



**The Japanese Institute of
Certified Public Accountants**

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Mr. David McPeak
IAESB Technical Director
International Accounting Education Standards Board
International Federation of Accountants
529 Fifth Avenue 6th Floor New York, NY 10017

Dear Mr. McPeak:

**Comments on the International Accounting Education Standards Board Exposure Draft
(ED), *the Proposed Framework for International Education Standards* (2014)**

The Japanese Institute of Certified Public Accountants (“we” and “our”) is grateful for the opportunity to comment on the IAESB Exposure Draft, *the Proposed Framework for International Education Standards* (2014) (hereinafter referred to as the updated “Framework”).

We support the IAESB’s decision to amend the current Framework for the purposes of ensuring consistency with the basic concepts of the revised IESs, as well as clarifying and simplifying the contents of the Framework.

Our comments on the ED are provided below to further help improve the proposed Framework.

Question 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 the IESs?

If not, please explain.

(Comments)

The definition is not appropriate for users of the IESs.

The standards set by each standard-setting board of the IFAC, such as the ISAs, IESBA Code of Ethics, and IESs, have defined the term “professional accountant” as an “(A)n individual who is a member of an IFAC member body”, and applied this definition in a consistent manner. Moreover, we believe that the IFAC itself has decided that the definition of professional accountant remain unchanged for the time being. Despite this, the IAESB is now proposing to change the definition of the professional accountant, for use solely in the IESs. This means that the term “professional accountant” as used in the ISAs and IESBA Code of Ethics will be defined differently than the same term used in the IESs. IFAC member bodies will be required to comply with two types of “professional accountant” used in the standards set by each standard setting boards of the IFAC. In light of the significant confusion this would create to the users of the standards, we believe that the IAESB should avoid amending the definition of professional accountant.

If the purpose of the proposed amendment only aims to expand the target audience of the IESs or the scope thereof, we believe that the IAESB should develop a new set of terminology of its own, with a clearly defined target audience and the scope thereof.

Question 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 users of the IESs?

If not, please explain.

(Comments)

The definition is appropriate for the users of the IESs; provided, however, that it will be changed as follows.

Proposed change (Suggested changes are underlined)

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

Question 3:

As indicated in the IAESB's Terms 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?

(Comments)

We agree with the change.

Question 4:

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

(Comments)

The updated Framework is clear and easy to understand.

Question 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?

(Comments)

The updated Framework includes some paragraphs inconsistent with those in the revised IESs.

- Paragraph 13 states that “(T)hrough the IESs, the IAESB sets requirements for the professional accounting education of aspiring professional accountants and for CPD of professional accountants,” but does not include description relevant to the revised IES 1 (Entry Requirements to Professional Accounting Education Programs). Therefore, we propose the following changes:

Proposed change (Suggested changes are underlined)

“Through the IESs, the IAESB sets the entry requirements to professional accounting education programs and requirements for the professional accounting education of aspiring professional accountants and for CPD of professional accountants”.

- Paragraph 19 of the updated Framework includes a definition of learning outcome, but we observed the following inconsistencies in wording between paragraph 19 and the revised IESs 2-4. Therefore, we propose to align the descriptions relevant to a definition of learning outcome. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 19 of the Framework	Paragraph A6 of the revised IES 2	Paragraph A8 of the revised IES 3	Paragraph A11 of the revised IES 4
The IESs include learning outcomes which prescribe the content and depth of knowledge, understanding, and application required for specified competence areas . Learning outcomes can be demonstrated within the context	Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area . Learning outcomes can be demonstrated within the context of a work	Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area . Learning outcomes can be demonstrated within the context of a work	Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area . Learning outcomes can be demonstrated within the context of a work

Paragraph 19 of the Framework	Paragraph A6 of the revised IES 2	Paragraph A8 of the revised IES 3	Paragraph A11 of the revised IES 4
of a work environment or a professional accounting education program.	environment or professional accounting education program.	environment or professional accounting education program.	environment or a professional accounting education program.

- Paragraph 21 includes a definition of the competence area, but we observed the following inconsistencies in wording between paragraph 21 and the revised IESs 2-4. Therefore, we propose to align the descriptions relevant to a definition of competence area. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 21 of the Framework	Paragraph A5 of the revised IES 2	Paragraph A7 of the revised IES 3	Paragraph A10 of the revised IES 4
The IESs include competence areas that are categories for which a set of related learning outcomes can be specified.	A5. A competence area is a category for which a set of related learning outcomes can be specified.	A7. A competence area is a category for which a set of related learning outcomes can be specified.	A10. A competence area is a category for which a set of related learning outcomes can be specified.

- Paragraphs 23 and 30 of the updated Framework include a definition of practical experience, but we observed the following inconsistencies in wording between paragraphs 23 and 30 and paragraph 3 of the revised IES 5. Therefore, we propose to unify the descriptions relevant to a definition of practical experience. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 23 of the Framework	Paragraph 30 of the Framework	Paragraph 3 of the revised IES 5
Practical experience refers to workplace activities that are relevant to developing professional competence.	Practical experience refers to workplace activities that are relevant to developing professional competence.	Practical experience refers to workplace and other activities that are relevant to developing professional competence.

- Paragraph 23 and paragraph 30 of the updated Framework include the same definition of practical experience. Given that paragraph 23 includes the definition of “learning and development” used throughout the IPD and CPD, we propose that the definition of practical experience only appear in paragraph 23.

- Paragraph 25 of the updated Framework lists learning and development activities other than education, practical experience and training, but we observed the following inconsistencies in wording between paragraph 25 and paragraph 5 of the revised IES 7. Therefore, we propose to align those descriptions. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 25 of the Framework	Paragraph 5 of the revised IES 7
In addition to education, practical	In addition to education, practical

experience, and training, <u>the term</u> learning and development <u>includes</u> activities such as (a) coaching, (b) networking, <u>(c)mentoring, (d) observation, (e) reflection, and (f) self-directed and unstructured gaining of knowledge.</u>	experience, and training, <u>CPD also includes</u> learning and development activities, such as (a) coaching <u>and mentoring</u> , (b) networking, (c) <u>observation, feedback, and</u> reflection, and <u>the (d) self-directed and unstructured gaining of knowledge.</u>
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- Paragraph 29 of the updated Framework includes a definition of initial professional development, but we observed the following inconsistencies in wording between paragraph 29 and the revised IESs 2-6. Therefore we propose to align the descriptions. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 29 of the Framework	Paragraph A1 of the revised IES 2	Paragraph A1 of the revised IES 3	Paragraph A3 of the revised IES 4	Paragraph 3 of the revised IES 5	Paragraph 3 of the revised IES 6
IPD is learning and development through which aspiring professional accountants first develop <u>professional</u> competence leading to performing a role <u>of</u> a professional accountant.	IPD is <u>the</u> learning and development through which aspiring professional accountants first develop competence leading to performing a role <u>as</u> a professional accountant.	IPD is <u>the</u> learning and development through which aspiring professional accountants first develop competence leading to performing a role <u>as</u> a professional accountant.	IPD is <u>the</u> learning and development through which aspiring professional accountants first develop competence leading to performing a role <u>as</u> a professional accountant.	IPD is learning and development through which <u>individuals</u> first develop competence to <u>perform</u> a role of a professional accountant.	IPD is <u>the</u> learning and development through which aspiring professional accountants first develop competence leading to performing a role of a professional accountant.

- Paragraph 33 of the updated Framework describes the components of competence developed through CPD, but we observed the following inconsistencies in wording between paragraph 33 and paragraph 4 of the revised IES 7. Therefore, we propose to align the descriptions. (The parts underlined in boldface indicate the section where differences are observed.)

Paragraph 33 of the Framework	The revised IES7, Paragraph 4
CPD provides <u>ongoing</u> development of the (a) <u>technical competence</u> , (b) professional skills, and (c) professional values, ethics, and attitudes which were achieved during IPD.	CPD provides <u>continuing</u> development of the (a) <u>professional knowledge</u> , (b) professional skills, (c) professional values, ethics, and attitudes, and <u>(d) competence achieved during IPD</u> , refined appropriately for the professional activities and responsibilities of the

	professional accountant.
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Question 6:

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

(Comments)

The following terms should be further clarified.

- Proficiency levels

We propose that the IAESB add the following new paragraph in the section of “Learning Outcome and Related Concept”.

Proposed wording to be added (See para A11 of the revised IES 2)

“Levels of proficiency indicate the context in which the relevant learning outcomes are expected to be demonstrated”.

In addition, as the entities referred to by the following terms are different in the updated Framework and the revised IESs, we propose that the IAESB unify or further clarify these terms.

- Definitions of “educational organizations,” “education providers,” and “educators”

The revised IESs 1-7 often describe “educational organizations,” “education providers,” and “educators” as stakeholders. In contrast, paragraph 9 of the updated Framework describes “universities,” “employers,” and “other stakeholders” as the stakeholders. Therefore, we would like the IAESB to consider maintaining consistency in use of these terms.

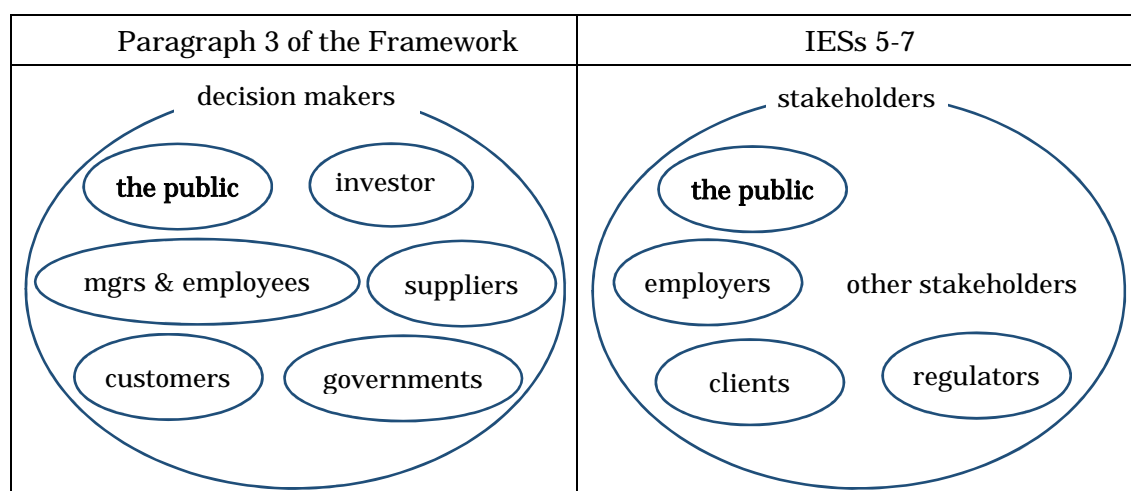
- The definition of the “public”

We observed the following inconsistencies in the paragraphs describing the “public” in the updated Framework and revised IESs.

Paragraph 3 of the Framework	Table A of the revised IES 4	Paragraph A6 of the revised IES 5	Paragraph A4 of the revised IES 6	Paragraph A8 of the revised IES 6	Paragraph A25 of the revised IES 7
a broad range of decision makers, including (a) <i>the public</i> , (b) present and potential investors, (c) managers and employees within organizations, (d) suppliers, (e)	Analyze the consequences of unethical behavior to the individual, the profession, and <i>the public</i>	expected of them by the <i>public</i> , employers, and clients.	expected of them by the <i>public</i> , employers, and clients.	such as the <i>public</i> , employers, and regulators	expectations of the <i>public</i> , regulators, and other stakeholders

Paragraph 3 of the Framework	Table A of the revised IES 4	Paragraph A6 of the revised IES 5	Paragraph A4 of the revised IES 6	Paragraph A8 of the revised IES 6	Paragraph A25 of the revised IES 7
customers, and (f) governments and their agencies.					
The “public” is juxtaposed with the item of (b) - (f) as a component of decision maker.	The “public” is juxtaposed with “individual” and “profession”.	The “public” is juxtaposed with “employers” and “clients”.	The “public” is juxtaposed with “employers” and “clients”.	The “public” is juxtaposed with “employers” and “regulators” as a component of stakeholders.	The “public” is juxtaposed with “employers” as a component of stakeholders.

In consideration of the above, we have summarized the concept of the "public" used in the updated Framework and revised IESs 5 to 7 as follows. This indicates that the concept of the “public” has not been applied consistently through the entire IESs.



As the definition of the “public” is fundamental concept underlying the IESs, we propose that the IAESB apply the term consistently throughout the IESs.

- The definitions of “regulators” and “government authorities”
Paragraph 9 of the updated Framework defines “regulators” and “governments.” Meanwhile, various other terms that seem to have the same meaning appear elsewhere, for example, in other paragraphs of the updated Framework and revised IESs (see below). If these terms have the same meaning, we encourage the IAESB to

consider aligning them. If they are intended to have different meanings, we request the IAESB to clarify the differences.

Paragraph 3 of the Framework	Paragraph 2 of each of the revised IESs	Paragraph A8 of the revised IES 6	Paragraph A25 of the revised IES 7	Paragraph 4 of the revised IES 5
a broad range of decision makers, including (a) the public, (b) present and potential investors, (c) managers and employees within organizations, (d) suppliers, (e) customers, and (f) <i>governments and their agencies</i>	educational organizations, employers, <i>regulators, government authorities,</i> and any other stakeholders	(b) The expectations of stakeholders (such as the public, employers, and <i>regulators</i>) relating to the nature and extent of professional competence;	(b) Expectations of the public, <i>regulators,</i> and other stakeholders.	the requirements of the relevant <i>regulatory authorities,</i>

Question 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.

(Comments)

We noted that the updated Framework does not define the concept of “professional accounting education program” which are frequently cited in the revised IESs 1 to 6, as well as in the Glossary of Terms. We therefore encourage the IAESB to consider adding the following concept to the section on the initial professional development, and aligning the wording used in each standard.

Proposed change (Suggested changed are underlined. See paragraph A1 of the revised IES 1, paragraph A13 of the revised IES 2, paragraph A16 of the revised IES, paragraph A32 of the revised IES 4, paragraph A2 of the revised IES 5, and paragraph A9 of the revised IES 6)

“Professional accounting education program:

Professional accounting education programs, provided by universities, other higher education providers, IFAC member bodies, and employers, are programs designed to support aspiring professional accountants to develop the appropriate professional competence by the end of Initial Professional Development. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.”

Paragraph	Description
IES 1.A1	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants to develop the appropriate professional competence by the end of <u>Initial Professional Development (IPD)</u> . They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
IES 2.A13	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants to develop the appropriate professional competence by the end of <u>IPD</u> . <u>Such programs may include</u> formal education delivered through <u>qualifications</u> and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
IES 3.A16	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants to develop the appropriate professional competence by the end of <u>IPD</u> . <u>Such programs may include</u> formal education delivered through <u>qualifications</u> and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
IES 4.A32	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants to develop the appropriate professional competence by the end of <u>IPD</u> . <u>Such programs may include</u> formal education delivered through <u>qualifications</u> and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
IES 5.A2	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants develop the appropriate professional competence by the end of <u>IPD</u> . They may consist of formal education delivered through degrees and courses offered by universities, other education providers, IFAC member bodies, and employers, as well as workplace training.
IES 6.A9	Professional accounting education <u>programs are</u> designed to support aspiring professional accountants to develop the appropriate professional competence by the end of <u>IPD</u> . They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
Glossary of Terms	Professional accounting education <u>program Programs</u> designed to support aspiring professional accountants* to develop the appropriate professional competence* by the end of <u>initial professional development.*</u> They may consist of formal education* delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.

【Comments on Other Matters】

- Activities and services provided by the accountancy profession do not include

“taxation.” Since the taxation is of equal importance to auditing, assurance and advisory mentioned in paragraph 2, we propose that taxation be added to paragraph 2.

- Although paragraph 3 states that those decision makers supported by the accountancy profession include (a) the public, (b) present and potential investors, (c) managers and employees within organizations, (d) suppliers, (e) customers, and (f) governments and their agencies, they do not include the management of organizations or those charged with governance. As the management and those charged with governance are also important decision makers, we propose to revise it as follows:

Proposed change (Suggested changes are underlined)

The accountancy profession ... (a) the public, (b) present and potential investors, (c) management of organizations, (d) managers and employees within organizations, (e) suppliers, (f) customers, and (g) governments and their agencies.

- Paragraph 15 states that “(T)he concepts in this Framework may also be applied to other aspects of professional accounting education not covered by a specific IES.” We would like the IAESB to describe in detail what these “other aspects of professional accounting education not covered by a specific IES” are.
- It is difficult to understand the reference to “(d) influence on the work of others” in paragraph 22. Please clarify whether the term “work of others” appearing here corresponds to the “work of others” used in the title of ISA 600-699, “USING THE WORK OF OTHERS.” If the term is used in a more general sense, we suggest paragraph 22 be revised to clarify this.
- Paragraph 23 states that “(E)ducation is a structured and systematic process aimed at developing knowledge, skills, and other capabilities.” To be consistent with the definition of professional competence (i.e., knowledge, skill, and values, ethics, and attitude), we propose that “other capabilities” be reworded to “values, ethics, and attitude.”
- Paragraph 46 refers to “related IAESB publications.” The IAESB Terms of Reference on the IFAC website, issued in January, 2012, has referred to the related IAESB publications as follows. The descriptions in paragraph 46 seem to overlap with the descriptions in the IAESB Terms of Reference. Therefore, we propose to delete paragraph 46, as overlapping descriptions might confuse the readers. If deletion is not an option, we propose that paragraph 46 be aligned with the descriptions in the IAESB Terms of Reference.

3.0 Pronouncements

In fulfilling the above objective, the IAESB develops and issues the following authoritative publications:

International Education Standards for Professional Accountants (IESs), which address the principles of learning and development for professional accountants. As they prescribe good practice in learning and development for professional accountants, they should be incorporated into the educational requirements of IFAC Member Bodies.

International Education Practice Statements for Professional Accountants (IEPSs), which assist in implementing generally accepted good practice in learning and

development for professional accountants. IEPSs may interpret, illustrate, or expand on matters related to IESs. In this function, IEPSs assist IFAC Member Bodies to implement and achieve good practice, as prescribed by the IESs. The IEPS may also include commendable methods or practices, including those recognized as current best practice, that IFAC Member Bodies may wish to adopt.

From time to time the IAESB also issues non-authoritative publications, including: International Education Information Papers for Professional Accountants (IEIPs), which may critically assess emerging learning and development issues and practices. The aim of such IEIPs is to (a) promote consideration of these issues, and (b) encourage comment and feedback. In this way, they may be useful forerunners of IESs and IEPSs. Alternatively, the IEIPs may simply be descriptive in nature. In this function, they promote awareness of learning and development issues or practices relating to the accountancy profession; and

Additional support material, such as toolkits or interpretation guidance, which assist IFAC Member Bodies in achieving good practice in learning and development, as prescribed by the IESs.

The official text of the IESs, IEPSs, IEIPs, and other publications is that published by the IAESB in the English language.

- Although “objectives and scope” are included in the “Introduction” of the IAESB Drafting Conventions (Appendix 1), there is no reference to the “objectives” in the revised IESs. In addition, the introductory sections of the revised IESs include sections on the “scope” and “effective date,” but there is no reference to the “effective date” in the IAESB Drafting Conventions. In consideration of this, we suggest that the references to the IAESB Drafting Conventions in Appendix 1 be changed as follows.

Proposed change (Suggested changes are underlined)

The introductory material includes information regarding the scope and effective date that provides context relevant to a proper understanding of each IES.

- The IAESB Drafting Conventions state under the heading “Explanatory Material” : “[T]he explanatory material is intended to explain requirements in more detail.” Yet the explanatory materials included in the revised IESs also refer to the “scope” or “purpose” together with the relevant requirements. We therefore propose the following amendments.

Proposed change (Suggested changes are underlined)

The explanatory material is intended to explain the scope, objectives and requirements in more detail to assist in their application and may include examples of how to meet the requirements.

We trust you will find our comments of assistance to you.

Sincerely yours,

Kazutomi Asai

Executive Board Member - CPE

The Japanese Institute of Certified Public Accountants