



28 March 2016

The Chairman & Members,  
International Accounting Education Standards Board  
529, Fifth Avenue, 6<sup>th</sup> Floor, New York, NY 10017  
Via Email: [davidmcpeak@iaesb.org](mailto:davidmcpeak@iaesb.org)

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Dear Board Members,

**Re: Comments on Consultation Paper: “Meeting Future Expectations of Professional Competence: A Consultation on the IAESB’s Future Strategy and Priorities” for 2017-21.**

We wish to convey our sincere appreciation to the honorable members of the Board, and your team members who assist the Board in its contribution, for serving the public interest: your effectiveness defines where IFAC will stand.

The education of professional accountants is a matter of highest priority; it directly impacts our character, competence and persona. We, therefore, fully support and welcome this consultation process.

We are pleased to convey our view on the captioned subject.

**General Comments:**

A highlight of our recommendations, in response to the questions posed, is as follows:

The education of Accountants is a matter of global public interest, not to be left at the sole discretion of the individual professional bodies by restricting IAESB’s activities or diverting its resources<sup>1</sup>; infact, resources should be made available

<sup>1</sup> According to Note 18 of the 2014 IFAC Financial Statement, the IAESB made a surplus of (\$ in ‘000s) of \$100 and \$92 in 2013 on revenues of \$749 and \$523 respectively, if PIOB costs are added back to surplus. Why these surplus resources were not used for the cause of education appears to be a IFAC Board policy.



to the IAESB for interacting with member bodies, specially in developing countries<sup>2</sup>. Provide a forum to the professional bodies to present their views on the implementation of IES. Develop education benchmarks for measuring the implementation of the IESs via a formal monitoring mechanism of the member bodies at pre- and post-qualification levels. Reduce the scope of interpretation of the IES. Ensure timely annual reporting of the IAESB activities<sup>3</sup> with financial disclosures.

### Questions:

*1. What enhancements, if any, do you feel should be made to the existing International Education Standards (IESs)? (Para 17-20)<sup>4</sup>*

A1. We fully support your vision of increasing public confidence in the accounting profession by setting and maintaining principled-based IESs<sup>5</sup>.

Our view is that in the past the Board has been disproportionately focused on the setting than maintaining IES.

The purpose of IESs is NOT achieved unless the Board facilitates member bodies with implementation material, develops education benchmarks, puts in place monitoring mechanisms to assess the implementation of IES, and conducts post-implementation reviews.

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<sup>2</sup> We have gone through the annual report 2014 of the IAESB. There is no mention of any interaction of the IAESB with any professional body, specially in a developing country.

<sup>3</sup> The last available at the website is 2014 IAESB Annual Report. Note 18 contains financial details of IAESB as follows (\$'000s)- Revenues \$749; Expenses \$734 (Employee cost \$408 +Travel and meeting \$213 + Consultants \$9 + Other \$20 + PIOB \$85); Surplus \$15 (2013: \$36). The PIOB cost pro-rated as per percent of total expense prior to it. Current assets \$66, and current liabilities \$65. We found the fact that the IAESB made a surplus of \$100 in 2014 (2013: \$92) to be relevant, which should have been mentioned in this document.

<sup>4</sup> Each question should have contained the paragraph reference from which it emanated, to facilitate commentators.

<sup>5</sup> Para 14.



It is good to see that the need of implementation material has also been acknowledged<sup>6</sup>. However, there's no mention of developing education benchmarks or putting in place the monitoring mechanisms.

About the post-implementation, its statement<sup>7</sup> in substance, conflicts with the Board's heightened sense of anticipation of a continuous changing environment<sup>8</sup>. Our inference is that the Board is not keen about the post-implementation in the next five years because we do not have any clue about the "time-frame" required. If so, by the time we leisurely reach post-implementation, where will the "continuous changing environment" be?

In conclusion, the true enhancements in the IESs do not lie in the setting but in maintaining phase; take your responsibilities relating to the implementation (benchmarking, monitoring, post-implementation) most seriously in 2017-21.

*2. How can the IAESB align the requirements of IES 7, Continuing Professional Development (2014) to support the learning outcomes approach of the other IESs, including IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)?<sup>9</sup> (Para 17)*

We agree with your assessment that the IES-7 is not compatible with the rest of the IES, and its importance<sup>10</sup>.

<sup>6</sup> "With IESs 1-7 now in effect and the newly revised IES 8 becoming effective on July 1st 2016, the IAESB is currently developing implementation material and other guidance to support a deeper understanding of the revised IESs and their implications, and thereby assist their global adoption and implementation." Para 11. Also see para 23.

<sup>7</sup> "The IAESB recognizes that time is needed to allow IFAC Member Bodies to implement fully the revised IESs before undertaking a post-implementation review to assess whether their objectives are being achieved." Para 13.

<sup>8</sup> "Professional accountants operate in an environment that is continuously changing. Examples of significant changes or trends include: Changing roles of professional accountants; changing policy and content; and changing nature of accounting education." Para 4.

<sup>9</sup> The questions should contain proper references of the paragraph numbers to facilitate commentators.

<sup>10</sup> "The trends referenced above suggest that a stronger focus on CPD may be required to respond appropriately to those developments, recognizing that professional accountants will spend the majority of their professional careers in the CPD phase." Para 7



Its good to note that the you have established a taskforce to revise IES-7<sup>11</sup>.

The Board may consider adopting a continuous process for developing IES-7 which goes uninterrupted till its end is achieved: from setting to maintaining (benchmarking and guidance, monitoring, and post-implementation) possibly, the most significant of the IESs.

In Pakistan, the CPD activities have been “delegated” to the two regional chapters without much oversight from the Council; the result is that its impact on the professional development of our membership is not noticeable. Its good that no member with deficient CPD hours is considered for any of the Council sub-committees; however, not action ever taken against non-compliant members.

*3. What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?(Para 18-19)*

A3. We consider the role of the Board to be central of the three independent standard setting boards, without under-estimating the place of professional skepticism and professional judgment in the ISAs and International Ethics Standard Board.

Reviewing the existing references in the IES or expanding on it in the existing or new IES is at best, a low to medium priority from our point of view.

*4. What new IESs, if any, do you suggest be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants? (Para 20)*

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<sup>11</sup> “The IAESB has therefore established a task force to consider how best to revise IES 7 to enable professional accountants, through CPD, to meet the professional competence expectations required in the public interest.”  
Para 17



A4. The IAESB proposes to update existing IESs to reflect IT-related competencies and to develop practical guidance for professional accountants<sup>12</sup>.

We will rate it as a priority from medium to high. However, we think its time that the IAESB should consolidate and help member bodies fully implement the current IES.

*5. What other activities, if any, do you suggest the IAESB prioritize for the period 2017-2021 (for example, implementation support; guidance; communications; thought leadership publications)?*

A5. We would like to see IAESB members and staff to interact with the professional bodies, specially in the developing countries.

Provide a forum to the professional bodies to present their views on the implementation of the IES.

We would also recommend a change in the IFAC funding policy to allow the Board to improve its standard and expedite its implementation activities.

End of Comments.

Before concluding we cordially invite the Board to hold your next meeting here; we will be honoured to be your host. We will “welcome” you, in anticipation, in our local language as well. خوش آمدید.

Finally, we wish to thank our dear Institute of Chartered Accountants of Pakistan and our Council for making available the facilities at the Member’s Library.

Thank you.

Sincerely, Altat Noor Ali Chartered Accountants.

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<sup>12</sup> Para 20.