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23 October 2014

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Proposed Framework for International Education Standards (2014)

Dear Sir,

BDO is pleased to have the opportunity to comment on the above exposure draft issued by the International Accounting Education Standards Board (IAESB). We have reviewed the exposure draft and set out below our responses to each of the IAESB's questions as outlined in the explanatory memorandum accompanying the exposure draft.

Responses to Specific Questions

- 1. The IAESB is proposing to include the following definition of professional accountant in the updated Framework.***

A professional accountant is an individual who achieves, demonstrates, and maintains professional competence in accountancy and who is bound by a code of ethics.

Is the definition of a professional accountant appropriate for users of IESs? If not, please explain.

We support the new definition of a professional accountant. The previous definition was circular, suggesting that if you were not a member of an IFAC member body you could not be a professional accountant, and added little to the ongoing debate about who is able to call him or herself an 'accountant' within the accounting profession in different jurisdictions.

The proposed definition also recognizes the ongoing nature of professional competence as part of the life-long learning that professional accountants commit to when they first join the accounting profession.

A potential limitation of this definition is that the wording implies that competence is achieved at a particular point in time and then merely maintained. It does not take in to account that, due to the pace of change and developments in global and national environments, some 'new' competences may arise and maintenance of the previous competences alone would not be sufficient to protect the public interest.

With respect to the wording used within the proposed definition, we support the improved clarity and the use of the words ‘achieves’ and ‘demonstrates’, which are aligned with the learning outcome approach used in the revised IES’s. We believe that these terms, and the direction which the IAESB has taken towards a learning outcomes based set of IESs, is to be commended. However, we note that the proposed definition uses the term ‘maintain’ as opposed to ‘develop and maintain’ inherent within the extant IES 7. We would ask that the IAESB looks to revise IES 7 in the next Strategy and Work Plan in order to ensure consistency throughout its publications.

In addition, we note the use of the word ‘accountancy’; however we are unable to find a definition of what accountancy encompasses either in the IAESB publications or other IFAC publications. We believe that including a definition of accountancy within the IAESB’s Glossary of Terms would improve the clarity of this term, especially for non-native English speakers; however in drafting a definition, we would ask that the IAESB be mindful of the need to consider the evolution of accountancy as a profession and endeavour not to exclude future areas inadvertently.

Whilst we support this definition in the context of the IAESB we are concerned that IFAC has not been able to arrive at a consistent definition of a professional accountant for use across all of its standard-setting boards.

2. *The IAESB is proposing to include the following definition of general education in the updated Framework.*

General education is a broad-based education through which fundamental knowledge, skills, and attitudes are developed.

Is the definition of general education appropriate for the users of the IESs? If not, please explain.

We are supportive of the proposed definition of general education. We recognize that in certain education systems this is a very valuable definition as it underpins a specific approach to curricula and pedagogical development.

We also support the definition as it is consistent with usage by a number of academic institutions and reflects the various skills needed to cope with a program of professional accounting education.

Whilst we support the phrase ‘broad-based’ in the context of this definition, we are unsure of how such a term will translate across the various member body jurisdictions. Having concepts which can be translated is extremely important for adoption and implementation of the IESs.

In addition, we question the appropriateness of including ‘attitudes’ as part of what general education develops. Such a statement implies that there are specific fundamental attitudes that should be developed by individuals who may wish to pursue a career in accountancy as part of general education and that these attitudes may be ‘right’ and others ‘wrong’ for the accountancy profession. However we note the wide variety of people who chose accountancy as a profession and their varying attitudes with respect to a multitude of topics. Such a statement also suggests that attitudes are taught during the general education process;

however it would seem more likely that attitudes are influenced and changed by the unique experiences of individuals throughout their life time.

If such a concept were to remain in the definition, we recommend that the term 'attitudes' be replaced with 'values and ethics' which is less vague. In professional standards, 'values and ethics' is a common term which is generally understood to have a base level of what is appropriate in the profession versus 'attitudes' which is open to varying interpretations and more encompassing as noted above.

- 3. As indicated in the IAESB's Term of Reference, the Board's authoritative documents are those pronouncements that are subject to due process for their development (See Due Process and working procedures - March 2010 for IAESB's due process).**

The extant Framework is an authoritative pronouncement, meaning it establishes requirements for which IFAC member bodies must comply. Because the proposed draft of the Framework does not include any requirements and its primary purpose is to describe the learning concepts underpinning the IESs, the IAESB is proposing the revised Framework be non-authoritative. Do you agree with this change? If not, why?

Our view is that the Framework is a valuable document that underpins the status of the IAESB pronouncements. We recognize that often frameworks are meant to underlie and support the interpretation and implementation of a collection of related pronouncements and as such we are not opposed to changing the Framework to be a non-authoritative document.

The proposal does, however, raise an interesting question as to the effect that the removal of the authoritative status will have on the standing of the document and therefore eventually on the needs of the users.

We therefore ask the IAESB to ensure that this has been thoroughly considered, along with other options for the framework, prior to a final decision being made.

- 4. Is the updated Framework clear and easy to understand? If not, please explain.**

Yes.

- 5. Does the updated Framework appropriately align with the recently revised IESs (See <https://www.ifac.org/sites/default/files/publications/files/Handbook-of-International-Education-Pronouncements-2014.pdf>)? If not, what gaps or differences should be addressed?**

Yes.

- 6. Are there any other terms within the Framework which require further clarification? If so, please explain the nature of the deficiencies.**

As noted previously, we believe that the Framework would benefit from a definition of 'Accountancy'.

7. Are there any other learning concepts relevant to the IESs that should be added to the Framework? If yes, please describe the concepts that should be added.

No.

Comments on other matters

As noted in our previous comment letters, we would support the development of an electronically integrated set of IESs which when linked directly to an updated glossary would enable the user (online or offline) to navigate successfully the suite of IESs. This would enable the user of each IES to have an immediate source of information rather than having to seek a glossary and would avoid the ongoing debate about whether there should be a consolidated set of IPD and CPD IESs.

We would also support continuing efforts to improve the availability of translations in respect of exposure drafts and final 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