TITLE: – Revision of the Framework for International Education Standards for Professional Accountants

PROJECT PROPOSAL

I. SUBJECT
A revision of the Framework for International Education Standards for Professional Accountants (“Framework”; 2009)

II. BACKGROUND AND RELEVANT DEVELOPMENTS

A. Background
In December 2009 the IAESB released its Framework for International Education Standards for Professional Accountants (“Framework”). The Framework sets out the educational concepts that underlie the IAESB’s International Education Standards (IESs), describes the nature of IAESB publications, and affirms IFAC member bodies’ obligations. Since the release of the Framework the IAESB has undertaken its International Education Standards Revision Project, to revise and redraft the suite of eight International Education Standards (IESs) in accordance with the clarity drafting conventions (which is an Appendix to the Framework).

B. Relevant Developments
The Board has undertaken a detailed review of the Framework document to ensure consistency and clarity with the revised IESs with the aim of proposing a way forward. Because the IAESB Framework was developed and released prior to the commencement of the Revision Project there are some inevitable inconsistencies between the Framework and the revised IESs. These inconsistencies originate from the IAESB’s focus on enhancing the revised IESs to align with cutting-edge developments in professional accounting education. The IAESB has placed greater emphasis on fundamental concepts such as: professional competence, competence areas, learning outcomes, assessment activities, and professional accountant. If these inconsistencies among the Framework and revised IESs are not corrected, they will lead to confusion by stakeholders in understanding their obligations in meeting the requirements of the revised IESs and to ineffective implementation of the IESs.

As a result of the IES Revision Project, the Framework needs to be revised to ensure consistency with the principles and concepts that evolved during the Revisions Project.

III. PROJECT OBJECTIVES AND HOW IT SERVES THE PUBLIC INTEREST
A. Project Objectives
Update the IAESB Framework to align to the concepts in the Revised IESs.

B. How the Project Objectives Serve the Public Interest
The revision of the Framework will aim to define and align concepts that are contained within the Revised IESs. The revision of the Framework document will help promote consistency in the use of terminology and concepts, as well as share good practices in the learning and development of a professional accountant. The IAESB recognizes the need to clarify the Framework document to improve readability and ensure consistent application by reducing ambiguity about the concepts and principles required by IFAC member bodies.

The revised Framework will draw the attention of IFAC member bodies and other interested educational stakeholders to the principles and concepts that support the development and implementation of professional accounting education programs for professional accountants. Consultation of IFAC member bodies, interested stakeholders of accounting education, and the public through the issuing of an exposure draft and consultation with the Consultative Advisory Group (CAG) will enhance the quality of the Framework by ensuring transparency in the deliberation of issues. Both the Revised Framework and the Revised IESs on Initial Professional Development (IPD) and Continuing Professional Development (CPD) establish the global competence of a professional accountant which is the foundation upon which the public trust is sought.

IV. OUTLINE OF THE PROJECT
A. Project Scope
The scope of this project is to update the Framework so it aligns to the concepts in the Revised IESs. This will consist of updating relevant material in the Framework so that it is consistent with the concepts and principles in the Revised IESs.

B. Key Issues that Will Be Addressed
Various issues with the Framework have been identified and will be addressed as part of the Framework revision project.

1) Terminology
   The following summarizes terminology changes as result of the Revision’s project that need to be made to align the content of the Framework with the revised standards:
2) **Drafting Issues**

The following summarizes the less significant changes to align the content of the Framework with the revised standards and the current implementation of the Drafting Conventions:

- In a number of places the Framework uses the words ‘must’ and ‘should’. These words have been specifically avoided in the drafting of the standards and will be removed from the Framework. This change requires some minor redrafting.
- In the Introduction section, there is reference to ‘the requirements to qualify and work as a professional accountant’. There has been continued difficulty in Board discussions with the concept of qualification given the diversity of licensing regimes in place globally, therefore this wording is redrafted to remove the reference to qualification.
- In a number of places the Framework refers to ‘professional accountants’, where it is the intention of the Board to also include ‘aspiring professional accountants’.
- Where the Framework refers to ‘roles’, it will be aligned with the IPD definition which uses the phrase ‘a role of a professional accountant’.
- In the section on ‘Learning and development’ the Framework refers to ‘self-directed and unstructured gaining of knowledge’. This will be expanded to cover all elements of

<table>
<thead>
<tr>
<th>Existing term</th>
<th>Revised term</th>
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<tr>
<td>Accountants</td>
<td>Professional accountants</td>
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<td>Prospective accountants</td>
<td>Aspiring professional accountants</td>
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<td>“Audit Professional” or “Audit manager”</td>
<td>Audit Engagement Partner</td>
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<td>“Education” or “Accounting education”</td>
<td>Professional accounting education</td>
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<td>Education programs for accountants</td>
<td>Professional accounting education programs</td>
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<td>Other interested parties</td>
<td>Other stakeholders</td>
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<td>“Competence” or “Capabilities”</td>
<td>Professional competence</td>
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<td>“Knowledge” or “Professional knowledge”</td>
<td>Technical competence</td>
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<td>Knowledge, skills and values</td>
<td>Technical competence, professional skills, and professional values, ethics and attitudes</td>
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<td>Outcomes</td>
<td>Learning outcomes</td>
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<tr>
<td>“Develop” or “Change and expand”</td>
<td>Develop and maintain</td>
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<td>Acquiring, maintaining and renewing</td>
<td>Developing and maintaining</td>
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<tr>
<td>Company accounts</td>
<td>Financial statements</td>
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professional competence, i.e. technical competence, professional skills, and professional values, ethics and attitudes.

- In the 'Initial Professional Development' section there is reference to the concept of assessment. This will be aligned with the IES 6 definition of assessment (note, however that as the IES 6 definition refers to both IPD and CPD it may be necessary to adapt the definition for use in this specific instance).

- In the 'Initial Professional Development' section there is reference to the concept of integration. This will be redrafted to be consistent with the way in which integration is now described in the draft IESs.

- In the 'Assessment: Measurement of theEffectiveness of Learning and Development' section there is reference to 'validity' and 'reliability' as characteristics of measurement approaches. The IES 6 definitions of these terms will be used. However, see the more substantive Level 3 issue below about this section.

- In the section on IEPSs there is reference to 'generally accepted good practice'. The Board has simply referred to 'good practice' elsewhere in the body of IAESB literature, and the term 'generally accepted' is redundant and can be deleted.

3. **Concepts and principles**

The following summarizes changes of structure and/or content to align the Framework better with the revised body of standards; and other issues arising from a preliminary review of the Framework:

Definitions of ‘professional accountant’ and ‘aspiring professional accountant’

- The Framework currently references the existing IFAC definition of a professional accountant. The IAESB has created an updated definition of a professional accountant that should be reflected in the Framework.

- The Framework does not currently make reference to the concept of the ‘aspiring professional accountant’. This is a term which has emerged from the Revisions Project, and is used extensively in the standards addressing IPD. The Board may therefore wish to include some content to explain this role alongside that of the professional accountant, in line with the Glossary definition.

Educational concepts section

- Although the Level 1 and Level 2 changes to the ‘Educational Concepts’ section proposed above seek to align terminology in the section with the revised standards, there is broader issue present. IESs 2, 3 and 4 are now written as outcome-based standards, and a number of concepts are fundamental to this approach – learning outcomes, competence areas, and proficiency levels - none of which are explained in the current Framework.

- In addition, it is hard to completely align the existing content with the current terminology being used. For example in some instances the overall concept of ‘competence’ can be directly replaced with ‘professional competence’, but in other instances this term ‘competence’ is being used quite specifically – e.g. ‘a desired competence for a professional accountant working in a financial accounting role may be the ability to produce a set of company accounts…’: In this second situation it appears that the ‘desired competence’ is in fact a learning outcome under the revised standards.
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- A further example of the challenges in this section is the discussion of ‘an appropriate level of competence’ – which in the draft revised standards could be regarded as a ‘level of proficiency’.

- A more detailed review and revision of this section of the Framework is necessary, to ensure it fully supports and aligns with the concepts set out in the revised standards.

General education

- General education is currently described as part of Initial Professional Development; however this has been a source of continued debate at the Board, particularly through the drafting of IES 3. The description of general education in the Framework positions it as a ‘foundation for coping with the demands of professional accounting education and practical experience’. Previous Board discussions have highlighted significant diversity of practice across jurisdictions in relation to general education, which have demonstrated that general education may often commence prior to entry to a professional accounting education program (the start of IPD), and that general education may also continue concurrently with a professional accounting education program.

- There is significant content on general education in extant standards, which may be helpful to users of the IESs. This content was not carried forward to the Revised IES 3 and should be reviewed for inclusion in the Framework.

- The Board will reposition general education in the Framework. This will include de-coupling general education from IPD to address the confusion this seems to create, while re-emphasizing the importance of general education, possibly through the inclusion of more discussion on the topic, drawing on the extant IES 3 content.

Assessment: Measurement of the Effectiveness of Learning and Development

- The section of the Framework on Assessment: Measurement of the Effectiveness of Learning and Development is likely to be assumed to be directly related to the principles of assessment set out in IES 6. However, although there is some overlap with IES 6 content, the Framework also addresses the key issue of input and output measures which are core to other standards including IES 5 (Initial Professional Development - Practical Experience) and IES 7 (Continuing Professional Development).

- The section sets out three measurement approaches – input measures, process measures and output measures. It is noted that process measures are not referred to in the revised body of standards, and therefore may not be necessary. The Framework does not mention the ‘combined approach’ (use of input and output measures), which is referenced in a number of the revised standards.

- This section does set out characteristics of measurement approaches, two of which are also principles of assessment under IES 6. It does not however address all 6 principles of assessment set out in IES 6.

- It is also noted that, while the title of this section refers to measuring the effectiveness of learning and development, under the revised standards these measurement approaches appear to be more directly related to measuring achievement of professional competence or learning outcomes.

- A more detailed review and revision of this section of the Framework is necessary to align the assessment concepts with IES 6.

Appendix from IES 2, 3, and 4 on Classification of Proficiency Levels for Learning Outcomes
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- Consideration should be given whether the Appendix from IES 2, 3, and 4 on the classification of proficiency levels for learning outcomes should be incorporated into the Framework.

- Better alignment and integration of competence and proficiency levels in the Framework needs to be achieved.

Part Two – IAESB Publications and IFAC Member Body Obligations

- There are a number of issues with this section that will require the Board’s consideration. These include the following:
  - This section combines two apparently separate concepts, publications and IFAC member body obligations into a single section. It is not clear how these two topics are related to each other.
  - There are a number of key concepts related to the standards which are not explained currently – for example there is no reference to the standards setting requirements for IFAC member bodies, or to the standards being principle based.
  - There is no mention in the section on IFAC publications of the ‘Basis of Conclusions’ document which accompanies each standard on release.
  - There is no description of the IAESB due process that is followed in the development of publications, including the exposure process.
  - The content on IFAC member body obligations does not appear to be well aligned with the revised SMO 2, and misses the opportunity to discuss the responsibilities of the IFAC member body in situations where they do not control the implementation of some or all of an IES.

4. Consideration of Future Status of Framework

The IAESB believes that the revised Framework should be considered a non-authoritative document because it (a) clarifies the concepts underlying the revised IESs and (b) does not impose requirements or obligations on its principle audience, IFAC member bodies. The IAESB is intending to conduct a broad public consultation to seek support for the Framework being a non-authoritative document.

V. Implications for Any Specific Persons or Groups

The implications to Member Bodies will be a Framework that is aligned to the Revised IESs.

VI. Development Process, Public Consultation, Project Timetable, and Project Output

The IAESB aims to revise the Framework document by updating the concepts so that they align with the revised IESs. The IAESB does not intend to create or change the principles identified in the Framework as these principles remain the foundation of the revised IESs. In adhering to recommended due process activities and requiring PIOB oversight the IAESB intends to consult with IFAC member bodies, the public, and interested educational stakeholders by issuing an exposure draft and considering respondents’ comments in the drafting of the revised Framework document. In addition, the IAESB will consult with the CAG on the analysis of comments from ED respondents and the
development of the revised drafts with the aim of developing a final pronouncement. Once the IAESB approves the content of the final version the newly revised Framework document will be submitted to the PIOB for approval of due process activities.

A. Project Timetable

<table>
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<tr>
<th>Project Stage</th>
<th>Timing*</th>
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<tr>
<td>Discussion of Framework project and approach with the CAG</td>
<td>September 2013 CAG Meeting</td>
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<tr>
<td>Discussion of Framework project and approach with the IAESB</td>
<td>October 2013 IAESB Meeting</td>
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<tr>
<td>Discussion of key issues in Framework with the CAG</td>
<td>February 2014 CAG Meeting</td>
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<tr>
<td>Discussion of project proposal and key issues in the Framework with the IAESB</td>
<td>April 2014 IAESB Meeting</td>
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<tr>
<td>Discussion of project proposal</td>
<td>April 2014 CAG Teleconference Meeting</td>
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<tr>
<td>Approval of project proposal. Present first and second draft of Framework for Board to review. Board approval of Framework Exposure Draft.</td>
<td>June 2014 IAESB Meeting</td>
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<tr>
<td>Exposure period</td>
<td>TBD by the Board</td>
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<tr>
<td>Discussion of Exposure Draft comments and revised draft of Framework</td>
<td>2015 CAG meeting #1</td>
</tr>
<tr>
<td>Review and discussion of Exposure Draft comments. Present revised draft of Framework for Board to review. Board approval of Framework document.</td>
<td>2015 IAESB meeting #1</td>
</tr>
<tr>
<td>Approval of Due process activities by PIOB (TBD)</td>
<td>Quarter 2 2015 PIOB meeting</td>
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* Staff will work with the PIOB to ensure that due process activities are adhered to while looking for opportunities to ensure effective use of IAESB resources and time.

B. Project Outputs

The revision of the Framework will follow due process with careful consideration of the public interest while balancing the costs and benefits of the expected project output.

Following the approval of the project proposal to revise the Framework, the IAESB will:

- Discuss significant issues
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- Consider 1st draft
- Approve the exposure draft
- Consider significant matters raised from respondents’ comments and prepare a revised draft
- Approve the final document and comment on the accompanying Basis of Conclusions document

The IAESB will also request comments over a period of time to be determined by the Board from the public on the exposure draft of the Framework. The IAESB will also consult with its CAG at the following stages of the project:
- Project proposal
- Significant issues relating to the revision of the IES
- Significant issues raised in comment letters on exposure drafts and the IAESB’s related response

VII. Resources Required

A task force has been formed for the revision of the Framework and will consist of members and technical advisors with appropriate skills to revise the Framework. The task force will be chaired by an IAESB member, which is David Simko. The Steering Committee will provide oversight and the Drafting Working Group will perform a consistency review of the revised Framework.

VIII. Relevant Sources of Information that Address the Matter Being Proposed

The following sources of information will be consulted by the task force:
- Feedback from the CAG on identified issues.
- Feedback from chairs and secretaries of Revised IESs task forces.
- Comments previously received on exposure drafts of IESs.