

March 31, 2011

Eli Khazzam
Senior Technical Manager, Regulation & Public Policy
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017, USA

Dear Mr. Khazzam,

Re: IFAC Policy Position Paper #4: A Public Interest Framework for the Accountancy Profession

The International Accounting Education Standards Board (IAESB) appreciates the opportunity to comment on IFAC's Policy Position Paper #4: *A Public Interest Framework for the Accountancy Profession*.

The IAESB develops and issues, in the public interest and under its own authority, standards, practice statements, information papers, and other information documents on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession.

The IAESB also acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development. The IAESB's role is focused on addressing the professional knowledge, skills and professional values, ethics and attitudes of the accountancy profession to serve the overall public interest.

The IAESB supports IFAC's initiative to develop this policy paper on public interest and shares the view that organizations acting on behalf of the public need to better evaluate whether the public interest is being served through the actions of the profession and its institutions. The proposed public interest framework provides an important platform to launch public awareness of issues which should be considered when determining

whether the public interest is being served by the deliberations of a host of stakeholders, with sometimes very different interests, on policy issues.

The IAESB would like to provide the following comments on the policy paper with the aim of improving its clarity.

Purpose of Paper

The IAESB requests that the purpose of the paper be more clearly articulated so that the reader understands what the public interest is for the accountancy profession. The introduction of a definitional framework as a means to define public interest is not viewed as being helpful to those that are seeking an understanding of why regulations are needed and what is the role of Standard-setting organizations in developing such regulations. The IAESB views the framework's approach to explaining the public interest as being more decisional rather than definitional. The criteria are seen as a means to assess whether the public interest was served, but do not assist the reader in understanding what is the public interest for the accountancy profession. The IAESB suggests that a more concise approach to defining public interest would be more valuable to the public when trying to explain what the public interest is for the accountancy profession, standard-setters, and other interested stakeholders.

Scalability of Public Interest Framework

The IAESB requests a clearer explanation of how scalability is to be applied when serving the public interest. Both the title of the section (page 5) on scalability and the description of scalability, need to be clarified since they gave the perception that the public interest is scalable. When the IAESB deliberates on issues of principle, the Board takes the position that principles will be applied equally regardless of organizational size and capacity.

The IAESB also suggests that applying scalability to the criteria might create too much flexibility and result in a framework that is ineffective. A high level of flexibility makes the application of the criteria difficult to monitor and to obtain consensus on universal values.

Impact Analysis and Consultation

The IAESB encourages IFAC to provide more information on the implications of applying these criteria by Standard-setting Boards. Such information might take the form of findings from an impact analysis which would describe how these criteria would affect a Board's resources, project timelines, and its conduct. The IAESB suggests that it would be helpful to consult with: (1) the public to understand what their interests are in terms of the accountancy profession; and (2) other professions and public accountancy

organizations to determine their approach to serving the public interest. IAESB members felt that consultation on the implications of the criteria on IFAC's Standard-setting Boards before the release of this policy paper could have strengthened the section on how to apply the criteria.

Other Matters

The IAESB requests that the paper provide additional explanation on how it relates to the existing policy paper #3 on international standard setting in the public interest. This type of linkage would assist the reader in understanding how the criteria can be applied as benchmarks for Standard-setting Boards and other professional accountancy organizations.

Engagement and Future Review

The IAESB encourages IFAC to undertake a further review of the policy paper to improve its clarity. The IAESB suggests that the purpose of the paper and definition of public interest needs to be clarified to enable understanding by the public and to ensure proper application by the Standard-setting Boards. The IAESB is currently revising its International Education Standards and sees the value of clearly articulating what the public interest is for the accountancy profession. A better understanding of the implications of the public interest on standard-setting activities is considered essential to obtaining high-quality standards that have a sustaining effect on professional accountancy education.

The IAESB offers its assistance in clarifying the framework and welcomes the opportunity to become more involved in any consultation that provides a better understanding of the impact of the criteria on the conduct and resources of the Board. We believe that a greater level of engagement would help the work of the IAESB to develop and maintain standards in the area of professional accountancy education.

We hope that the above is helpful and we look forward to the forthcoming final paper.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Allison', with a long horizontal flourish extending to the right.

Professor Mark Allison
IAESB Chair