

David McPeake,
IAESB Technical Manager.

Dear David,

We write in response to the IAESB's request for comments on the Board's Exposure Draft, 2014-2016 IAESB's Strategy and Work Plan.

The eleven member bodies of the GAA constitute some of the largest members of IFAC and are amongst the oldest and most developed of the world's professional accounting organisations. Together we are responsible for meeting around 45% of IFAC's member body dues. This makes us conscious of the responsible balance between aspirations, expenditure and income.

We are also very conscious of the significant output and efforts of all of those who have supported the IAESB to date.

We are fully committed to acting in the public interest and have thought carefully about the proposals contained in the Work Plan. In this context we have previously expressed some of our thinking when we wrote to the Chairman of the IAESB in September 2012, and to the Chairman of the PIOB in June 2013.

We note that the exposure draft covers both the completion of the current work programme and a proposed future work plan.

We comment first on the completion of the current work plan.

Revision of IES 8.

This work needs to be completed. We strongly believe it should be able to be completed sooner than Q4 2014. (We also understand that some suggest the revised document would be better treated as guidance to firms rather than a standard.)

Definition for the term Professional Accountant.

This project appears to have been initiated only recently. The definition has implications going beyond the responsibilities of the IAESB. We recommend that this work should not be pursued by the IAESB but, if it is to be proceeded with, for this to be done by a special working party established by and reporting to the IFAC Board. The definition for the term Professional Accountant is not simply a matter relevant to education standards.

Revision of the IAESB framework for the international education standards for professional accountants (2009).

Given the recent effort in revising the standards themselves, we do not attach a high priority nor understand the need for further revisions of the framework at this time.

Guidance on learning outcomes approaches to professional accounting education.

We note that whilst this project is listed under the current work program Appendix 1 implies that the board has not commenced this work but only agreed to undertake the project in the period 2014-2016. We respectfully suggest that this project is not a high priority for all PAOs. If it can be shown that sufficient PAOs need such an information paper, especially amongst the developing PAOs, those member bodies using learning outcomes approaches should be invited to summarise their experiences and learnings. One of them could be invited, or contracted, to compile these into a summary, or the work could be outsourced. Such work does not need the resource demanding processes associated with a Public Interest Activity, and its oversight.

First however the need for such work should be tested.

Guidance on the implementation of IES 8.

The suggestion that this is current work seems inconsistent with Appendix 1. It is dependent on the completion of revisions to IES 8. We are not convinced that additional implementation guidance is needed but when IES 8 is finalised the need for such work should be evaluated amongst member bodies. If a need is clearly demonstrated then again it could be pursued in a more efficient manner than using a PIAB, by outsourcing, or PAOs that have competence frameworks for audit engagement partners being asked to summarise these and provide examples of good practice. A member body could be asked to summarise these, or the task outsourced.

Next we turn our attention to the proposed future workplan; to those projects not yet commenced/in-progress.

With the exception of the proposed scan of the environment, which we also see as non-critical, these projects are classified as either:

Engaging stakeholders and promoting the adoption and endorsement of the revised IESSs, or

Supporting and promoting guidance to facilitate the implementation of the revised IESSs.

In regard to the first strategic priority above we are of the view that there is already a broad recognition and adoption of the revised IESSs such that the proposed advocacy role and board stakeholder engagement is not warranted. Further review of adoption of the standards by PAOs should be the responsibility of the Compliance Advisory Panel.

Translations do not need the resource intensive structure of a PIAB for their completion.

The second strategic priority covers guidance through the revision of International Education Practice Statements (IEPSs) and International Education Information Papers (IEIPs). At present it is not clear to us how strong is the need for these revisions. It may be greater amongst the developing PAOs. Such work may be needed for neatness and completeness, but in a resource strained environment the case needs to be much stronger than this. In the public interest one has to look at priorities, and it is our view that there is a much greater need for IFAC's resources to be devoted to the other standard setting boards at this time. The needs of ethics and auditing are far greater than those in education. Adoption is a responsibility of the CAP, and the strong emphasis on capacity building we believe can be better addressed outside of the standard setting board by the Professional Accountancy Organisation Development Committee. This Committee can be charged with overseeing the processes to ensure sufficient guidance to facilitate implementation for developing PAOs. This should be a more efficient process.

Summary.

In summary the early revision of IES 8 is supported. We suggest that the other components of the 2014-2016 work plan are not a high priority or at least that this work should not be pursued by the resource demanding processes of a PIAB. We believe strongly that IFAC must recognise the resource constraints under which it has to operate and prioritises accordingly. We believe that in this context IFAC is best advised to redirect its resources away from the IAESB by either dismantling the Board or mothballing it for a defined period, in consultation with the PIOB; concentrating resources available on what we firmly believe are more important - Ethics and Auditing. Compliance can be left to the CAP and capacity building to the PAOD committee. Contracting out/outsourcing is also an option.

Yours sincerely,

Stephen Harrison.

CEO, The Global Accounting Alliance.