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30 September 2013

Dear Sir,

Proposed 2014 - 2016 IAESB Strategy and Work Plan

BDO is pleased to have the opportunity to comment on the above exposure draft issued by the International Accounting Education Standards Board (IAESB). We set out below our comments per section.

Our Higher Purpose

It is our opinion that the 'higher purpose,' as outlined in paragraph 13, should be replaced in its entirety with wording already published on the IAESB website. As it is currently worded, we believe the higher purpose is vague and could be interpreted to be broader than the true purpose of the IAESB.

We suggest one of the following:

The first sentence from the 'About IAESB' page:

'The IAESB develops and issues, in the public interest, standards and guidance on the learning and development required to develop and maintain professional competence during the career of a professional accountant.'

An extract from the 'Purpose' paragraph of the 'Terms of reference':

'The IAESB develops and issues, in the public interest and under its own authority, high-quality standards, practice statements, information papers and other information documents on initial professional development of professional accountants and on their continuing professional development for their roles within the accountancy profession.'

We support the inclusion of the information in paragraph 14 as this expands on the paragraph above to include both competency and capacity. Each of these areas is of critical importance in continuing to maintain and develop the profession and to make the point that a professional accountant may have the capacity to perform the role but can only demonstrate competence in a workplace environment.

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Our Mission

We believe paragraph 15 could be further expanded to specifically mention the development and enhancement of education of both aspiring professional accountants and members of the accounting profession. As currently phrased, it could be interpreted to only apply to the education of 'aspiring professional accountants' as it does not mention the continuing professional development of members of the accounting profession. We believe that given regulatory interest in areas of CPD this area is one which should be emphasised within this particular paragraph.

In addition, further clarity is needed for this statement, as the current phrasing suggests that the IAESB itself is developing the education provided, as opposed to influencing the local member bodies' development of education.

Our Strategy

We agree with the four strategic objectives outlined in paragraph 7 and Figure 2 of the exposure draft and believe that they are appropriately aligned with the 'Higher Purpose' as outlined. We would, however, suggest that the IAESB consider the inclusion of 'guidance' into the third objective (i.e., education benchmarks) and suggest that it reads as follows:

- 'Developing education benchmarks and guidance for measuring the implementation of the International Education Standards'

We believe that practical guidance is equally important when outlining benchmarks for measuring the implementation of any standard.

We also agree with the three strategic priorities set out in paragraph 18. In our opinion, the engagement of stakeholders to promote the adoption and endorsement of the revised IESs is critical to their success and that of the IAESB. The stakeholder group, as defined in paragraph 21, should also be widened to include entities and also the general public given the perception of the accounting profession as a whole.

Appendix 1: IAESB Activities and Projects

We have noted our response in respect to the specific Activities and Projects below.

We believe that the *Development of the Definition for the Professional Accountant* should be made a higher priority. As the term professional accountant underpins the IAESB's work and is effectively the target audience of many of the IES requirements, we believe that this should be completed as soon as possible. This term is also used in IES 8, *Competence Requirements for Audit Professionals* (and the proposed revised IES in respect of Professional Development for Engagement Partners), and as such it would seem logical that it should be defined prior to the publishing of that standard. We also suggest that the IAESB review this new definition and the impact on the recently approved IESs that cover IPD.

We note that there is approximately a one year gap between the revision of IES 8 and the related implementation guidance project - *Develop Guidance on the Implementation of IES 8*. In order for the guidance to be useful on implementation, we believe these should be released concurrently, even if this means that the IES 8 exposure draft is delayed.

In regards to the project, *Promote the Recognition and Adoption of the Revised IESs with IFAC Member Bodies, Regulators and Education Providers Through Outreach Activities*, we believe this should be broader than just the developing countries, and also include increasing the visibility of the IESs in developed countries. This is currently scheduled for Q1 2014 and we believe this should occur again after the revised IES 8 has been issued and the revised framework, *Revise the IAESB Framework for the International Education Standards for Professional Accountants (2009)*, has been finalized (currently planned to start Q2 2015) in order to maintain momentum.

The advocacy project noted above is currently scheduled for Q1 2014; however, the project *Facilitate the Translation Process of the IESs and Other IAESB Education Pronouncements* is scheduled for Q2 2014. We believe the advocacy project would be more successful if the standards were available in a language other than English, with which the population were more familiar, and therefore the board may want to consider the timing of these two projects.

We note that the project to *Develop implementation guidance on how general education is used to develop the professional accountant* is prioritized as targeted, with a commencement date of TBD. We believe this should be a higher priority for the Board as currently there is no guidance or benchmark for general education in professional development and it is unclear how it fits within a more structured program at present.

In relation to the project to *Scan Environment for Gaps in the Development, Delivery and Assessment of Professional Accounting Education*, we believe this should come earlier in the timeline. We note that one of the objectives of the project is to identify problem areas in the implementation of the revised IESs. We assume this is so that additional guidance can be issued to assist implementation. Based on the timing of this project starting in Q4 2015, the time required to complete the project and then provide guidance to assist implementation would make it less useful in this regard. While we agree with the timing of the remaining objectives of the project, it may prove more beneficial to separate this into two projects, with the review of implementation difficulties coming well in advance of the other.

Finally, we suggest the IAESB reconsider the location of their Board Meetings. In prior years, the IAESB has performed significant outreach work with local IFAC member bodies and, in particular, across the newly emerging and developing economies.

With the focus of recent meetings being in North America and Western Europe, we believe that the IAESB is missing an opportunity to raise the profile of accounting education and help develop good practices in those emerging economies and accounting jurisdictions which are most in need. Having a physical presence and engaging with IFAC member bodies and potential IFAC member bodies still in their infancy is as important as issuing public pronouncements.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Wayne Kolins
Global Head of Audit and Accounting