and initiatives like the European

Qualifications Framework in which academic and professional qualifications are included seem the best opening for further development. Consideration of accreditation, like that of the Association to Advance Collegiate Schools of Business (AACSB) for business schools, has the disadvantage that it is not applicable to all candidates.

3.3 Results and Benefits

In Section 3 of the report five steps have been considered for the comparison of qualifications for recognition purposes. The steps are part of a proposed benchmarking methodology that is, as far as possible, based on applicable international standards.

- Step 1: Country Information
- Step 2: Accountancy Profession
- Step 3: Characteristics of Accountancy Education
- Step 4: Compliance with IES
- Step 5: Country Specific Requirements

The most important questions to be answered are, how useful are the five steps for the establishment of substantial equivalence, how necessary are the five steps for the establishment of substantial equivalence, and, finally, are the five steps sufficient for the establishment of substantial equivalence?

The design of the benchmarking methodology is described in Section 3.1. The use of the methodology for the sample of sixteen countries is considered in Section 3.2. This section also illustrates the usefulness of the information for the establishment of substantial equivalence in a way that promotes international comparability between more than two countries. It has been argued that for the comparison of qualifications it is not only necessary to consider the content of the qualifications, but also to understand their academic and professional environment. In this sense the five steps are necessary parts of the benchmarking methodology. The steps in the proposed benchmarking methodology are based on a comparison of the different methods that are at present used for the establishment of bilateral substantial equivalence. It is the academic and professional opinion of the research team that the five steps are sufficient for the establishment of substantial equivalence. However, as mentioned before, the level of detail that could be achieved in the study is insufficient to actually establish substantial equivalence as basis for a Mutual Recognition Agreement. For this a detailed country by country analysis is still necessary.

In the next and final section of the study, Overall Conclusions, the results that have been achieved are compared with the general objective of the study and with the research questions from Section 1.

Section 4 Overall Conclusions

In Section 4 the results of the study are compared with the objectives that are formulated in Section 1.

Objectives

The overall objective of GAER 2012, as formulated in Section 1.2, is to provide an analysis and comparison of the recognition of the qualifications of accountants and auditors in selected countries around the world. The analysis considers the principle of substantial equivalence for professional and general education, practical experience and licensing. A benchmarking methodology is developed that is based on the core competences and capabilities that should be achieved through accountancy education and training. The complementary roles of the stakeholders in the accountancy value chain are considered, including international standard setters, government agencies, professional associations and accreditation boards. The results of the research study are intended to contribute to the transparency of the international recognition of qualifications and should facilitate international mobility of accountants and auditors.

In Section 1.4 specific research questions are considered as basis for a benchmarking methodology for the recognition of accountant and auditor qualifications between countries:

- RQ 1 – What are the elements of a competency framework for accountants and auditors?
- RQ 2 – How can the use of a competency framework promote recognition of qualifications and contribute to international mobility of accountants and auditors?
- RQ 3 – Is it possible to move from mutual recognition between countries to a more general approach of international recognition?
- RQ 4 – Are these general elements of education, identified and evaluated through GAER 2012, conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition?

Regional regulation and agreements are considered in the context of a competency framework that covers qualification, professional education, practical experience and CPD of accountants and auditors.

According to the research proposal that is mentioned in Section 1.7 “the GAER study makes available a first ever systematic and detailed comparison of existing bilateral and multilateral recognition of qualifications of accountants and auditors in selected countries and regions around the world. The use of a conceptual model for accountancy education makes it possible to identify the major elements that have to be considered in recognition agreements: general and university education; professional accountancy education and training; final assessment of professional competence”.

Results

In Section 1.5 a Core Model of Accountancy Education is presented that illustrates the complex environment of accountancy education. In this relational model three levels are distinguished that are considered to be relevant for accountancy education. On the upper row the accountancy profession is influenced by the demands of the global financial infrastructure and by standard setters and regulators. Accountancy education on the middle row is placed between country characteristics and international developments. Country characteristics of accountancy education are summarized in the lower row influenced by stakeholders and international cooperation.

A competency framework that covers qualification, professional education, practical experience and CPD of accountants and auditors is discussed in Section 2.1. The framework is divided in General Characteristics, Accountancy Education and Competency Pillars. For comparison between qualifications the last part of the framework is essential in which four Competency Pillars that are based on the IES are distinguished:

- Pillar 1, Personal Development: university entrance level and academic study; professional skills and general education; professional values, ethics and attitudes
- Pillar 2, Professional Accountancy Education: accounting, finance and related knowledge; organizational and business knowledge; information technology
- Pillar 3, Professional Development: practical experience requirements; assessment of professional capabilities and competence; continuing professional development
- Pillar 4, Competence for Audit Professionals

The competency pillars cover qualification, professional education, practical training and CPD of accountants and auditors.

Country characteristics that are relevant for the establishment of substantial equivalence between professional qualifications are discussed in Section 2.4. In Step 1 general country information is considered as background to help understand the position of the country. The data themselves will not be criteria for recognition. The focus in Step 2 is on the position of the accountancy profession. Step 3 is dedicated to the characteristics of the system of accountancy education. Achieved compliance with IES is the core of Step 4. Finally in Step 5 country specific requirements are considered. For each step the use of criteria by standard setters and conglomerates is summarized. In Section 3.1 a benchmarking methodology for comparison is developed that can be used to establish substantial equivalence between professional qualifications of accountants and auditors as a basis for MRAs. The benchmarking methodology is tested in Section 3.2 for 16 countries and 22 professional accountancy organizations with 21 qualifications.

Discussion

Section 1 covers the objectives of the study. Section 2 identifies considerations for comparison of qualifications between countries. Section 3 develops and tests a benchmarking methodology for the establishment of substantial equivalence of qualifications. Intermediate discussions took place with NASBA representatives to check the relevance of the methodology. A visual with attached material was prepared for two regional NASBA meetings. Positive feedback was received from these meetings. In the opinion of the research team the research questions have been answered as well as possible in a limited research project.

- RQ 1 –The elements of a competency framework for accountants and auditors have been identified.
- RQ 2 – The resulting competency framework is the basis for a benchmarking methodology that can promote recognition of qualifications and contribute to international mobility of accountants and auditors.
- RQ 3 – It is possible to move from mutual recognition between countries to a more general approach of international recognition if standard setters accept International Education Standards and other applicable international regulation as basis for the comparison of qualifications.
- RQ 4 – The general elements of education, identified and evaluated through GAER 2012 are conducive to benchmarking; thereby simplifying comparative analyses by regulators seeking mutual recognition.

The conclusions are the responsibility of the researchers. It is important to note the limits of the GAER 2012 study. The study shows that comparison of professional qualifications of accountants and auditors for the establishment of MRAs can be based for a significant part on international standards. Whether this actually happens is the responsibility of standard setters and as such outside the scope of GAER 2012. We look forward to feedback, questions and suggestions from NASBA, and to future opportunities to discuss relevance and follow up of the study.

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 A.M. Verweij, LL.M., research support

NASBA

Global Accountancy Education Recognition Study 2012

APPENDICES



Appendix 1 Professional Accountancy Organizations and Qualifications

Country	Professional Accountancy Organization
Australia	Certified Public Accountants Australia (CPA Australia) Certified Public Accountant (CPA)
Australia	Institute of Chartered Accountants of Australia (ICAA) Chartered Accountant (CA)
Brazil	Conselho Federal de Contabilidade (CFC) Accountant (Contador)
Brazil	Instituto dos Auditores Independentes do Brasil (IBRACON) Independent Auditor (Auditor Independente)
Canada	Canadian Institute of Chartered Accountants (CICA) Chartered Accountant (CA)
Czech Republic	Chamber of Auditors of the Czech Republic (CACR) Auditor
France	Compagnie National des Commissaires aux Comptes (CNCC) Commissair aux Comptes
France	Ordre des Experts-Comptables (OEC) Expert-Comptables
Germany	Institut der Wirtschaftsprüfer in Deutschland (IDW) Wirtschaftsprüfer
Germany	Wirtschaftsprüferkammer (WPK) Wirtschaftsprüfer
Hong Kong	Hong Kong Institute of Certified Public Accountants (HKICPA) Certified Public Accountant (CPA)
India	Institute of Chartered Accountants of India (ICAI) Chartered Accountant (CA)
Japan	Japanese Institute of Certified Public Accountants (JICPA) Certified Public Accountant (CPA)
Mexico	Instituto Mexicana de Contadores Publicos (IMCP) Contador Publicos
Netherlands	Nederlandse Beroepsorganisatie van Accountants (NBA) Registeraccountant (RA)
New Zealand	New Zealand Institute of Chartered Accountants (NZICA) Chartered Accountant (CA)
South Africa	South African Institute of Chartered Accountants (SAICA) Chartered Accountant (CA)
Turkey	Expert Accountants Association of Turkey (EAAT) Expert Accountant
Turkey	Union of Chambers of Certified Public Accountants of Turkey (TURMOB) Certified Public Accountant (CPA)
United Kingdom	Association of Chartered Certified Accountants (ACCA) Chartered Certified Accountant (ACCA)
United Kingdom	Institute of Chartered Accountants in England and Wales (ICAEW)

United Kingdom	Fellow Chartered Accountant (FCA) Institute of Chartered Accountants of Scotland (ICAS) Chartered Accountant (CA)
USA	American Institute of Certified Public Accountants (AICPA) Certified Public Accountant (CPA)

Appendix 2 IFAC Statements of Membership Obligations

Preface

The IFAC SMOs provide benchmarks to current and potential IFAC members to assist them in ensuring high quality performance by professional accountants. The SMOs form the basis of the IFAC Member Body Compliance Program.

It is possible for member bodies and associates to comply with the obligations of an SMO, even if government, regulators or other appointed authorities carry out some or all of the functions specified in that SMO. In such circumstances, the obligation of IFAC member bodies and associates is to use their best endeavours to encourage those entrusted with those functions to implement them in accordance with the provisions of the SMOs and to assist them in implementing those functions when appropriate.

Quality Assurance

IFAC SMO 1, *Quality Assurance*, is to be applied by member bodies of IFAC to quality assurance review programs for their members performing certain audit engagements of financial statements. It applies whether the member bodies carry out such programs on their own behalf, on behalf of the profession, or on behalf of governments, regulators or other agencies, or whether the programs are carried out by another body. SMO 1 specifically refers to quality control in accordance with the International Standard on Quality Control (ISQC) 1.

International Education Standards

IFAC SMO 2, *International Education Standards for Professional Accountants and Other IAESB Guidance*, sets out the obligations of member bodies of IFAC in relation to IES for Professional Accountants and related statements issued by the IAESB of IFAC. It applies whether the member bodies issue such standards, or whether the standards are issued by another body. The IES express the benchmarks that IFAC member bodies are expected to meet in the preparation and continual development of professional accountants and auditors. They establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application.

International Standards for Quality Control, Audit and Assurance

IFAC SMO 3, *International Standards, Related Practice Statements and Other Papers Issued by the IAASB*, sets out the obligations of member bodies of IFAC in relation to quality control, auditing and assurance standards for its members. It applies whether the member bodies issue such standards, or whether the standards are issued by another body. The IFAC IAASB issues the ISAs, the International Standards on Review Engagements (ISREs), the International Standards on Assurance Engagements (ISAEs), and the International Standards on Related Services (ISRSs). The International Standard on Quality Control are to be applied for all services falling under the ISAs, ISAEs, and ISRSs.

Code of Ethics

IFAC SMO 4, *IFAC Code of Ethics for Professional Accountants*, sets out the obligations of member bodies of IFAC in relation to the IFAC Code of Ethics for Professional Accountants (the IFAC Code) and other pronouncements issued by the International Ethics Standards Board for Accountants (IESBA) of IFAC. It applies whether the member bodies issue such standards, or whether the standards are issued by another body. Where government, regulators or other appointed bodies perform any of the functions covered by this SMO, member bodies should use their best endeavours to encourage those responsible for those functions to follow this SMO in implementing them.

International Public Sector Accounting Standards

IFAC SMO 5, *International Public Sector Accounting Standards and Other IPSASB Guidance*, sets out the obligations of member bodies of IFAC in relation to IPSASs and other guidance issued by the International Public Sector Accounting Standards Board (IPSASB) of IFAC. It is to be applied by member bodies of IFAC to public sector accounting standards. Where government, regulators or other appointed bodies perform any of the functions covered by this SMO, member bodies should use their best endeavours to encourage those responsible for those functions to follow this SMO in implementing them.

Investigation and Discipline

IFAC SMO 6, *Investigation and Discipline*, is to be applied by member bodies of IFAC in the investigation and discipline of misconduct, including, but not limited to, breaches of professional standards and rules by their individual members (and, if local laws and practices permit, by their member firms). SMO 6 specifically acknowledges that legal systems are very different from country to country. It also states reduced requirements that enable member bodies to comply with SMO 6 in countries where the investigative and disciplinary process is wholly or largely the responsibility of government or other outside agency. It applies whether the member bodies carry out such programs on their own behalf, on behalf of the profession, or on behalf of governments, regulators or other agencies, or whether the programs are carried out by another body.

International Financial Reporting Standards

IFAC SMO 7, *International Financial Reporting Standards*, sets out the obligations of member bodies of IFAC in relation to International Financial Reporting Standards (IFRSs) issued by the *International Accounting Standards Board* (IASB). Member bodies of IFAC should support the work of the IASB by notifying their members of every IFRS. In addition member bodies should use their best endeavours: (a) to incorporate the requirements of IFRSs in their national accounting requirements, or where the responsibility for the development of national accounting standards lies with third parties, to persuade those responsible for developing those requirements that general purpose financial statements should comply with IFRSs, or with local accounting standards that are converged with IFRS, and disclose the fact of such compliance.

Appendix 3 Data Collection Tool

Country: name	Quantitative Data	Qualitative Data	Comments
1. Country Information			
1.1 Population in millions	number		background information
1.2 GDP per capita (USD)	number		background information
1.3 Business language(s)		description	background information
1.4 Legal system			
1.4.1 common law	Y/N		background information
1.4.2 civil law	Y/N		background information
1.4.3 mixed	Y/N		background information
1.5 WEF classification			
1.5.1 factor driven	Y/N		background information
1.5.2 efficiency driven	Y/N		background information
1.5.3 innovation driven	Y/N		background information
2 Professional Accountancy Organization(s)		name and web address	repeated for every PAO in the survey
2.1 IFAC membership			
2.1.1 full member	Y/N		standing of the PAO
2.1.2 associate member	Y/N		standing of the PAO
2.2 Regional or global affiliations	Y/N	description if Y	connections of the PAO
2.3 Professional qualifications:			
2.3.1 accountants	Y/N	title	general information
2.3.2 auditors	Y/N	title	general information
2.3.3 compliance with International Education Standards	Y/N	scope and frequency	use of IES as applicable benchmarks
3. Characteristics Accountancy Education			characteristics of the qualification system
3.1 Certification Requirements			focus on academic and professional qualification requirements
3.1.1 Academic requirements	Y/N	description if Y	
3.1.2 Program of professional accountancy education	Y/N	description if Y	
3.1.3 Practical experience requirement	Y/N	description if Y	
3.1.4 Final assessment of professional capabilities	Y/N	description if Y	
3.1.5 Continuing professional development	Y/N	description if Y	
3.2 Providers of Professional Education			focus on providers of education and training
3.2.1 Professional accountancy organizations	Y/N	description if Y	
3.2.2 Universities and/or education institutes	Y/N	description if Y	
3.2.3 Government bodies	Y/N	description if Y	
3.3 Responsibility for education requirements			focus on division of responsibility
3.3.1 Government or government agency	Y/N	description if Y	
3.3.2 Government with the accountancy profession	Y/N	description if Y	
3.3.3 Professional accountancy organizations	Y/N	description if Y	
3.3.4 Universities	Y/N	description if Y	
3.4 Licensing requirements for auditors			specific requirements for auditors
3.4.1 Academic study	Y/N	description if Y	
3.4.2 Practical experience	Y/N	description if Y	
3.4.3 Licensing or final qualifying examination	Y/N	description if Y	
3.4.3 On-going requirements (CPD, re-examination)	Y/N	description if Y	
4. Compliance with IES, based on GAE 2012 methodology and graphical representation; distinction between formal adoption and actual implementation			use of IES as benchmarks for qualification, education and training; level of adoption and implementation in the range [0, 1]
4.1 Pillar 1 - Personal development			
4.1.1 University entrance level	Y/N		
4.1.2 University exit (graduate) level	Y/N	description if Y	
4.1.3 Professional skills:			
4.1.3.1 intellectual skills	[0, 1]	adoption/implementation	level of compliance
4.1.3.2 technical and functional skills	[0, 1]	adoption/implementation	level of compliance
4.1.3.3 personal skills	[0, 1]	adoption/implementation	level of compliance
4.1.3.4 interpersonal and communication skills	[0, 1]	adoption/implementation	level of compliance
4.1.3.5 organizational and business management skills	[0, 1]	adoption/implementation	level of compliance
4.1.4 Professional values, ethics and attitudes:			
4.1.4.1 program of ethics education	[0, 1]	adoption/implementation	level of compliance

4.2 Pillar 2 - Content of professional accountancy education			
4.2.1 Accounting, finance and related knowledge	[0, 1]	adoption/implementation	level of compliance
4.2.2 Organizational and business knowledge	[0, 1]	adoption/implementation	level of compliance
4.3.3 Information technology	[0, 1]	adoption/implementation	level of compliance
4.3 Pillar 3 - Professional development			
4.3.1 Practical experience:			
4.3.1.1 content and duration of practical experience	[0, 1]	adoption/implementation	level of compliance
4.3.1.2 supervision, mentorship and monitoring	[0, 1]	adoption/implementation	level of compliance
4.3.2 Assessment of professional capabilities and competence			
4.3.2.1 assessment methodology	[0, 1]	adoption/implementation	level of compliance
4.3.2.2 assessment content	[0, 1]	adoption/implementation	level of compliance
4.3.3 Continuing professional development:			
4.3.3.1 duration and assessment	[0, 1]	adoption/implementation	level of compliance
4.3.3.2 organization and monitoring	[0, 1]	adoption/implementation	level of compliance
4.4 Pillar 4 - Competence of audit professionals			
4.4.1 advanced program requirements	[0, 1]	adoption/implementation	level of compliance
4.4.2 advanced requirements for skills, values, ethics	[0, 1]	adoption/implementation	level of compliance
4.4.3 advanced professional requirements	[0, 1]	adoption/implementation	level of compliance
5 Mutual recognition agreements			
5.1 Recognition of qualifications			
5.1.1 Recognition from home country to other country:			
5.1.1.1 country and qualification	Y/N	description if Y	to be repeated for every MRA
5.1.1.2 entry requirements	Y/N	description if Y	to be repeated for every MRA
5.1.2 Recognition from other country to home country:			
5.1.1.1 country and qualification	Y/N	description if Y	to be repeated for every MRA
5.1.1.2 entry requirements	Y/N	description if Y	to be repeated for every MRA
5.2 Practice rights			
5.2.1 Recognition from home country to other country:			
5.2.1.1 country and qualification	Y/N	description if Y	to be repeated for every MRA
5.2.1.2 entry requirements			
5.2.1.2.1 country specific requirements	Y/N	description if Y	to be repeated for every MRA
5.2.1.2.1 general program requirements	Y/N	description if Y	to be repeated for every MRA
5.2.2 Recognition from other country to home country:			
5.2.2.1 country and qualification	Y/N	description if Y	to be repeated for every MRA
5.2.2.2 entry requirements			
5.2.2.2.1 country specific requirements	Y/N	description if Y	to be repeated for every MRA
5.2.2.2.1 general program requirements	Y/N	description if Y	to be repeated for every MRA

Appendix 4 Country Overviews

GAER 2012 Australia	
Country Characteristics of Australia	
	
Total population (millions)	22.2 (2013)
GDP per capita (USD)	42,500 (2012) (ranked 22 in the world)
Business language	English
Legal system	Common law
Economic position	Innovation driven
Regional affiliations	ASEAN (dialogue partner), Commonwealth, G-20, OECD, UNCTAD
Accountancy Profession in Australia	
Certified Public Accountants Australia (CPA Australia)	
IFAC membership	Full member
Affiliations	CPA Australia is a member of AFA and CAPA
IFAC compliance information	Part I (2004), part II (2006), part III (2012)
Qualification of accountants	Certified Public Accountant (CPA)
Address	GPO Box 2820 Melbourne VIC 3001 Melbourne, VIC 3000 Australia Tel: +61-3-9606-9606, Fax: +61-3-9670-8901, mais.advisory@cpaustralia.com.au , www.cpaustralia.com.au (English)
Characteristics CPA Australia	
SMO 1 Quality Assurance	QA program for members offering accounting services to the public is the responsibility of the Board of CPA Australia.
SMO 3 Quality Control, Audit and Assurance	Auditing and assurance standards are the responsibility of the Auditing and Assurance Standard Board (AUASB). The standards are legally enforceable. CPA Australia is represented at the AUASB and contributes to consultations.
SMO 4 Code of Ethics	CPA Australia is a member of the Accounting Professional and Ethical standards Board (APESB). Members of CPA Australia are required to comply with CPA Australia rules and regulation.
SMO 6 Investigation and Discipline	Members of CPA Australia are required to comply with CPA Australia rules and regulation.
Recognition CPA Australia: CPA Australia has affiliations with a range of leading accounting bodies around the world, including HKICPA (Hong Kong), ICAI (India), MIA (Malaysia), NZICA (New Zealand), and ICPAS (Singapore). In most cases a reciprocal membership or exemptions from the examinations are possible. Recognition by CPA Australia is based on relevant degrees and applicable professional examinations. All recognition arrangements are mutual/reciprocal.	
Institute of Chartered Accountants of Australia (ICAA)	
IFAC membership	Full member
Regional affiliations	ICAA is a member of CAPA and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)

Qualification of auditors	Chartered Accountant (CA)
Address	GPO Box 9958 SYDNEY NSW 2001 Australia Tel: +61-2-9290-1344, Fax: +61-2-9262-4841, service@charteredaccountants.com.au, www.charteredaccountants.com.au (English)
Characteristics of ICAA	
SMO 1 Quality Assurance	Quality control for firms is regulated in ASQC 1 that is based on the clarified ISQC 1.
SMO 3 Quality Control, Audit and Assurance	The Auditing and Assurance Standard Board is responsible for standards that are legally enforceable.
SMO 4 Code of Ethics	ICAA is a member of the Accounting Professional and Ethical Standards Board. Members of ICAA are required to comply with ICAA rules and regulation.
SMO 6 Investigation and Discipline	Members of ICAA are required to comply with ICAA Australia rules and regulation that are enforced via the professional conduct complaint and disciplinary process.
Recognition ICAA: ICAA has MRAs with ICAEW (UK), ICAS (UK), IDW (Germany), CA Ireland, CICA (Canada), NASBA (USA), SAICA (South Africa), NZICA (New Zealand), and HKICPA (Hong Kong). ICAA has reciprocal recognition agreements with the Chartered bodies of England & Wales; Scotland; Ireland; Canada; South Africa; and New Zealand as well as Hong Kong Certified Public Accountants and the US IQAB. These require company and tax law only. Many other countries also recognize the Institute's qualification; however no formal agreements are in place.	
Accountancy Education in Australia	
In Australia two qualifications are considered, the qualification of Certified Public Accountant (CPA) and the qualification of Chartered Accountant (CA). CPA Australia is responsible for the CPA qualification; the Institute of Chartered Accountants of Australia (ICAA) is responsible for the CA qualification. The final examinations for the two qualifications are conducted by the two Institutes. The educational requirements are comparable:	
<ol style="list-style-type: none"> 1. An accredited university undergraduate or master's degree in accounting and a professional programme offered by CPA Australia or the ICAA 2. A university degree in another field supplemented by prescribed accounting and related courses and a professional programme offered by CPA Australia or the ICAA 3. Three years of supervised and mentored work experience in finance, accounting or business 	
Members of the two Institutes have to meet ongoing requirements including CPD. There are no additional requirements for licensing. For both qualifications mutual recognition agreements with professional bodies in other countries address international recognition.	
A new program for Chartered Accountants jointly created by ICAA and the New Zealand Institute of Chartered Accountants started in 2013.	
Characteristics of Accountancy Education	
Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization
Responsibility for Education Requirements	Profession
Licensing Requirements for Auditors	Not applicable
Compliance with International Education Standards	
<i>Pillar 1: Personal Development</i>	
IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance
<i>Pillar 2: Professional Accountancy Education</i>	
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance

IES 2 Information technology	High level of compliance
<i>Pillar 3: Professional Development</i>	
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance
<i>Pillar 4: Competence of Audit Professionals</i>	
IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Brazil	
Country Characteristics of Brazil	
	
Total population (millions)	199,3 (2012)
GDP per capita (USD)	11.800 (2011) (ranked 102 in the world)
Business language	Portuguese
Legal system	Civil Law
Economic position	Efficiency driven
Regional affiliations	BRICS, CELAC, G-20, LAES, OAS, OECD (Enhanced Engagement)
Accountancy Profession in Brazil	
Conselho Federal de Contabilidade (CFC)	
IFAC membership	Full member of IFAC
Affiliations	No affiliation
IFAC compliance information	Part I (2005), Part II (2007), Part III (2012)
Qualification of accountants	Accountant (Contador)
Address	SAS Quadra 5, Bloco J, Edifício CFC, CEP 70070-920 Brasília DF, Brazil Tel: +55-61-3314-951, Fax: +55+61+3314-951, vpadmin@cfc.org.br, http://www.cfc.org.br
Instituto dos Auditores Independentes do Brasil (IBRACON)	
IFAC membership	Full member of IFAC
Regional affiliations	Interamerican Accounting Association
IFAC compliance information	Part I (2005), Part II (2007), Part III (2012)
Qualification of auditors	Independent Auditor (Auditor Independente)
Address	Rua Maestro Cardim, 1170 - 8º e 9º andares, Bairro Bela Vista, CEP 01323-001 - São Paulo – SP; CEP 01323-001, São Paulo – SP, Brazil Tel: +55 (11) 3062-1, Fax: +55 (11) 3062-1, ibracon@ibracon.com.br , http://www.ibracon.com.br
Characteristics of the Accountancy Profession: CFC for accountants and IBRACON for auditors work closely together. This country overview combines information about the two PAOs and their qualifications.	
SMO 1 Quality Assurance	QA based on mandatory peer review for audit firms
SMO 3 Quality Control, Audit and Assurance	On-going change from Brazilian Auditing Standards to IAASB Standards
SMO 4 Code of Ethics	Conversion process to IESBA Code of Ethics
SMO 6 Investigation and Discipline	CFC as the regulatory agency for the profession in Brazil
Recognition CFC and IBRACON: There are no recognition agreements for accountants or auditors from Brazil with comparable qualifications in other countries.	
Accountancy Education in Brazil	
Accounting professionals in Brazil will be able to enter the profession after meeting the following requirements. The immediate consequence of these changes will be forming professionals with a sounder basis.	
(I) Obtaining a Bachelor's Degree in Accounting Sciences, recognized by the Ministry of Education. In Brazil, a university degree is required to access the accounting profession, which takes place by means of registration in the Regional Councils of Accounting. The Ministry of Education regulates the contents of curricula of undergraduate courses in Accounting Sciences.	
(II) Successful completion of the Sufficiency Exam. Approval of Bill 12,249/10, which changed some	

clauses of the law governing the Federal Accounting Council (CFC), introduced the mandatory Sufficiency Exam to the accounting profession in Brazil.

(III) Registration with a Regional Council of Accounting, under whose jurisdiction they will be subject.

Professionals who work as Independent Auditors are subject to additional requirements as noted below. In order for professionals to work as Independent Auditors in the capital and financial markets, they need to pass the Technical Qualification Exam. Additionally, since 2002, Independent Auditors must fulfil minimum continuing education requirements. One current challenge is the implementation of educational requirements for professionals who prepare accounting statements. The initial proposal is to implement this requirement for the accounting professionals (preparers) who work in regulated entities.

The International Standard of Education (IES) No. 2 requires that practical experience must be obtained prior to registration of an accountant. Given the current educational system in Brazil and the respective legal framework, the CFC has not yet been able to set this requirement.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Government
Licensing Requirements for Auditors	Additional licensing examination and CPD

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High (intellectual skills) to medium (technical skills) level of compliance
IES 4 Professional values, ethics and attitudes	Medium level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	Medium level of compliance
IES 2 Organizational and business knowledge	Medium level of compliance
IES 2 Information technology	Medium level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	Low level of compliance
IES 6 Assessment of professional capabilities and competence	Medium level of compliance
IES 7 CPD	Low level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	Medium level of compliance
IES 8 Skills, values and ethics	Low level of compliance
IES 8 Professional requirements	Low level of compliance

GAER 2012 Canada	
Country Characteristics of Canada	
	
Total population (millions)	34.5 (2013)
GDP per capita (USD)	41,500 (2012) (ranked 27 in the world)
Business language	English, French
Legal system	Common law (English) and civil law (French)
Economic position	Innovation driven
Regional affiliations	APEC, Commonwealth, G-20, OAS, OECD, UNCTAD
Accountancy Profession in Canada	
Canadian Institute of Chartered Accountants (CICA) (now recognized as CPA Canada, April 2013)	
IFAC membership	Full member
Affiliations	CICA is a member of GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2013)
Qualification of accountants	Chartered Accountant (CA)
Address	277 Wellington Street, West. Toronto, Ontario M5V 3H2, Canada Tel: 1-416/977.3222, Fax: 1-416/204.2406, kevin.dancey@cica.ca, www.cpacanada.ca (English, French)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	CICA has set a Canadian standard on quality control for firms that perform audits and reviews of financial statements, and other assurance engagements. The Provincial Institutes have appropriate mandatory programs.
SMO 3 Quality Control, Audit and Assurance	The Canadian Auditing and Assurance Standards Board has adopted ISAs as Canadian Auditing Standards.
SMO 4 Code of Ethics	Current Rules of Professional Conduct and Council Interpretations meet spirit and content of the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	The Provincial Institutes have appropriate programs for investigation and discipline.
Recognition CICA: NAFTA has agreed on professional MRAs between CICA, IMCP, and NASBA. The CICA also has MRAs with OEC (France), ICAA (Australia), ICAEW (UK), HKICPA Hong Kong), CA Ireland, NBA (Netherlands), NZICA (New Zealand), ICAS (UK), SAICA (South Africa), and ICAZ (Zimbabwe). The CICA's International Qualifications Appraisal Board (IQAB) is responsible for assessing the admission standards of foreign accounting bodies and recommending to the Provincial Institutes whether and under what conditions members of these bodies may be admitted to the Canadian CA profession. The CA Reciprocity Examination examines candidates on their knowledge of Canadian accounting and assurance standards, the rules of professional conduct, Canadian taxation and Canadian business law.	
Accountancy Education in Canada	
Admission requirements to become a CA include entrance requirements re: academic study, prescribed programmes of professional education, a formal final examination of professional competence and practical training. Membership in a Provincial Institute is mandatory in order to promote oneself as a Chartered Accountant. CPD is mandatory and is regulated by the Provincial Institutes. All CA candidates must sit the profession's Uniform Evaluation. The purpose of the examination is to assess whether candidates have acquired the competencies required of an entry-level CA. The professional education	

programme for a CA in Canada will vary between Canada's four regions but each programme has the same objective - to prepare the candidates to be professional accountants as defined nationally by the *CA Candidates' Competency Map*. An undergraduate degree from a Canadian university, or the equivalent from an out-of-country university, is required for admission to an Institute as a student. The compulsory university courses vary somewhat by Institute. All candidates must register with their Provincial Institute while completing practical experience. CICA sets and marks the Uniform Evaluation on behalf of the Provincial Institutes. The Canadian Institute of Chartered Accountants (CICA) recognizes 14 international accounting bodies whose members are recommended for exemption from the Uniform Evaluation. Reciprocal membership arrangements have been signed with two accounting bodies.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

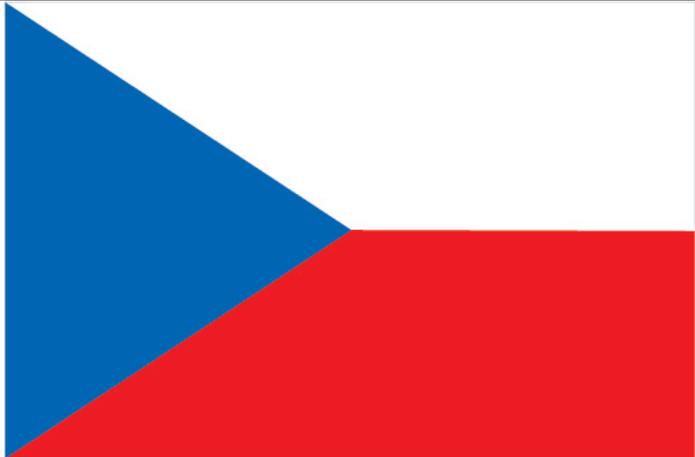
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

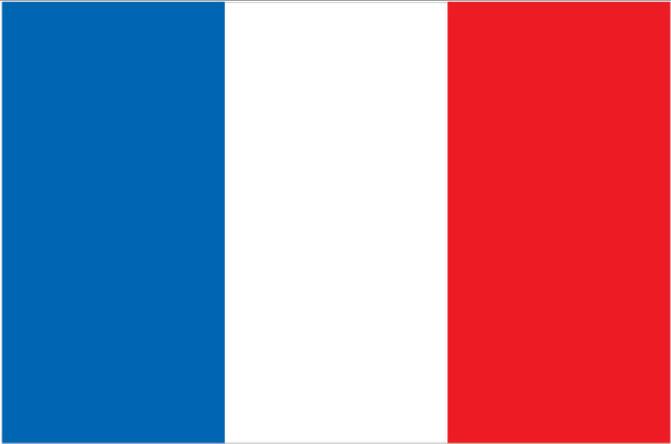
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Czech Republic	
Country Characteristics of Czech Republic	
	
Total population (millions)	10.1 (2013)
GDP per capita (USD)	27,200 (2012) (ranked 55 in the world)
Business language	Czech
Legal system	Civil law
Economic position	Innovation driven
Regional affiliations	EU, OAS, OECD, UNCTAD
Accountancy Profession in the Czech Republic	
Chamber of Auditors of the Czech Republic (CACR)	
IFAC membership	Full member
Affiliations	Fédération des Experts Comptables Européens (FEE)
IFAC compliance information	Part I (2005), part II (2007), part III (2012)
Qualification of accountants	Auditor
Address	Opetalova 55, 11100 Praha 1, Czech Republic Tel: +420 224 212, 670 Fax: +420 224 211 905, kacr@kacr.cz, www.kacr.cz (Czech, English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	QA by CACR is compliant with SMO 1 and EU regulation.
SMO 3 Quality Control, Audit and Assurance	All audits must be performed in accordance with international auditing standards adopted by the EU and with CACR auditing standards. All IAASB pronouncements are included unless stated otherwise.
SMO 4 Code of Ethics	CACR has adopted the revised IESBA Code of Ethics.
SMO 6 Investigation and Discipline	CACR is responsible for investigation and discipline of its members. The Council of the Public Oversight on Statutory Auditors is responsible for the oversight of auditors and CACR.
Recognition CACR: In the Czech Republic EU regulation for recognition of auditors is applicable. The CACR does not have additional MRAs with other PAOs.	
Accountancy Education in the Czech Republic	
The Chamber of Auditors of the Czech Republic (CACR) is the professional body of auditors. The title of auditor is protected by law. To obtain an auditor's certificate and be registered in CACR register of auditors, one must pass examinations in subjects determined by the Act on Auditors Examination. Candidates must have obtained at least a bachelor's degree and work for the minimum of three years as an audit assistant. The scope of examination is determined by the Act on Auditors and details are specified by CACR. Preparatory courses for each examination are organized by the Audit Examination Committee of CACR that is an auxiliary body to the Executive Committee. All CACR members shall complete 40 hours, or its equivalent, of continuing professional development each year. Czech requirements for auditors comply with EU regulation; the auditor qualification is recognized in other EU countries.	
Characteristics of Accountancy Education	

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Profession
Licensing Requirements for Auditors	Academic study, practical experience, examination and CPD
Compliance with International Education Standards	
<i>Pillar 1: Personal Development</i>	
IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance
<i>Pillar 2: Professional Accountancy Education</i>	
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance
<i>Pillar 3: Professional Development</i>	
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance
<i>Pillar 4: Competence of Audit Professionals</i>	
IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 France	
Country Characteristics of France	
	
Total population (millions)	65.9 (N/A)
GDP per capita (USD)	35,500 (2012) (ranked 40 in the world)
Business language	French
Legal system	Civil law
Economic position	Innovation driven
Regional affiliations	EU, G-20, OAS (observer), OECD, UNCTAD
Accountancy Profession in France	
Compagnie Nationale des Commissaires aux Comptes (CNCC)	
IFAC membership	Full member
Affiliations	CNCC is a member of CCI and FEE
IFAC compliance information	Part I (2005), part II (2006), part III (2011)
Qualification of accountants	Commissaire aux Comptes
Address	16 Avenue de Messine, 75008 Paris, France Tel: 33-1/44.77.8282, Fax: 33-1/44.77.8228, cncc.documentation@cncc.fr , www.cncc.fr (French)
Characteristics of CNCC	
SMO 1 Quality Assurance	QA of public interest firms is the responsibility of a Public Oversight Body that also supervises QA by CNCC of non public interest firms.
SMO 3 Quality Control, Audit and Assurance	CNCC has legal responsibility for adopting auditing standards in France and supports adoption of ISAs in Europe.
SMO 4 Code of Ethics	CNCC Code of Ethics is applicable to its members. The Code does not include the IESBA Code of Ethics but it is considered to be more stringent.
SMO 6 Investigation and Discipline	Independent Regional Disciplinary Chambers are responsible for investigation and discipline.
Conseil Supérieur de l'Ordre des Experts-Comptables (OEC)	
IFAC membership	Full member
Affiliations	OEC is a member of CCI and FEE
IFAC compliance information	Part I (2005), part II (2006), part III (2011)
Qualification of auditors	Expert-Comptables
Address	19 rue Cognacq Jay, 75 341 Paris Cedex 07, France Tel: (33) 1 44 15 60 00, Fax: (33) 1 44 15 90 05, csoec@cs.experts-comptables.org , www.experts-comptables.fr (French)
Characteristics of OEC	
SMO 1 Quality Assurance	OEC reviews cover all accounting firms but OEC does not review statutory audits (see CNCC). OEC has adopted quality control standards and is planning to adopt ISQC 1.

SMO 3 Quality Control, Audit and Assurance	OEC has legal responsibility for adopting auditing standards for contractual audits and reviews. OEC has adopted a large part of IAASB pronouncements and is planning to further develop convergence.
SMO 4 Code of Ethics	OEC drafts ethical requirements that are approved by the government. Content and structure differ from the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	Independent Regional Disciplinary Chambers are responsible for investigation and discipline.
Recognition OEC and CNCC: In France EU regulation for recognition of auditors is applicable. OEC has a MRA with CICA (Canada). Recognition through EU mutual recognition directive and with the French speaking countries. In general a special examination is required.	
Accountancy Education in France	
The French accountancy profession is organized through two separate professional bodies, (1) "Ordre des Experts-Comptables" (OEC), under the jurisdiction of the Ministry of Economy and Finance, for the practising accountants; (2) "Compagnie National des Commissaires aux Comptes" (CNCC), under the jurisdiction of the Ministry of Justice, for the statutory auditors. Most of the professional accountants are members of the two Institutes. Candidates for OEC and CNCC memberships have to complete a professional accountancy education program delivered by Universities and elaborated by the Ministry of Higher Education in cooperation with the OEC and CNCC, accomplish 3 years of practical training in an accounting/auditing firm, pass a final assessment and obtain the French higher accountancy degree : "Diplôme d'Expertise Comptable". The Ministry of Higher Education has recently revised and redrafted the French accountancy syllabus in collaboration with the OEC and the CNCC. The intermediary degrees "Diplôme de Comptabilité et de Gestion", DCG, & "Diplôme Supérieur de Comptabilité et de Gestion", do not give access to the profession but are the first steps in this direction. The final diploma, "Diplôme d'Expertise Comptable" is the only one giving access to the profession of "Expert-comptable" as well as the profession of "Commissaire aux comptes" if the training period includes a minimum of practice in audit. Requirements for statutory auditors comply with EU regulation; the auditor qualification is recognized in other EU countries. There are also recognition agreements with other French speaking countries.	
Characteristics of Accountancy Education	
Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Additional practical experience
Compliance with International Education Standards	
<i>Pillar 1: Personal Development</i>	
IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance
<i>Pillar 2: Professional Accountancy Education</i>	
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance
<i>Pillar 3: Professional Development</i>	
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance
<i>Pillar 4: Competence of Audit Professionals</i>	
IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance

IES 8 Professional requirements	High level of compliance
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GAER 2012 Germany	
Country Characteristics of Germany	
	
Total population (millions)	81.1 (2013)
GDP per capita (USD)	39,700 (2012) (ranked 29 in the world)
Business language	German
Legal system	Civil law
Economic position	Innovation driven
Regional affiliations	EU, G-20, OAS (observer), OECD, UNCTAD
Accountancy Profession in Germany	
Institut der Wirtschaftsprüfer in Deutschland (IDW)	
IFAC membership	Full member
Affiliations	IDW is a member of CCI, FEE and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Wirtschaftsprüfer
Address	Tersteegenstraße 14, D-40474 Düsseldorf, Germany Tel: +49-211-4561-0, Fax: +49 211-4541-097, info@idw.de, www.idw.de (English, German)
Wirtschaftsprüferkammer (WPK)	
IFAC membership	Full member
Affiliations	Not applicable
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Wirtschaftsprüfer
Address	Rauchstraße 26, D-10787, Berlin, Germany Tel: +49-30-72-61-61-100, Fax: +49-30-72-61-61-107, admin@wpk.de , http://www.wpk.de
Characteristics of the Accountancy Profession: IDW and WPK work closely together. This country overview combines information about the two PAOs and their qualifications.	
SMO 1 Quality Assurance	WPK is the state supervised organization of all public accountants. It operates under public oversight of the Auditor Oversight Commission. QA review of statutory auditors of public interest is conducted every three years; for all other statutory auditors every six years.
SMO 3 Quality Control, Audit and Assurance	IDW prepares specific auditing standards. IDW continues to transpose ISAs in national auditing standards.
SMO 4 Code of Ethics	WPK has developed its own ethical standards with a process to eliminate differences with the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	Rules for Investigation and Discipline are set by Public Law and WPK regulation. WPK operates under supervision of the Auditor Oversight Commission and the government..
Recognition IDW and WPK: In Germany EU regulation for recognition of auditors is applicable. IDW has	

MRAs with ICAA (Australia). Recognition of the professional qualification from Germany under the 8. EU Directive in other EU member states is by means of a mutual recognition examination. The recognition of the corresponding qualifications from all other EU member states is also achieved by a mutual recognition examination.

Accountancy Education in Germany: Traditionally, candidates need to have a university degree in addition to professional work experience of at least three years, which is extended to four years when the prescribed degree course is shorter than eight semesters. Candidates without a university degree may sit the Professional Examination after having worked for at least 10 years in auditing. As a prerequisite for admission to sit the examinations for Wirtschaftsprüfer, candidates must have undertaken a specific type of further education typically a course of university studies in business administration, and also have had sufficient practical experience for the exercise of the profession. The profession of Wirtschaftsprüfer is an academic profession. Besides auditing, the subjects covered during the Professional Examination include the core competences of the profession; primarily tax advice and the representation of clients in tax proceedings, as well as services in the capacity of a technical expert and consultant in all areas of business management. Practical work experience provides young Wirtschaftsprüfer with the occupational skills that cannot, or cannot yet, be taught as part of a degree course. Recently a masters' degree has become available that provides training towards the Wirtschaftsprüfer qualification. The entrance requirements are a relevant first degree, ideally a bachelor's degree in business administration, at least one year's work experience in auditing as well as passing an entrance examination.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Academic study, practical experience, examination and CPD

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

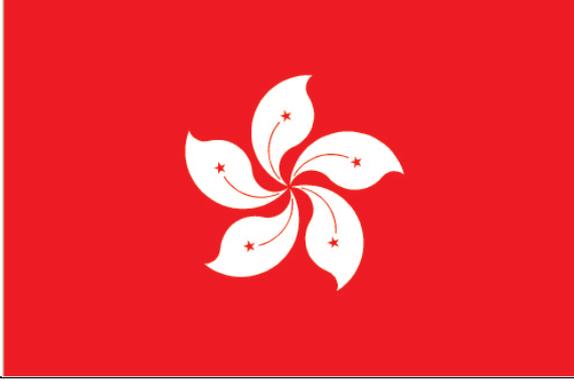
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Hong Kong	
Country Characteristics of Hong Kong	
	
Total population (millions)	7.1 (2013)
GDP per capita (USD)	50,700 (2012) (ranked 13 in the world)
Business language	Cantonese, English
Legal system	Mixed
Economic position	Innovation driven
Regional affiliations	OAS (observer), OECD, UNCTAD
Accountancy Profession in Hong Kong	
Hong Kong Institute of Certified Public Accountants (HKICPA)	
IFAC membership	Full member
Affiliations	HKICPA is a member of CAPA and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2011)
Qualification of accountants	Certified Public Accountant (CPA)
Address	37/F, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (Special Administrative Region of China) Tel: (852) 2287-7228, Fax: (852) 2865-6603, (85, hki CPA@hki CPA.org.hk, www.hki CPA.org.hk (Cantonese, English))
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	The QA system is operated by the HKICPA; it consists of a practice review program and of review of published financial statements.
SMO 3 Quality Control, Audit and Assurance	HKSAs are approved by the HKICPA Council and its Auditing and Assurance Standards Committee; policy of convergence with ISAs.
SMO 4 Code of Ethics	Policy of convergence of the HKICPA Code of Ethics for Professional Accountants with the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	The HKICPA is responsible for ethical and professional conduct of its members, member practices and students. Conduct of listed entities is the responsibility of the Financial Reporting Council.
Recognition HKICPA: The HKICPA has MRAs with ICAA (Australia), ICAEW (UK), CA Ireland, ICAS (UK), ICAZ (Zimbabwe), NASBA (USA), NZICA (New Zealand), and SAICA (South Africa). An aptitude test on local law and practices can be required. The HKICPA also has an agreement for recognition arrangements with ACCA. HKICPA's QP is recognized by chartered accountancy bodies in: the United Kingdom, Canada, Australia, Ireland, New Zealand, South Africa and Zimbabwe, as well as CPA Australia and the Chinese Institute of Certified Public Accountants. All recognition arrangements with these bodies are mutual/reciprocal.	
Accountancy Education in Hong Kong	
The Hong Kong Institute of Certified Public Accountants (HKICPA) is the statutory body responsible for registering CPAs in Hong Kong. HKICPA membership and practising certificate are mandatory for practising public accountancy in Hong Kong. Admission requirements as a member of HKICPA include completion of its Qualification Programme (QP), which comprises four technical modules with workshops and a formal final examination of professional competence, and supervised structured practical experience gained under an authorized employer/supervisor. The professional body is the provider of the QP, which is offered twice a year. For admission to the QP, a recognized accountancy degree from any Hong Kong tertiary institution or an overseas degree or academic qualification accepted by the HKICPA as being of comparable standard is required. Applicants for the issue of a practicing certificate are required to satisfy up to four-year full-time approved accounting experience, relevant Practising Certificate	

examinations in auditing, local law and taxation and CPD requirements. CPD is mandatory for members of the HKICPA for membership renewal. Mutual recognition agreements with professional bodies in other countries address international recognition and provide pathways for foreign qualified accountants from a recognized body access to HKICPA membership and practicing rights.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 India	
Country Characteristics of India	
	
Total population (millions)	1,220.8 (2013)
GDP per capita (USD)	3,900 (2012) (ranked 166 in the world)
Business language	English
Legal system	Common
Economic position	Factor driven
Regional affiliations	APEC, ASEAN, BRICS, Commonwealth, G-20, OECD (Enhanced Engagement), UNCTAD
Accountancy Profession in India	
Institute of Chartered Accountants of India (ICAI)	
IFAC membership	Full member
Affiliations	ICAI is a member of CAPA and SAFA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Chartered Accountant (CA)
Address	ICAI Bhawan, Indraprashta Marg, Post Box No. 7100, New Delhi 110 002, India Tel: 091-11-3-989-3989, Fax: 091-11-301-10580, icaiho@icai.org, www.icai.org (English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	QA is maintained by ICAI peer review under government supervision.
SMO 2 International Education Standards	
SMO 3 Quality Control, Audit and Assurance	The ICAI Auditing and Assurance Standards Board develops auditing standards. The AASB considers IAASB standards for adoption.
SMO 4 Code of Ethics	Ethical principles for members are formulated by the ICAI Ethical Standards Board. Provisions of the IESBA Code of Ethics are incorporated.
SMO 6 Investigation and Discipline	A framework for disciplinary action is incorporated in the Chartered accountants Act.
Recognition ICAI: ICAI has MRAs/MoUs with ICAEW (UK), ICAA (Australia), CPA Australia, CICA (Canada), and with CPA Ireland. The content of examinations required to become a member of ICAI is different for each of the PAOs for which ICAI entered an agreement.	
Accountancy Education in India	
Admission requirements as a member of the Institute of Chartered Accountants of India (ICAI), set up by an Act of Parliament, include a formal examination of professional competence, professional education and practical training. A candidate can apply for membership of ICAI as a Chartered Accountant after completing prescribed practical training under an articleship of at least three years full-time work and six months of audit training, as applicable. A programme on general management and communication skills has to be completed too for membership application. The professional examinations comprise three stages, starting with a Common Proficiency Test, then followed by an Integrated Professional Competence Course consisting two levels of seven subjects, and culminate in the Chartered Accountant Final Examination. The objectives of the Chartered Accountant Final Examination are to test advanced knowledge; the ability to apply knowledge in various situations in actual practice; intellectual, interpersonal and communication skills; as well as professional values. ICAI is the provider of the final	

examination and the IPCC. The Board of Studies recognises suitable institutions and grants accreditation for organising classes. CPD is mandatory for members in public practice of accountancy. Mutual recognition agreements and memoranda of understanding with professional bodies in other countries address mutual recognition and pathways to membership.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization
Responsibility for Education Requirements	Profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

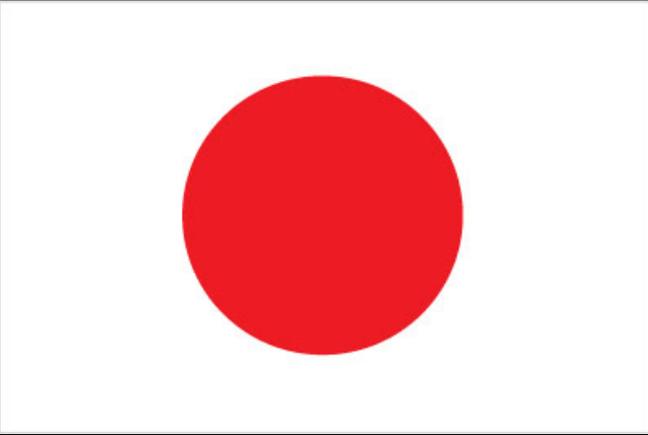
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	Medium level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Japan	
Country Characteristics of Japan	
	
Total population (millions)	127.2 (2013)
GDP per capita (USD)	36,200 (2012) (ranked 38 in the world)
Business language	Japanese
Legal system	Civil law
Economic position	Innovation driven
Regional affiliations	APEC, ASEAN (dialogue partner), G-20, OAS (observer), OECD, UNCTAD
Accountancy Profession in Japan	
Japanese Institute of Certified Public Accountants (JICPA)	
IFAC membership	Full member
Affiliations	JICPA is a member of CAPA and GAA
IFAC compliance information	Part I (2004), part II (2006), part III (2012)
Qualification of accountants	Certified Public Accountants (CPA)
Address	4-4-1 Kudan-Minami, Chiyoda-ku, Tokyo 102-8264, Japan Tel: 81-3/3515-1130, Fax: 81-3/5226-3355, international@jicpa.or.jp, www.hp.jicpa.or.jp (English, Japanese)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	QA is the responsibility of JICPA as a self-regulatory organization.
SMO 3 Quality Control, Audit and Assurance	Japanese GAAS are based on ISAs by the Business Accounting Council and the JICPA Auditing Standards Committee.
SMO 4 Code of Ethics	The JICPA Ethics Committee is responsible for the JICPA Code of Ethics.
SMO 6 Investigation and Discipline	For JICPA Investigation and Discipline a complaints based approach is used.
Recognition JICPA: JICPA is not in a position to award exemption to members of any foreign accountancy body.	
Accountancy Education in Japan	
<p>For membership of the Japanese Institute of Certified Public Accountants (JICPA), the CPA examination must be successfully completed. The administration and the requirements of the CPA examination are provided by the Certified Public Accountants Law. The examination is conducted by the Certified Public Accountants and Auditing Oversight Board, an advisory body to the Financial Services Agency. The examination is held annually, only in Japanese. It consists of a multiple-choice test and an essay. Successful candidates of the multiple-choice test are entitled to sit the essay part of the test. Japan has no educational requirement to sit for the CPA examination. A candidate is required to have practical audit experience at an accounting firm or specific training in industry for a minimum of two years. Candidates may obtain practical experience either before taking the CPA examination or after passing the CPA examination. Successful candidates of the CPA examination are required to complete the three-year long professional accountancy education program provided by the Japan Foundation for Accounting Education and Learning. The Foundation was established mainly by the CPA profession, with the cooperation of business and academic communities and other parties. Those who completed the professional accountancy</p>	

education program are qualified to take the final assessment, which is conducted annually by JICPA. Those who passed the final assessment are eligible to register with JICPA. CPD is mandatory for Japanese CPAs. There is no international recognition of the Japanese CPA qualification.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	Low level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	Medium level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Mexico	
Country Characteristics of Mexico	
	
Total population (millions)	116.2 (2013)
GDP per capita (USD)	15,300 (2012) (ranked 88 in the world)
Business language	Spanish
Legal system	Civil law
Economic position	Efficiency-Innovation driven
Regional affiliations	APEC, CELAC, CSN (observer), G-20, LAES, NAFTA, OAS, OECD, UNCTAD
Accountancy Profession in Mexico	
Instituto Mexicana de Contadores Públicos (IMCP)	
IFAC membership	Full member
Affiliations	IMCP is a member of IAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Contador Públicos
Address	Bosque de Tabachines # 44, Col. Bosques de las Lomas C.P. 11700, Delegación Miguel Hidalgo, Mexico Tel: +52(55) 5267-6400, Fax: +52(55) 5596-6950, presidencia@imcp.org.mx, www.imcp.org.mx (Spanish)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	A system for QA has been developed but implementation is delayed.
SMO 3 Quality Control, Audit and Assurance	Mexican GAAS were developed by the IMCP Auditing and Assurance Standards Board. Since 2012 a start has been made with adoption of IASs.
SMO 4 Code of Ethics	IMCP develops its own Code of Ethics with a process to eliminate differences with the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	IMCP is responsible for investigation and discipline of its members by the National Honor Board and local Honor Committees.
Recognition IMCP: NAFTA has agreed on professional MRAs between CICA, IMCP, and NASBA. The IMCP does not have additional MRAs with other PAOs. The Mexican Committee of International Accountancy (COMPIC), in the framework of the NAFTA, reached in 2002 a mutual recognition agreement with its counterparts in the United States and Canada considering mutually acceptable standards and criteria for issuing licenses and certificates (education, ethics, examination, professional experience). Initiation of negotiations with other countries, particularly those with which Mexico has signed free trade agreements, is also under examination. Foreigners are subject to compliance with the requirements set out in Mexican law, including revalidation of studies, completion of social service and possession of the qualification, together with reciprocal treatment for Mexicans at the applicant's place of residence.	
Accountancy Education in Mexico	
A license to practice public accountancy, awarded by the Ministry of Education for holders of at least a	

Bachelor of Arts (BA) degree in Accounting, supported by recommendations of two members is the only requirement to become a member of the Instituto Mexicana de Contadores Publicos (IMCP). Membership in IMCP is voluntary and consists of certified and non-certified members. In 1999 IMCP introduced voluntary certification of public accountants (Contador Publico Certificado). Although this certification is voluntary, only CPCs can perform audits of registered public interest companies. Under the new arrangement the IMCP organizes qualification examinations for those public accountants who intend to obtain the title of CPC - considered equivalent to the certified public accountant in the United States. The new arrangement is voluntary but it is comparable to other international licensing requirements; the Mexican licensee can practice accountancy in most but not all jurisdictions of the United States and Canada, subject to passing examinations on national legislation and standards, in accordance with provisions of the Professional Mutual Recognition Agreement. All members of IMCP must comply with CPD requirements, with a minimum of 65 hours for Certified Public Accountant and of 45 hours for Public Accountants. CPD is monitored by IMCP.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Government
Licensing Requirements for Auditors	Additional licensing examination

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High (intellectual skills) to medium (technical skills) level of compliance
IES 4 Professional values, ethics and attitudes	Medium level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	Medium level of compliance
IES 2 Information technology	Low level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	Low level of compliance
IES 6 Assessment of professional capabilities and competence	Medium level of compliance
IES 7 CPD	Low level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	Medium level of compliance
IES 8 Skills, values and ethics	Medium level of compliance
IES 8 Professional requirements	Low level of compliance

GAER 2012 Netherlands	
Country Characteristics of Netherlands	
	
Total population (millions)	16.8 (2013)
GDP per capita (USD)	42,300 (2012) (ranked 24 in the world)
Business language	Dutch
Legal system	Civil law
Economic position	Innovation driven
Regional affiliations	EU, OAS (observer), OECD, UNCTAD
Accountancy Profession in the Netherlands	
Nederlandse Beroepsorganisatie van Accountants (NBA)	
IFAC membership	Full member
Affiliations	NBA is a member of CCI and FEE
IFAC compliance information	Part I (2013), part II (2013), part III (2013)
Qualification of accountants	Registeraccountant (RA)
Address	Antonio Vivaldistraat 2-8, Postbus 7984, 1083 HP Amsterdam, Netherlands Tel: +31 (0)20-3010301, Fax: +31 (0)20-3010302 nba@nba.nl, www.nba.nl (Dutch, English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	QA for statutory audits is the responsibility of the Authority Financial Markets. NBA is responsible for QA for all other assignments.
SMO 3 Quality Control, Audit and Assurance	NBA is responsible for translation and implementation of IAASB pronouncements.
SMO 4 Code of Ethics	NBA is responsible for translation and implementation of IESBA pronouncements.
SMO 6 Investigation and Discipline	The Ministry of justice has the legal authority to conduct the investigation and discipline process.
Recognition NBA: In the Netherlands EU regulation for recognition of auditors is applicable. Recognition inside the EU according to EU Directives and for other countries on an individual bases. USA – Dutch RA's with a university degree have a master's degree and followed more than 150 hours of education, so they can sit for the CPA Examination.	
Accountancy Education in the Netherlands	
Registeraccountants are required to have an accredited master's degree in accounting. Education for statutory auditors is at post-graduate level. To become a member of Royal NIVRA (NBA, Nederlandse Beroepsorganisatie van Accountants) registeraccountants are also required to complete three years mentored and supervised practical experience of which at least one year in an audit environment. The final examination consists of a theoretical and a practical thesis. The government appointed Commissie Eindtermen Accountantsopleiding (Committee Learning Outcomes Accounting and Auditing) is responsible	

for the learning outcomes of the full RA-syllabus (postgraduate accountancy education); universities are free to design curricula based on the required learning outcomes. Compliance is safeguarded through periodical reviews and accreditation by CEA. Royal NIVRA (NBA) is responsible for the practical experience program for aspiring registeraccountants and for CPD by registeraccountants (regulation, program and monitoring). Requirements for statutory auditors comply with EU regulation; the auditor qualification is recognized in other EU countries. There are also recognition agreements with some English speaking countries outside the European Union.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Government
Licensing Requirements for Auditors	Academic study, practical experience, examination and CPD

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

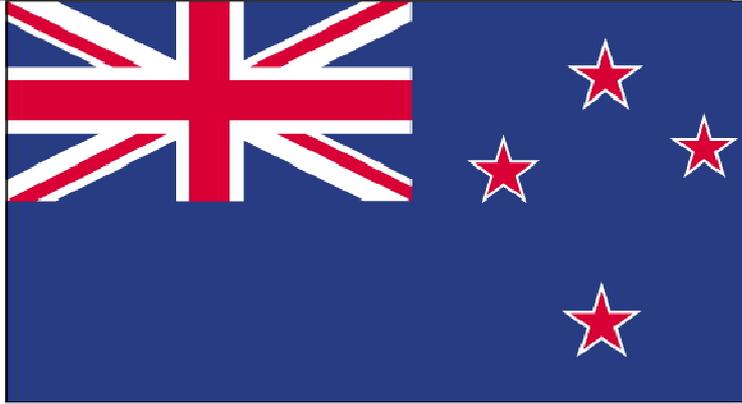
IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 New Zealand	
Country Characteristics of New Zealand	
	
Total population (millions)	4.3 (2013)
GDP per capita (USD)	28,800 (2012) (ranked 50 in the world)
Business language	English
Legal system	Common law
Economic position	Innovation driven
Regional affiliations	ASEAN (dialogue partner), OECD, UNCTAD
Accountancy Profession in New Zealand	
New Zealand Institute of Chartered Accountants (NZICA)	
IFAC membership	Full member
Affiliations	NZICA is a member of CAPA and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Chartered Accountant (CA)
Address	Tower Building, 50 Customhouse Quay, PO Box 11342, Wellington 6142, New Zealand Tel: 64-4/474.7848, Fax: 64-4/460.0394 registry@nzica.com, www.nzica.com (English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	QA is one of NZICA key functions. The practice review program is both educational and compliance focused.
SMO 3 Quality Control, Audit and Assurance	Under delegation from the External Reporting Board (ERB) the New Zealand Auditing and Assurance Board develops, approves and promulgates auditing and assurance standards for application in New Zealand. The standards are consistent with the revised and clarified ISAs.
SMO 4 Code of Ethics	Under delegation from the ERB the New Zealand Auditing and Assurance Board develops, approves and promulgates professional and ethical standards for the professional conduct of auditors. The NZICA Code of Ethics relates to other professional services. The strategy is to converge with the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	NZICA's complaint and disciplinary process is mainly concerned with governing its members and the profession. NZICA does not have powers of law.
Recognition NZICA: The NZICA has MRAs or arrangements with ICAA (Australia), ICAEW (UK), CA Ireland, ICAS (UK), SAICA (South Africa), CICA (Canada), HKICPA (Hong Kong), NASBA (USA), ICAI (India), CPA Australia and ACCA. The Institute currently has reciprocity arrangements with Institutes in Scotland, Ireland, England & Wales, Australia, Canada, Hong Kong and South Africa. Institutes in other countries may recognize the Institute by offering exemptions from their own qualifying requirements. In addition, the New Zealand Government permits certain persons from overseas to act as an auditor of NZ companies. Specific professional bodies recognized for this purpose by the NZ government include the Institutes of Chartered Accountants in Australia, England & Wales, Scotland, and Canada. Also recognized for this purpose are CPA Australia, ACCA, and AICPA.	
Accountancy Education in New Zealand	
The New Zealand Institute of Chartered Accountants (NZICA) is responsible for the CA qualification. A three year	

accredited academic degree in accounting and related subjects is required for entrance to the professional Chartered Accountants program that is offered by the Institute. Because the emphasis in the academic programme is on the essential theoretical and technical accounting knowledge and skills (as well as business and general education), the Professional Competence Programme concentrates on developing the higher level professional skills. The program includes technical modules and a final capstone module to integrate knowledge, skills and competences. Three years of mentored and monitored practical experience is required for qualifying as a Chartered Accountant. The professional body is the provider of the final examination. Members of NZICA have to meet ongoing requirements including CPD. There are no additional requirements for licensing. Mutual recognition agreements with professional bodies in other countries address international recognition. A new program for Chartered Accountants jointly created by NZICA and the Institute of Chartered Accountants of Australia started in 2013.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 South Africa	
Country Characteristics of South Africa	
	
Total population (millions)	48.6 (N/A)
GDP per capita (USD)	11,300 (2012) (ranked 109 in the world)
Business language	English
Legal system	Mixed
Economic position	Efficiency driven
Regional affiliations	BRICS, Commonwealth, G-20, OECD (Enhanced Engagement), UNCTAD
Accountancy Profession in South Africa	
South African Institute of Chartered Accountants (SAICA)	
IFAC membership	Full member
Affiliations	SAICA is a member of PAFA and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2011)
Qualification of accountants	Chartered Accountant (CA)
Address	P O Box 59875, Kengray, 2100, South Africa Tel: +27 11 621 6600, Fax: 27 11 621 6775, saica@saica.co.za, www.saica.co.za (English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	South Africa's Independent Regulatory Board for Auditors (IRBA) is responsible for regulation of auditors and setting auditing and ethics standards. IRBA conducts QA for auditors in compliance with ISQC 1 and SMO 1. SAICA supports IRBA.
SMO 3 Quality Control, Audit and Assurance	IRBA is responsible for setting auditing standards. One of SAICA's primary objectives is to achieve convergence with IAASB pronouncements.
SMO 4 Code of Ethics	IRBA is responsible for setting ethics standards. The SAICA Code of Professional Conduct is consistent with the IESBA Code of Ethics.
SMO 6 Investigation and Discipline	The SAICA disciplinary process is concerned with professional behavior of SAICA members, associates and trainee accountants. Committees are chaired by members of the legal profession.
Recognition SAICA: SAICA has MRAs with ICAA, HKICPA, NZICA; ICAEW, ICAS, CAI; CICA, and NASBA. Recognition of the SAICA qualification in other countries: New Zealand, Australia, Canada, England and Wales, Scotland, Ireland and Hong Kong. Recognition of the qualification from other countries by SAICA: New Zealand, Australia, Canada, England and Wales, Scotland, Ireland. All have to write conversion examination. SAICA is working closely with the neighboring countries in the Southern African region, and a number of reciprocity agreements have been put in place. Regional accreditation of education and training programs continues to play an important role in the economic development of the region and to uplift and ensure the implementation of international standards.	
Accountancy Education in South Africa	
The South African Chartered Accountant Qualification, CA (SA) is regulated by the South African Institute of Chartered Accountants (SAICA). Entrance requirements consist of a four year academic program, assessment of technical competence, a three year professional training program, and a final assessment of	

professional competence. The academic program comprises a three year undergraduate and a one year postgraduate degree. The academic program is taught by universities who offer specific programs designed to meet the SAICA Competency framework Requirements. Such programs are also subject to formal accreditation and monitoring processes. The assessment of technical competence is administered by SAICA, the focus is on technical knowledge and skills appropriate for candidates without work experience. The three year formal training period provides a prospective chartered accountant with the relevant practical experience and training to be able to apply core technical skills. The professional training program provides advanced education in conjunction with practical experience, which enables the final development of professional competence. The final examination assesses professional competence. SAICA is subject to review by the Independent Regulatory Board for Auditors (IRBA) which recognizes all elements of the qualification process in order to be recognized as a Registered Auditor. CPD is mandatory for chartered accountants. The CA (SA) qualification is recognized in several other English speaking countries. SAICA is working closely with neighboring countries in the Southern African region.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 Turkey	
Country Characteristics of Turkey	
	
Total population (millions)	80.6 (2013)
GDP per capita (USD)	15,000 (2012) (ranked 91 in the world)
Business language	Turkish
Legal system	Common law
Economic position	Efficiency-Innovation driven
Regional affiliations	EU (candidate country), G-20, OAS (observer), OECD, UNCTAD
Accountancy Profession in Turkey	
Expert Accountants Association of Turkey (EAAT)	
IFAC membership	Full member
Affiliations	No affiliations
IFAC compliance information	Part I (2005), part II (2007), part III (2013)
Qualification of accountants	Expert Accountant
Address	Hüsrev Gerede Caddesi No:21 Yusuf, Bey Apartmanı Kat: 1 Daire: 2 (34337) Teşvikiye, Istanbul, Turkey Tel: +90 212 - 236 10 71, Fax: +90 212 - 236 17 15, info@tmud.org.tr , www.tmud.org.tr (English, Turkish)
Union of Chambers of Certified Public Accountants of Turkey (TURMOB)	
IFAC membership	Full member
Regional affiliations	No affiliations
IFAC compliance information	Part I (2005), part II (2007), part III (2013)
Qualification of auditors	Certified Public Accountant (CPA)
Address	Gençlik Cad. No:107, Anittepe, Ankara, Turkey Tel: 0 312 232 50 60, Fax: 0 312 232 50 73, turmob@turmob.org.tr , www.turmob.org.tr (English, Turkish)
Characteristics of the Accountancy Profession: EAAT and TURMOB work closely together. This country overview combines information about the two PAOs and their qualifications.	
SMO 1 Quality Assurance	TURMOB is responsible for establishing a QA review system in Turkey. The QA system has not yet been implemented. EAAT will assist with the implementation.
SMO 3 Quality Control, Audit and Assurance	Recently the Turkish Public Oversight Accounting and Auditing Standards Authority became responsible for the development and promulgation of Turkish Standards on Auditing. TURMOB and EAAT encourage the use of ISAs.
SMO 4 Code of Ethics	TURMOB has adopted the IESBA Code of Ethics (2006) without modifications. TURMOB is planning to adopt the revised version of the IESBA Code of Ethics (2011) with the assistance of EAAT.
SMO 6 Investigation and Discipline	TURMOB has established mechanisms for investigation and discipline of all professional accountants in Turkey.
Recognition EAAT and TURMOB: TURMOB at present does not have MRAs with other PAOs. Recognition of the qualification from Turkey in other countries and of qualifications from other countries in Turkey	

has not been achieved, but it is possible on the basis of mutual recognition.

Accountancy Education in Turkey

There are two recognized professional bodies in Turkey, the Expert Accountants Association of Turkey (EAAT) and the Union of the Chambers of Certified Public Accountants of Turkey (TURMOB). EAAT is a voluntary organization of professional accountants. TURMOB is the regulatory body in accountancy. Candidates for TURMOB membership are required to hold a bachelor's degree in economics, law or management. They have to complete a series of final exams in order to obtain membership. The standards for the examination are set jointly by the government and TURMOB together. For a practicing license three-year practical experience is required. In addition, to maintain their membership, certified auditors have to satisfy continuing professional development (CPD) requirements. TURMOB distinguishes three levels in the qualification: independent accountant, CPA and State Auditor. International recognition of the qualification has not been achieved.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Academic study, practical experience, examination and CPD

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	Medium level of compliance

Pillar 3: Professional Development

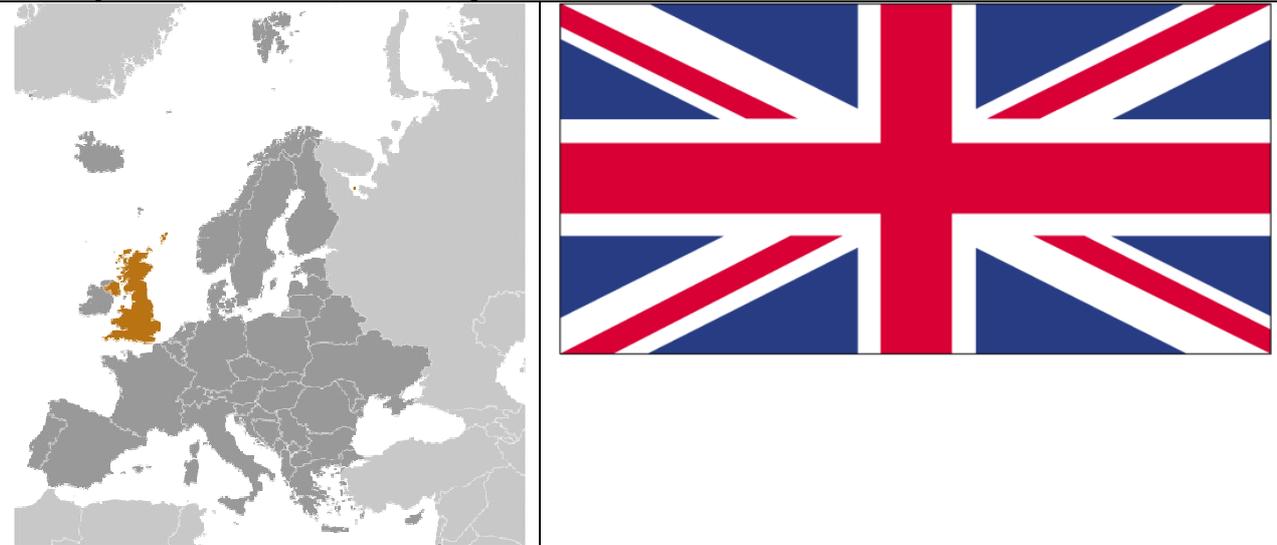
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	Medium level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	Low level of compliance
IES 8 Skills, values and ethics	Low level of compliance
IES 8 Professional requirements	Medium level of compliance

GAER 2012 United Kingdom

Country Characteristics of United Kingdom



Total population (millions)	63.3 (2013)
GDP per capita (USD)	36,700 (2012) (ranked 36 in the world)
Business language	English
Legal system	Common law
Economic position	Innovation driven
Regional affiliations	Commonwealth, EU, G-20, OAS (observer), OECD, UNCTAD

Accountancy Profession in the United Kingdom

Association of Chartered Certified Accountants (ACCA)

IFAC membership	Full member
Affiliations	ACCA is a member of FEE.
IFAC compliance information	Part I (2005), part II (2006), part III (2011)
Qualification of accountants	Chartered Certified Accountant (ACCA)
Address	29 Lincoln's Inn Fields, London WC2A 3EE, United Kingdom Tel: 44-20/7059.5000, Fax: 44-20/7396.5734, michael.sleigh@accaglobal.com , www.accaglobal.com (English)

Characteristics of ACCA

SMO 1 Quality Assurance	ACCA is a Recognized Supervisory Body in the UK and a Recognized Accountancy Body in Ireland. ACCA registers firms for audit work and conducts QA reviews in the UK and Ireland. ACCA is subject to regular inspections by oversight bodies. In other countries ACCA has assisted national audit regulators and provides monitoring services to some regulators.
SMO 3 Quality Control, Audit and Assurance	In the UK auditing standards are the responsibility of the FRC. The ISAs (UK and Ireland) follow the ISAs but with some additional requirements and guidance.
SMO 4 Code of Ethics	The ACCA Code of Ethics is aligned with the IAESB Code of Ethics. Additional material is clearly differentiated from the IAESB Code.
SMO 6 Investigation and Discipline	ACCA has an investigation and disciplinary scheme based on assessment of members' conduct. The scheme is subject to public oversight.

Recognition ACCA: In the United Kingdom EU regulation for recognition of auditors is applicable through the EU Mutual Recognition Directive. The recognition of the qualifications from other EU member states is achieved by a mutual recognition examination. ACCA also has a number of partnerships with national accountancy bodies around the world that enable candidates to sit the exam component of a range of ACCA qualifications and that also satisfy the exam criteria for the national accountancy body qualification. ACCA recognizes qualifications from other countries including EU Member States, Australia, Canada, Hong Kong,

New Zealand and Singapore. Various conditions apply.	
Institute of Chartered Accountants in England and Wales (ICAEW)	
IFAC membership	Full member
Affiliations	ICAEW is a member of CCI, FEE and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of auditors	Fellow Chartered Accountant (FCA)
Address	Chartered Accountants' Hall (Moorgate Place), London EC2R 6EA, United Kingdom Tel: +44 (0)20 7920 8100, Fax: +44 (0)20 7920 0547, international@icaew.com , www.icaew.co.uk (English)
Characteristics of ICAEW	
SMO 1 Quality Assurance	ICAEW is a Recognized Supervisory Body in the UK. ICAEW conducts regular QA for audit work and is subject to oversight review by the Financial Reporting Council (FRC). The three Chartered Institute bodies (ICAEW, ICAS, and CA Ireland) have joint audit regulations that comply with EU regulation, SMO 1 and ISQC 1.
SMO 3 Quality Control, Audit and Assurance	In the UK auditing standards are the responsibility of the FRC. The ISAs (UK and Ireland) follow the ISAs but with some additional requirements and guidance.
SMO 4 Code of Ethics	The ICAEW Code of Ethics is based on the IESBA Code with some additional material. The ICAEW Code applies to all members in business and practice.
SMO 6 Investigation and Discipline	ICAEW investigation and disciplinary procedures comply with SMO 6. ICAEW's complaint function is subject to public oversight.
Recognition ICAEW: In the United Kingdom EU regulation for recognition of auditors is applicable. ICAEW has MRAs with ICAA (Australia), HKICPA (Hong Kong), and NZICA (New Zealand), with MICPA (Malaysia); with ICAS (UK) and CA Ireland; with SAICA (South Africa). All EU States recognize the ACA/FCA qualification under the relevant Directives. Australia, Canada, New Zealand, South Africa and Zimbabwe recognize the ACA/FCA through reciprocal arrangements. Most other countries with developed accountancy professions recognize the ICAEW qualification through custom and practice. All EU States, Australia, Canada, New Zealand, South Africa, Zimbabwe are recognized by ICAEW through Directive (EU) and reciprocal arrangements.	
Institute of Chartered Accountants of Scotland (ICAS)	
IFAC membership	Full member
Affiliations	ICAS is a member of CCI, FEE and GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of auditors	Chartered Accountant (CA)
Address	CA House, 21 Haymarket Yards, Edinburgh, EH12 5BH, United Kingdom Tel: +44 (0)131 347 0100, Fax: +44 (0)131 347 0105, enquiries@icas.org.uk , www.icas.org.uk (English)
Characteristics of ICAS	
Regional and global affiliations	ICAS is a member of CCI, FEE and GAA
SMO 1 Quality Assurance	ICAS is a Recognized Supervisory Body in the UK. ICAS conducts regular QA for audit work and is subject to oversight review by the Financial Reporting Council (FRC). The three Chartered Institute bodies (ICAEW, ICAS, and CA Ireland) have joint audit regulations that comply with EU regulation, SMO 1 and ISQC 1.
SMO 2 International Education Standards	
SMO 3 Quality Control, Audit and Assurance	In the UK auditing standards are the responsibility of the FRC. The ISAs (UK and Ireland) follow the ISAs but with some additional requirements and guidance.
SMO 4 Code of Ethics	The ICAS Code of Ethics incorporates the IESBA Code of Ethics. None of the auditing content of the IESBA Code is applicable in the UK as the FRC is responsible for setting ethical standards for auditors in the UK.
SMO 6 Investigation and Discipline	ICAS investigation and disciplinary procedures comply with SMO 6. ICAS' procedures are subject to public oversight.

Recognition ICAS: In the United Kingdom EU regulation for recognition of auditors is applicable. The ICAS has reciprocal arrangements with ICAEW (UK) and CA Ireland; and with CICA (Canada), ICAA (Australia), NZICA (New Zealand), SAICA (South Africa), and HKICPA (Hong Kong). International recognition of qualifications through reciprocal agreements with specific institutes in England, Ireland, New Zealand, Australia, Canada, South Africa, Hong Kong and through the EU Mutual Recognition Directive.

Accountancy Education in the United Kingdom

The overview is limited to three designations in the United Kingdom that comply with European Union regulations for auditors and that are the responsibility of professional Institutes inside the UK. The Association of Chartered Certified Accountants (ACCA) is responsible for the qualification of Chartered Certified Accountant. The Institute of Chartered Accountants in England and Wales (ICAEW) uses the designations, dependent on experience, of Associate Chartered Accountant (ACA) and Fellow Chartered Accountant (FCA). Members of the Institute of Chartered Accountants of Scotland (ICAS) use the designation Chartered Accountant (CA). The three bodies are responsible for the qualifications of their members. Oversight of the Auditing requirements inherent in the respective qualifications is conducted by the Financial Reporting Council (FRC). Not considered in this analysis is the position of CA Ireland as a body with similar rights in Northern Ireland.

ACCA: Admission requirements as a member of ACCA include a formal final examination of professional competence, and practical training. ACCA's membership qualification is divided into three parts. To register as a student of ACCA's professional scheme a candidate must be at least 18 years of age and hold the minimum qualification for entry to a UK degree program. Holders of higher qualifications may attract exemptions from some of ACCA's examinations, but not for the final part.

1. ICAEW: Admission requirements as a member of ICAEW include Professional and Advanced Stage examinations, culminating in the Advanced Stage with three papers including an integrated Advanced Case Study admitting examination and practical training and work-based learning under the supervision of a qualified person within an authorised organisation. Minimum admission requirements are the same as for UK university entrance; in practice most trainees have university degrees. Exemptions can be rewarded based on content and accreditation of the university degree.

ICAS: Admission requirements as member of ICAS include a formal final examination of professional competence, prescribed programmes of professional education and practical training. A CA Student shall be eligible for admission to membership after completion of the prescribed period of approved service as a CA Student and passing all elements of the CA examinations. Prospective CA Students will have a university degree and may be eligible for exemptions from the Competence level.

Members of the three Institutes have to meet ongoing requirements including CPD. Registration as a Registered Auditor is required to perform audits of financial statements. European law requires examinations for those wishing to become registered auditors to be of at least degree standard. The qualification of Chartered Accountants Ireland (CA Ireland) is delivered in Northern Ireland and is recognized in the United Kingdom. Mutual recognition agreements with professional bodies in other countries address international recognition.

Characteristics of Accountancy Education

Certification Requirements	Program of professional accountancy education Practical experience requirement Final assessment of professional capabilities CPD
Providers of Professional Education	Professional accountancy organization and universities (ACCA and ICAS); universities (ICAEW)
Responsibility for Education Requirements	Profession
Licensing Requirements for Auditors	Not applicable

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
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IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance
<i>Pillar 3: Professional Development</i>	
IES 5 Practical experience requirements	High level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance
<i>Pillar 4: Competence of Audit Professionals</i>	
IES 8 Program requirements	High level of compliance
IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

GAER 2012 USA	
Country Characteristics of USA	
	
Total population (millions)	316.6 (2013)
GDP per capita (USD)	49,800 (2012) (ranked 15 in the world)
Business language	English
Legal system	Common law
Economic position	Innovation driven
Regional affiliations	APEC, ASEAN (dialogue partner), G-20, NAFTA, OAS, OECD, UNCTAD
Accountancy Profession in the USA	
American Institute of Certified Public Accountants (AICPA)	
IFAC membership	Full member
Affiliations	AICPA is a member of GAA
IFAC compliance information	Part I (2005), part II (2006), part III (2012)
Qualification of accountants	Certified Public Accountant (CPA)
Address	1211 Avenue of the Americas, New York, NY 10036-8775, United States Tel: +1-212-596-6200, Fax: 1-212-596-6213, service@aicpa.org , www.aicpa.org (English)
Characteristics of the Accountancy Profession	
SMO 1 Quality Assurance	The Public Company Accounting Oversight Board (PCAOB) is responsible for quality assurance through inspections of documentation of audits of issuers. The AICPA has established one set of peer review standards for all non-issuers subject to peer review. These standards assist State Board's in administering their peer review program.
SMO 3 Quality Control, Audit and Assurance	The PCAOB is responsible for auditing and related standards related to the preparation and issuance of audit reports for issuers. The AICPA Auditing Standards Board is responsible for standards related to the preparation and issuance of audit reports for non-issuers only.
SMO 4 Code of Ethics	The PCAOB is responsible for the ethics requirements related to the preparation and issuance of audit reports for issuers. The AICPA Professional Ethics Executive Committee is responsible for interpreting and enforcing the AICPA Code of Professional Conduct for members. All CPAs are required to comply with the Code of Ethics promulgated within their licensing jurisdiction.
SMO 6 Investigation and Discipline	AICPA and State CPA Societies have a Code of Professional Conduct that members are obliged to observe as a condition of membership. The enforcement/disciplinary process is compliant with SMO 6. State Boards have the authority to investigate and discipline CPAs through state-mandated enforcement processes.
Recognition: The AICPA and NASBA have a joint board (IQAB) which researches and recommends potential MRA partners. State Boards have sole authority regarding the acceptance of the MRAs. NAFTA	

has agreed on professional MRAs between CICA, IMCP, and NASBA.

IQAB has established MRAs with the following professional bodies: ICAA, CICA, CAI, IMCP, NZICPA and HKICPA. NASBA uses the standard of substantial equivalency to facilitate interstate practice and free movement of practitioners between states. This standard is also used for foreign applicants on the condition of reciprocity and passage of a separate examination.

Accountancy Education: Education requirements for CPAs in the United States of America and Territories are very similar. The U.S.A has 50 states and 4 territories which license CPAs. Each of these jurisdictions has its own rules for licensure, but they are essentially the same. A nonbinding Uniform Accountancy Act, jointly developed the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), spells out specific educational requirements. Basically they are:

2. A university degree with a minimum of 150 semester hours of education
3. A specific number of "semester hours"(courses) in accounting subjects (financial and managerial accounting, taxation, accounting information systems, auditing, etc.)
4. A specific number of general business courses (business law, finance, management, marketing, information technology, etc.)

Almost all jurisdictions require 150 hours of academic study which typically translates to an additional year beyond the four years normally required for a bachelor's degree. Most of that training is additional studies in accounting and business toward the end. The AICPA, while it works closely with NASBA, and the appropriate authorities in the 54 jurisdictions, does not license CPAs. Consequently, this professional body does not provide prequalification education, as is done in many other countries. Licensing for public practice is the responsibility of State Boards of Accounting. Normally at least one year of practical experience is required. Regular CPD is required following licensure. The US International Qualifications Appraisal Board (IQAB) has negotiated several mutual recognition agreements (MRAs) with professional bodies in other countries. Actual recognition is the responsibility of the State Boards of Accounting.

Characteristics of Accountancy Education

Certification Requirements	Education at an accredited university, with specified number of accounting and business hours Final assessment of professional capabilities Practical experience requirement CPD
Providers of Professional Education	Universities
Responsibility for Education Requirements	Government with the profession
Licensing Requirements for Auditors	Additional practical experience

Compliance with International Education Standards

Pillar 1: Personal Development

IES 1 Entrance level	High level of compliance
IES 3 Professional skills	High level of compliance
IES 4 Professional values, ethics and attitudes	High level of compliance

Pillar 2: Professional Accountancy Education

IES 2 Accounting, Finance and related knowledge	High level of compliance
IES 2 Organizational and business knowledge	High level of compliance
IES 2 Information technology	High level of compliance

Pillar 3: Professional Development

IES 5 Practical experience requirements	Medium level of compliance
IES 6 Assessment of professional capabilities and competence	High level of compliance
IES 7 CPD	High level of compliance

Pillar 4: Competence of Audit Professionals

IES 8 Program requirements	High level of compliance
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IES 8 Skills, values and ethics	High level of compliance
IES 8 Professional requirements	High level of compliance

Appendix 5 Glossary

AACSB	Association to Advance Collegiate Schools of Business
ACCA	Association of Chartered Certified Accountants
ADI	Accountancy Development Index
AICPA	American Institute of Certified Public Accountants
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, South Africa
CA	Chartered Accountant
CACR	Chamber of Auditors of the Czech Republic
CAPA	Confederation of Asian and Pacific Accountants
CCI	Common Content Initiative
CELAC	Community of Latin American and Caribbean States
CFC	Conselho Federal de Contabilidade
CICA	Canadian Institute of Chartered Accountants
CNCC	Compagnie National des Commissaires aux Comptes
CPA	Certified Public Accountant
CPA Australia	Certified Public Accountants Australia
CPD	Continuing Professional Development
CSN	South American Community of Nations
EAAT	Expert Accountants Association of Turkey
EU	European Union
FCA	Fellow Chartered Accountant
FEE	European Federation of Accountants
FRC	Financial Reporting Council
GAA	Global Accounting Alliance
GAE	Global Accountancy Education
GAEB	Global Accounting Education Benchmarking
GAER	Global Accountancy Education Recognition
HKICPA	Hong Kong Institute of Certified Public Accountants
IAA	Interamerican Accounting Association
IAAER	International Association for Accounting Education and Research
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IBRACON	Instituto dos Auditores Independentes do Brasil
ICAA	Institute of Chartered Accountants of Australia
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants of India
ICAS	Institute of Chartered Accountants of Scotland
ICAZ	Institute of Chartered Accountants of Zimbabwe
ICPAS	Institute of Certified Public Accountants of Singapore
IDW	Institut der Wirtschaftsprüfer in Deutschland
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
IMCP	Instituto Mexicana de Contadores Publicos
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standards Board
IQAB	International Qualifications Appraisal Board
ISA	International Standard on Auditing
ISAE	International Standard on Assurance Engagements
ISRE	International Standard on Review Engagements

ISQC	International Standard on Quality Control
ISRS	International Standard on Related Services
JICPA	Japanese Institute of Certified Public Accountants
LAES	Latin American and Caribbean Economic System
MIA	Malaysian Institute of Accountants
MRA	Mutual Recognition Agreement
NAFTA	North American Free Trade Agreement
NASBA	National Association of State Boards of Accountancy
NBA	Nederlandse Beroepsorganisatie van Accountants
NZICA	New Zealand Institute of Chartered Accountants
OAS	Organization of American States
OEC	Ordre des Experts-Comptables
OECD	Organization for Economic Cooperation and Development
PAO	Professional Accountancy Organization
PCAOB	Public Company Accounting Oversight Board
RA	Registeraccountant
ROSC	Report on the Observance of Standards and Codes
RQ	Research Question
SAICA	South African Institute of Chartered Accountants
SMO	Statement of Membership Obligations
TURMOB	Union of the Chambers of Certified Public Accountants of Turkey
UAA	Uniform Accountancy Act
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WEF	World Economic Forum
WPK	Wirtschaftsprüferkammer

Appendix 6 References

Websites

ACCA, Association of Chartered Certified Accountants, www.accaglobal.com
AICPA, American Institute of Certified Public Accountants, www.aicpa.org
CACR, Chamber of Auditors of the Czech Republic, www.kacr.cz
CCI, Common Content Initiative, www.commoncontent.com
CFC, Conselho Federal de Contabilidade, www.cfc.org.br
CICA, Canadian Institute of Chartered Accountants, www.cica.ca
CNCC, Compagnie National des Commissaires aux Comptes, www.cncc.fr
CPA Australia, www.cpaaustralia.com.au
EAAT, Expert Accountants Association of Turkey, www.tmud.org.tr
GAA, Global Accounting Alliance, www.globalaccountingalliance.com
HKICPA, Hong Kong Institute of Certified Public Accountants, www.hkicpa.org.hk
ICAA, Institute of Chartered Accountants of Australia, www.charteredaccountants.com.au
ICAEW, Institute of Chartered Accountants in England and Wales, www.icaew.org.uk
ICAI, Institute of Chartered Accountants of India, www.icaai.org
ICAS, Institute of Chartered Accountants of Scotland, www.icas.org.uk
IDW, Institut der Wirtschaftsprüfer in Deutschland, www.idw.de
IFAC, International Federation of Accountants, www.ifac.org
IFAC, International Standard Setting Boards, Education, www.ifac.org
IFAC, Membership & Compliance Program, www.ifac.org/about-ifac/membership
IMCP, Instituto Mexicana de Contadores Publicos, www.imcp.org.mx
JICPA, Japanese Institute of Certified Public Accountants, www.hp.jicpa.or.jp
NASBA, National Association of State Boards of Accountancy, www.nasba.org
NBA, Nederlandse Beroepsorganisatie van Accountants, www.nba.nl
NZICA, New Zealand Institute of Chartered Accountants, www.nzica.com
OEC, Ordre des Experts-Comptables, www.experts-comptables.fr
OECD, Organization for Economic Cooperation and Development, www.oecd.org
SAICA, South African Institute of Chartered Accountants, www.saica.co.za
TURMOB, Union of the Chambers of Certified Public Accountants of Turkey, www.turmob.org.tr
UNCTAD, United Nations Conference on Trade and Development, www.unctad.org/isar

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Appendix 7 Biographies

- ❖ Prof Dr G.H. (Gert) Karreman, DePaul University, United States of America & Leiden University, Netherlands

Gert Karreman was Director of Education, Royal NIVRA (1979 – 1998) and Program Director Royal NIVRA Nyenrode University (1993 – 1998). Since then Gert has worked on international research into the global development of accountancy education. Based on this research, he was awarded a doctorate at Leiden University (2002). He was principal investigator for four Global Accountancy Education research projects that were published in 2002, 2005, 2007 and 2013. He was also a member of the Accountancy Development Index research team. In September 2006 he was appointed visiting professor by DePaul University (Chicago, USA). Gert was until recently a member of the UNCTAD Consultative Group for Capacity Building and in the past working with ACCA was involved with the preparation of the UNCTAD Global Accounting Curriculum. Recently his main area of activity was acting as principal investigator for the recent GAE 2012 research study. Current research is aimed at the development of the accountancy profession in general and in particular at the international comparison of the education curriculum of accountants and auditors in light of applicable international regulation and guidelines in line with different characteristics of countries due to regulation and development. Increasingly current research focuses on the development and applicability of methods for performance measurement. Capacity building in developing countries is a key area of interest and involvement.

- ❖ Prof Dr B.E. (Bel) Needles Jr., DePaul University, United States of America

Belverd E. Needles, Jr., is Ernst & Young Distinguished Professor of Accounting at DePaul University. He has published in leading journals and is the author or editor of more than 20 books and monographs. His Principles of Accounting text, now in 12th edition, was translated into Russian and is the leading textbook in Russia on Western accounting. Bel is past-president of the IAAER. He served as the elected USA representative to the European Accounting Association (EAA), chair of the International Accounting Section of the American Accounting Association (AAA), vice-president-education for the AAA, and president of the Federation of Schools of Accountancy (FSA). He served as chair of the Academic and Career Development Executive Committee and on the Information Technology Executive Committee of the American Institute of CPAs (AICPA). He served on the IFAC Education Committee and on the Consultative Group of the International Accounting Standards Committee (IASC). He currently serves on the consultative group on International Standards of Accounting and Reporting (ISAR) of UNCTAD.

- ❖ A.M. (Anthon) Verweij, Leiden University, Netherlands

Anthon Verweij (LL.M. Corporate Law) is a PhD-fellow at the Department of Business Studies at Leiden Law School of Leiden University and working on his PhD concerning Insolvency Investigations performed by Insolvency Office Holders. Anthon has participated in the Kosovo Insolvency Capacity Building Project which was funded by the European Commission and part of the Instrument for Pre-accession Assistance (IPA) program for Kosovo. In addition Anthon was involved with the establishment of the Netherlands Association for Comparative and International Insolvency Law (NACIIL) and currently acts as secretary/treasurer of this association. Furthermore Anthon teaches several insolvency related courses at Leiden Law School. Since 2007 Anthon has contributed as well to the accountancy development research projects GAE 2007, ADI and the GAE 2012 research study. In support of these research projects Anthon presently acts as International Secretary of the GADI.