MINUTES OF
THE INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD PUBLIC

PLACE: New York, USA
VENUE: International Federation of Accountants, New York, USA

MEETING NO. 2/12 (75)

PRESENT:

Voting Members:
Australia  Peter Wolnizer (Chair)
Australia  Kim Langfield-Smith
Germany  Thomas Orth
Iceland  Kristrún Ingolfsdóttir
India
Mexico
South Africa  Saleem Kharwa (Deputy Chair)
United Kingdom  Clare Minchington
United States  Denny Reigle
Zambia  Nambayo Kalaluka
TAC  Eileen Walsh (June 14 & 15)
TAC  Marcelo Canetti
TAC  Jean-Francois Belorgey
TAC  Ann Kilbride
TAC  Robert Taylor
Public Member  Chris Austin
Public Member  Kazuo Hiramatsu
Public Member  Edward Chr Kieswetter

Technical Advisors:
Jayne Freeman
Brigitte Rothkegel-Hoffmeister
Anette Hedbern
Subodh Kumar Agrawal
Jose Echenique
Amanda Olivier
Clare Morley
Gary Previts
Andrew Barry
Greg Owens
Susan Flis
Gareth Wellings
Robert Taylor
Adrian Pulham

Observers:
PIOB Representative (June 12 & 13)  Kai Uwe Marten
CAG Chair  Aileen Pierce
IAAER Observer (June 13, 14 & 15)  Anne Loft

IFAC Staff:
Senior Technical Manager  David McPeak
IAESB Executive Assistant  Stephenie Luciani

APOLOGIES:
India, Member  Jaydeep Shah
Mexico, Member  Sylvia Meljem
TAC, Member  Hans Christen Krogh
Zambia, Technical Advisor  Mubita Anakoka
UNCTAD Observer  Yoseph Asmelash
IFAC Executive Director  Jim Sylph
OPENING MATTERS

1(i) Welcome
Professor Peter Wolnizer, IAESB Chair, welcomed IAESB members and technical advisors to the meeting extending a special welcome to: Ms. Brigitte Rothkegel-Hoffmeister (technical advisor to Mr. Thomas Orth); and PIOB representative, Professor Kai Uwe Marten.

Apologies were received from Mr. Jaydeep Shah (member) Ms. Sylvia Meljem (member), Mr. Mubita Anakoka (technical advisor to Mr. Nambayo Kalaluka), Mr. Yoseph Asmelash (UNCTAD), and Mr. Jim Sylph (IFAC). Professor Marten observed the IAESB discussions on Agenda Items 1 to 7 inclusively, but because of personal commitments provided his regrets for the remaining agenda items. Professor Wolnizer indicated that Mr. Hans Christen Krogh (TAC, member) had indicated he was permanently stepping down from the IAESB for personal reasons.

1(ii) Approval of Agenda
The agenda was approved as presented.

1(iii) Minutes and Action List of March 2012 (Merida) Meeting
The minutes of the previous meeting were approved.

1(iv) Report from the Chair
Professor Wolnizer reminded IAESB members of the need to deliberate on educational issues resulting from the agenda meeting papers with the view of protecting the public interest. He reported that the PIOB had approved due process activities related to the revision of International Education Standard (IES) 7, *Continuing Professional Development* at its May PIOB meeting and that the final version of IES 7 is scheduled to be released in mid-July. Professor Wolnizer also reported that he had conducted the 2011 performance evaluations of IAESB members and participated in the interviews for prospective IAESB members.

Professor Wolnizer indicated that he and IAESB representatives would meet with the Association to Advance Collegiate Schools of Business (AACSB International) in August to discuss the possibility of collaborating on a project to develop guidance on outcome-based education.

Professor Wolnizer reported that he and IAESB representatives had undertaken the following speaking engagements and associated communications activities since the March 2012 (Merida, Mexico) meeting:

**March 2012**
- National Association of Accounting and Business Administration Schools (ANFECA) Congress, Merida, Mexico (Peter Wolnizer & Aileen Pierce)
- IAESB-IMCP/ANFECA Education Forum, Merida, Mexico (Peter Wolnizer, Saleem Kharwa, Sylvia Meljem, Ann Kilbride, Amanda Olivier, Kim Langfield-Smith, and David McPeak)
- IAESB Response Letter to IFAC's Exposure Draft on the Statements of Membership Obligations (Peter Wolnizer)

**April 2012**
- *IAESB Report*, Forum of Firms and Transnational Auditors Committee meeting, Paris, France (Greg Owens)
May 2012

- The Scholarship of Teaching and Learning (SoTL) in Accounting Education: Linking Excellence in Research, Teaching and Practice in an Ever-Changing Global Profession, 35th Annual European Accounting Association Congress, Panel Symposium, Ljubljana, Slovenia (Peter Wolnizer, Aileen Pierce)
- Revision of IES 8, Competence Requirements for Professional Auditors, 22nd Audit & Assurance Conference, the Annual Conference of the Auditing Special Interest Group of the British Accounting & Finance Association (Greg Owens)

CURRENT PROJECTS

2. REVISION OF INTERNATIONAL EDUCATION STANDARD 6, ASSESSMENT OF PROFESSIONAL CAPABILITIES AND COMPETENCE

The IAESB received a draft of the revised International Education Standard (IES) 6, Initial Professional Development – Assessment of Professional Competence, and an Issues paper, which provided Board members with a summary of editorial changes made since the March 2012 meeting. The following summarizes the Board’s discussion.

Page-by-Page Review
In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 6 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:
- Paragraph 3: The definition of Initial Professional Development has been amended to ensure consistency with that used in IES 7;
- Paragraph 4: The paragraph was amended to identify the coverage of assessment requirements in IESs 2, 3, 4, 5, and 8;
- Paragraph 9: The requirement paragraph was amended to focus on the design of assessment activities that have high levels of reliability, validity, equity, transparency, and sufficiency within professional accounting education programs;
- Paragraph A1: The paragraph has been amended to include: the definition of professional competence, an explanation of what professional competence is, and its link to learning outcomes; and
- Paragraph A9: A new paragraph has been included to explain the content and purpose of professional accounting education programs.

Other Editorial Changes
The IAESB agreed several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

Other Issues
The IAESB approved an Effective Date of July 1, 2015 for implementation of IES 6.

Vote on Content of the Revised IES 6
Following the discussion on the task force’s recommendations to amend the exposure draft of IES 6, the IAESB voted to approve the revised version of the exposed IES 6, Initial Professional Development - Assessment of Professional Competence.

Vote on Re-exposure of the Redrafted IES 6
After approving the final revised content the IAESB voted not to re-expose the revised version of the exposed IES 6, *Initial Professional Development - Assessment of Professional Competence*.

**Vote on Removal of the Extant IES 6**
The IAESB voted to approve the removal of the extant IES 6, *Assessment of Professional Capabilities and Competence*, on July 1, 2015.

**IAESB Discussion on the Basis of Conclusions**
The IAESB instructed staff to ensure that the Basis of Conclusions document be updated for any decisions taken as a result of this meeting.

**Proposed Way Ahead**
In preparing the document for release the revised IES 6 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. Prior to its release, the revised IES 6 is subject to approval of due process by the Public Interest Oversight Board at its September 2012 meeting. The expected date of publication is in early November 2012.

3. **Revision of International Education Standard 4, Professional Values, Ethics, and Attitudes**

The IAESB received a draft of the revised International Education Standard (IES) 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*, and an Issues paper, which provided Board members with a summary of editorial changes made since the March IAESB 2012 Meeting. The following summarizes the Board’s discussion.

**IAESB Discussion of Issues and Task Force Proposals**

*Public Interest*
In general IAESB members agreed with the task force’s proposal on including a public interest perspective to the requirement on the framework of professional values, ethics, and attitudes subject to some minor editorial suggestions of IAESB members to improve clarity while not making substantial changes to the content of the learning outcome statements. In addition paragraphs A7 and A8 of the Explanatory Materials (See agenda item 3-2) section provide additional understanding by identifying the *IESBA Code of Ethics* as an example of relevant ethical requirements.

*Skepticism and Judgment*
The IAESB directed the task force to replace the terms, Skepticism and Judgment, with the terms, professional judgment and professional skepticism, when describing the related competence areas in Table A of the proposed Re-Exposed Draft. This amendment ensures consistency of this competence area with its naming in IES 8. IAESB members suggested that the IAASB definitions of professional judgment and professional skepticism be included in the Explanatory Material section, but their interpretation should be qualified as applying to a role of a professional accountant in a broader context.

The IAESB also directed the task force to change the level of proficiency for professional judgment and professional skepticism from advanced to intermediate so as to ensure consistency with the expectations of a professional accountant when performing an assurance engagement.
The IAESB agreed with the proposed learning outcomes for professional judgment and professional skepticism subject to some minor editorial suggestions made by IAESB members to improve clarity while not making substantial changes to the content of the learning outcome statements.

Adoption of Tabular Format
The IAESB supported the tabular presentation of the learning outcomes for professional values, ethics, and attitudes, but IAESB members indicated that the verbs used in describing the learning outcomes should be reviewed to ensure proper alignment with the given proficiency levels. IAESB members also suggested that the proficiency levels between IES 4 and IES 8 needed to be aligned. Some IAESB members questioned whether levels were necessary for these competence areas indicating that a professional accountant needed to demonstrate the competence at an advanced level and some level less than this would be unacceptable.

Page-by-Page Review
In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 4 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:

- Paragraph 6: The paragraph was amended to signpost the use of IAASB terms and definitions which have been included in the Explanatory Material section;
- Paragraph 11: Learning outcome (c) (iii) of Table A has been amended to reflect the need to analyze rather than to explain the relationship between laws, regulations and the public interest;
- Paragraph A1: A new paragraph has been included to explain and define professional judgment and professional scepticism, especially when applied to the broader context of a role of a professional accountant;
- Paragraph A6-A7: Paragraph A6 has been amended to include the definition of professional competence, while paragraph A7 now explains how a professional accountant achieves professional accountant;
- Paragraph A8: A new paragraph has been added to explain a competence area and provide examples;
- Paragraphs A15-16: The content of paragraphs A15-A16 have been reorganized for purposes of clarity and this content now appears in paragraphs A23 and A24 to explain professional judgment and professional scepticism and ethical principles;
- Paragraph A17: A new paragraph has been added to explain proficiency levels of learning outcomes and signposts the classification of proficiency levels by the IAESB in Appendix 1;
- Paragraph A28: A new paragraph has been included to explain the content and purpose of professional accounting education programs; and
- Paragraph A35: Examples of appropriate assessment activities for assessing professional values, ethics, and attitudes have been added to paragraph A35.

Other Editorial Changes
The IAESB agreed to several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

Vote on Content of the Revised IES 4
Following the discussion on the task force’s proposals to amend the revised draft of IES 4, the IAESB voted to approve the revised version of the exposed IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes.
Vote on Re-exposure of the Redrafted IES 4
After approving the final revised content, the IAESB voted to re-expose the revised version of the exposed IES 4, Initial Professional – Professional Values, Ethics, and Attitudes. The decision to re-expose was based on the substantial change to the content of the revised draft of IES 4 arising from matters not previously deliberated by the IAESB.

Other Issues
The IAESB approved an exposure period of 75 days for public exposure of the revised IES 4.

Proposed Way Ahead
In preparing the document for exposure of the revised draft of IES 4 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. The analysis of respondents' comments on IES 4's ED is scheduled to occur at the March 2013 IAESB meeting.

4. REVISION OF INTERNATIONAL EDUCATION STANDARD 2, CONTENT OF PROFESSIONAL ACCOUNTING EDUCATION PROGRAMS

The IAESB received a draft of the revised International Education Standard (IES) 2, Initial Professional Development – Technical Competence, and an Issues paper, which provided Board members with a summary of editorial changes made since the March 2012 IAESB Meeting. The following summarizes the Board’s discussion.

IAESB Discussion of Issues and Task Force Proposals

*Learning Outcomes for Technical Competence*
In general the IAESB supported the task force's proposals on the presentation of learning outcomes for technical competence, subject to amendments suggested by IAESB members. IAESB members made suggestions to clarify the learning outcomes of the following competence areas:
- **Financial Accounting and Reporting.** Include a learning outcome that requires interpretation of specialized reports including sustainability and integrated reports.
- **Audit and Assurance.** Include learning outcomes that require identifying the risk profile, describing the objectives and activities of an audit of financial statements, and deleting the learning outcome on preparing an audit report in accordance with the domestic reporting framework.
- **Governance and Risk Management.** Reword competence area to include internal control and require analysis of components of internal control.
- **Business Law.** Reword competence area to include regulations and clarify the learning outcome on identifying when to refer matters to specialist for help. and
- **Accounting Information Systems.** Reword competence area to Information Technology to reflect the importance of information on the role of professional accountant.

In addition IAESB members suggested that a new paragraph be included in the Explanatory Material section to clarify the requirement on technical competence by identifying learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area.

*Assessment and Review of Professional Accounting Education Programs*
In general the IAESB agreed with the task force's proposals on requirements and explanatory material for the assessment of technical competence and for a regular review of the professional accounting education program. IAESB members suggested that the 2nd sentence of paragraph A13 of the Explanatory Material section on the review of professional accounting
education programs be deleted because it provided redundant information with the content of paragraph A7.

**Terminology and Definitions**
The IAESB directed the task force to include the following definitions in the Explanatory Material section: aspiring professional accountant, professional accounting education program, professional competence, competence area, and assessment activities. The IAESB also agreed to keep the definition of professional accounting education.

**Page-by Page Review**
In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 2 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:

- Paragraphs A1, A2, A4 and A6: New paragraphs have been included to provide clarity to the scope of the standard by providing definitions and explaining the concepts of aspiring professional accountant, professional accounting education program, professional competence and competence area.

- Classification of Proficiency Levels for Learning Outcomes. Introductory paragraphs have been included to provide context for the classification of four proficiency levels: foundation, intermediate, advanced, and mastery. In addition each level has been reviewed to improve consistency and clarity around the focus of the learning outcomes, the context in which learning outcomes are to be achieved and the use of indicative verbs.

**Other Editorial Changes**
The IAESB agreed to several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

**Other Issues**
The IAESB approved an exposure period of 90 days for public exposure of the revised IES.

**Vote on Content of the Revised IES 2**
Following the discussion on the task force’s proposals to amend the revised draft of IES 2, the IAESB voted to approve the revised version of the exposed IES 2, *Initial Professional Development – Technical Competence*.

**Proposed Way Ahead**
In preparing the document for exposure of the revised draft of IES 2 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. The analysis of respondents’ comments on IES 2’s ED is scheduled to occur at the March 2013 IAESB meeting.

5. **Revision of International Education Standard 3, Professional Skills and General Education**
The IAESB received a draft of the revised International Education Standard (IES) 3, *Initial Professional Development – Professional Skills*, and an Issues paper, which provided Board members with a summary of editorial changes made since the March 2012 IAESB Meeting. The following summarizes the Board’s discussion.
IAESB Discussion of Issues and Task Force Proposals

The Learning Outcomes for Professional Skills

In general the IAESB supported the task force’s proposals on the presentation of learning outcomes for professional skills, subject to amendments suggested by IAESB members. IAESB members made suggestions to clarify the learning outcomes of the following competence areas:

- Intellectual. Change the minimum level of proficiency from foundation to advanced.
- Personal. Change the minimum level of proficiency from foundation to intermediate.
- Interpersonal and Communication. Reword learning outcome (c) (v) to focus on consultative skills to minimize and resolve conflict. Change the minimum level of proficiency from foundation to intermediate.
- Organizational. Reword verbs of learning outcomes (d) (i) and (d) (v) to better reflect expected level of proficiency as a professional accountant. Include a new learning outcome that focuses on delegation skills to deliver work assignments. Reword learning outcome (d) (vi) to focus technology on work tasks rather than problems and the preparation of documentation. Change the minimum level of proficiency from foundation to intermediate.

In addition the IAESB suggested that for purposes of clarity paragraph A7 should be re-positioned to form a new paragraph A10 so as to explain what factors should be considered and who should be consulted in determining the appropriate approach to learning and development activities.

General Education

The IAESB agreed with the task force proposal to remove the reference to General Education. The IAESB views general education as an important part of developing professional competence. General education may be undertaken as a concurrent pathway alongside a member body’s professional accounting education program, or may be taken prior to this. The IAESB therefore prefers not to emphasize general education as a requirement within the development of professional skills. The IAESB does, however, recognize the need for general education in the development of the aspiring professional accountant and has used the Framework (2009) document to highlight the importance of general education as a component of IPD. It was suggested that the IAESB consider a project to address the need for implementation guidance on how general education can be used to develop the aspiring professional accountant in the next Strategy and Work Plan.

Page-by Page Review

In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 3 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:

- Paragraph 1: New content has been added to introduce what professional skills include and how they are related to the development of professional competence.
- Paragraphs A3-A4: Content from paragraph A1 has been re-positioned to form a new paragraph A3 so as to provide explanation on the four competence areas of professional skills: intellectual, personal, interpersonal and communication, and organizational. Paragraph A4 provides a definition of competence areas and gives examples of competence areas for technical competence and professional values, ethics, and attitudes.
- Paragraph A11: A new paragraph has been added to define and explain professional accounting education programs.
- Paragraph A13-A15: New content has been added to paragraph A13 define assessment activities, to paragraph A14 to explain the challenges of achieving high levels of levels of reliability, validity, equity, transparency, and sufficiency in workplace assessment, and to paragraph A15 to clarify the advice to address these challenges.
**Other Editorial Changes**
The IAESB agreed to several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

**Other Issues**
The IAESB approved an exposure period of 90 days for public exposure of the revised IES.

**Vote on Content of the Revised IES 3**
Following the discussion on the task force's proposals to amend the revised draft of IES 3, the IAESB voted to approve the revised version of the exposed IES 3, *Initial Professional Development – Professional Skills*.

**Proposed Way Ahead**
In preparing the document for exposure of the revised draft of IES 3 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. The analysis of respondents' comments on IES 3’s ED is scheduled to occur at the March 2013 IAESB meeting.

6. **PROFICIENCY LEVELS OF LEARNING OUTCOMES**

The IAESB received a draft of the revised *Classification of Proficiency Levels for Learning Outcomes*, as well as an Issues paper which provided issues and task force proposals for discussion. The following summarizes the Board’s discussion on issues and on issues arising from a page-by-page review.

**IAESB Discussion of Issues and Task Force Proposals**

The IAESB supported the proposed classification of proficiency levels for learning outcomes (See Schedule 1 of Agenda Item 6-1; June 2012 IAESB meeting) subject to consideration of members' editorial suggestions. IAESB members agreed with the proposed approach indicating that in general the content flows well, it is easily understood, and provides direction in developing learning outcomes for professional accounting education programs.

The IAESB considered the CAG comments, but decided that the aim of the proposed framework/classification document should continue to provide context to assist a reader in understanding the proposed learning outcomes of IESs 2, 3, 4, and 8 in both academic and workplace environments. The IAESB indicated that the wording of the descriptors needed to be clarified to improve the distinction among the proficiency levels within a learning environment that included workplace tasks, assignment, and projects. The IAESB decided to distinguish the proficiency levels of foundation, intermediate, advanced, and mastery on the basis of several criteria that relate to activities expected within a workplace situation, including levels of ambiguity, complexity, and uncertainty.

The IAESB agreed with the CAG's advice that the term, taxonomy, should not be used to describe the proficiency levels. The IAESB decided to use the title, Classification of Proficiency Levels for Learning Outcomes.

IAESB members expressed a mixed view on whether to include indicative verbs in each descriptor of the four proficiency levels. Those members supporting the removal of the indicative verbs indicated that they were redundant in some instances and did not provide
enough flexibility for IFAC member bodies to develop additional learning outcomes. Those members supporting the inclusion of the indicative verbs indicated that they would be helpful to developing member bodies when developing learning outcomes for professional accounting education programs.

**Proposed Way Ahead**

The IAESB directed work group to develop a revised version of the Classification of Proficiency Levels for Learning Outcomes that included the Board’s comments for discussion at the July 16th teleconference.

**7. REVISION OF INTERNATIONAL EDUCATION STANDARD 8, COMPETENCE REQUIREMENTS FOR AUDIT PROFESSIONALS**

The IAESB received a draft of the revised International Education Standard (IES) 8, *Professional Development for Engagement Responsible for Audits of Financial Statements*, and an Issues paper, which provided Board members with a summary of editorial changes made since the March 2012 IAESB Meeting. The following summarizes the Board’s discussion.

**IAESB Discussion of Issues and Task Force Proposals**

*Requirement: Professional Accountants Serving as Engagement Partners*

The IAESB agreed with the task force’s proposals on a requirement for continuing professional development for those serving as engagement partners and on explanatory material which provides explanation on how serving engagement partners can participate in appropriate learning and development activities.

*Terminology and Definitions*

The IAESB agreed with the task force’s proposals on the definitions for aspiring engagement partner, partner authorization criteria, and engagement team.

*Page-by Page Review*

In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 8 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:

- Paragraph 5: The first and second assumptions were observed to overlap and it was suggested that they could be combined to form one assumption and improve conciseness of thought.
- Paragraph 11: IAESB members made suggestions to clarify the learning outcomes of the following competence areas:
  - Audit of Financial Statements. Learning outcomes for sections on concepts and execution were combined to improve clarity;
  - Business and Organizational Environment. Competence area was relabeled to include Economics and Business Management;
  - Information Technology. First and second learning outcomes were combined to improve clarity and focus on controls relating to financial statements;
  - Finance and Treasury. Competence area was relabeled to Finance and Financial Management, and the following new learning outcomes were added: audited entity cash flow, budgets, working capital requirements, cost of capital, and financial instruments;
  - Professional Skepticism and Judgment. Competence area was relabeled to Professional Skepticism and Professional Judgment, and content from learning outcome on professional judgment in the Organizational competence area was
repositioned under the professional skepticism and professional judgment competence area.

- Paragraphs A3-A4: New paragraphs on the definitions of professional competence and aspiring engagement partner are included in the Explanatory Material section.
- Paragraph A17: A new paragraph on the definition of competence area was included in the Explanatory Material section.
- Paragraph A21: A new paragraph has been added to explain proficiency levels of learning outcomes and to signpost the classification of proficiency levels by the IAESB in Appendix 1;
- Paragraph A28: The first bullet has been amended to discuss sufficiency rather than duration and intensity.
- Paragraph A30: The paragraph has been repositioned and content amended to focus on assessment activities.

Other Editorial Changes
The IAESB agreed to several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

Other Issues
The IAESB approved an exposure period of 120 days for public exposure of the revised IES.

Vote on Content of the Revised IES 8
Following the discussion on the task force’s proposals to amend the revised draft of IES 8, the IAESB voted to approve the revised version of the exposed IES 8, Professional Development for Engagement Partners Responsible for Audits of Financial Statements.

Proposed Way Ahead
In preparing the document for exposure of the revised draft of IES 8 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. The analysis of respondents’ comments on IES 8’s ED is scheduled to occur at the March 2013 IAESB meeting.

8. IAESB STRATEGY AND WORK PLAN, 2014-2016
The IAESB received an Issues paper which summarized survey findings of IAESB members on the following issues: environmental trends; strategic focus; and IAESB projects and activities for 2014-2016. In addition the Issues paper provided questions for IAESB discussion. The following summarizes the Board’s discussion.

IAESB Discussion of Issues and Task Force Proposals

Environmental Trends
The following statements summarize IAESB members’ preliminary thinking on environmental trends affecting professional accounting education:

- The increasing interventionist approach of regulators and policy makers is imposing an increasing burden on companies and creates a need for more international education standards
• Increasing global mobility of labour and resources is highlighting the challenges of managing global risk and the need to balance local and global needs
• The increasing pervasiveness of technology is transforming the learning environment and highlighting the need for consistency in higher education
• The rate of change in the world and the perception of increased expectations on workplace performance is decreasing the attractiveness of the accounting profession and driving a change in skills requirements
• PAOs that are increasingly divergent and competitive
• Accountability expectations are increasing for the profession emphasizing the need for credibility and quality
• Learning and development models for accounting education are increasingly flexible and diverse

**Strategic Focus**
The following statements summarize IAESB members’ preliminary views on the focus of the Board’s strategy for 2014-2016:

**Standards Development**

• To ensure that the development of new standards adheres to criteria of: Relevance, Impact and Public Interest
• To revise the IAESB’s standard-setting model in light of increasing rate of change versus rate of professional development

**Implementation**

• To facilitate the effective implementation of the revised IESs by PAOs.
• To increase the impact of IESs by understanding who is using IESs and how they are being used

**Awareness**

• To influence stakeholders to appreciate and understand the importance of having high quality professional accountants who have been “developed” initially through a common framework
• To influence policy makers and regulators to increase the use and application of IESs

**Others**

• To improve the IAESB’s operations and linkages with other IFAC organs (e.g., PAIB, PAODC)
• To develop measures of Board effectiveness
• To challenge whether our current model (standardized standard setting) is the only one.

**IAESB Projects and Activities for 2014-2016**
The following statements summarize IAESB members’ preliminary views on some of the projects and activities that the Board may consider including in its work plan for 2014-2016:
Standards Development

- Agree appropriate vehicle for the demonstration of the achievement of learning outcomes
- Refresh Framework document to align with new IES terminology
- Update information paper on assessment and other papers impacted by new IESs
- Develop a process for the continuous review and QA of IESs
- Develop a post implementation review to identify areas for revision
- Develop ways to measure the success of IESs
- Develop new standards in specialized areas where licensing exists/could exist (CFOs, technicians, tax specialists, public sector accountants)
- Develop more efficient processes for standards development

Implementation

- Benchmark good practice through systematizing how PAO’s are currently implementing IESs
- Support implementation of the IESs by provide guidance for the PAOs
- Give impetus to knowledge sharing and capacity building in the PAO community
- Promote the recognition and adoption of standards beyond PAO’s, especially in regulatory and educational communities, through appropriate outreach
- Develop effective measures to assess whether IESs implemented
- Gather information
- Compliance group has teeth
- Implementation guidance (support and products)
- Co-operation with local and global agencies
- Enhance compliance through developing the effectiveness of the SMOs

Awareness

- Engage Policy Makers (governments, politicians, FSB / G20, IFRS Foundation, Other IFAC Boards, EFRAG) as they have the power to make others adopt the standards and they shape the international agenda
- Engage Regulators (IFIA, prudential regulators, market conduct regulators, assurance and audit regulators, qualification regulatory)
- Engage Agencies (World Bank, Regional development banks) as they encourage capacity building, supply funding and have significant influence
- Engage the broad public
- Engage Education providers (Online education consortia, universities, educational associations, private tuition providers)
- Engage Education and accreditation agencies (AACSB, EFMD/EQUIS, ANFECA)
- Engage PAO’s and regional bodies
- Engage Technology enablers (Apple, Google, Facebook)
- Engage Employers (Accounting firms, FoF)

Proposed Way Ahead
The IAESB steering committee will consider members’ suggestions and comments in developing a public survey on the IAESB 2014-2016 Strategy and Work Plan. The survey will be issued for public consultation over a 60-day period. Survey findings will be summarized for IAESB discussion at its October 2012 meeting.

9. **REVISION OF INTERNATIONAL EDUCATION STANDARD 1, ENTRY REQUIREMENTS TO A PROGRAM OF PROFESSIONAL ACCOUNTING EDUCATION**

The IAESB received a draft of the revised International Education Standard (IES) 1, *Entry Requirements to Professional Accounting Education Programs*, and an Issues paper, which provided Board members with a summary of editorial changes made since the March 2012 Meeting. The following summarizes the Board’s discussion.

**IAESB Discussion of Issues and Task Force Proposals**

**Objective Section**
The CAG suggested that the IAESB strengthen the Objective paragraph by including the setting and maintenance of high standards as an essential part of protecting the public interest. The IAESB agreed with the task force’s proposal subject to the Board’s editorial suggestion that the phrase, high standards, be replaced with the term, high quality standards.

**Example of Best Endeavors**
The CAG suggested that paragraph A3 of the Explanatory Material section should be clarified to illustrate how a member body can use its best endeavors to, for example, help ensure a University sets entry requirements in line with IES 1. The IAESB agreed with the task force’s proposal subject to the Board members suggestions of emphasizing (1) entry requirements to professional accounting education programs and (2) the need to communicate the benefit of compliance with IES 1. Material that describes best endeavors was deleted since it is described in detail in IFAC’s Statement of Membership Obligations.

**Other Issues**
After a full discussion the IAESB decided that IES 1 should focus on the educational entry requirements of professional accounting education programs rather than entry to accountancy profession. This change reflects the IAESB’s view that professional accounting education programs are the responsibility of IFAC member bodies; whereas, the responsibility of professional accounting education is shared between IFAC member bodies and other stakeholders, such as Universities.

The IAESB also agreed to amend paragraph A1 of the revised IES 1 to describe how professional accounting education programs support an aspiring professional accountant, to explain the components of programs in terms of education and workplace training, and to identify the importance of input from stakeholders in the design of programs.

**Page-by-Page Review**
In general the IAESB accepted the task force’s proposals for amendments to the wording of the revised draft of IES 1 subject to suggestions agreed by the Board to improve clarity. The nature of the agreed amendments included:

- Paragraph 2: The paragraph was amended to reflect the responsibility of the IFAC member body in setting and communicating entry requirements to professional accounting education programs;
• Paragraph 8: The requirement was amended to specify that the educational entry requirements to professional accounting education programs will allow entrance only to those with a reasonable chance of success and not represent an excessive barrier to entry; and
• Paragraph A5: The paragraph was amended to clarify how IES 1 serves the public interest by indicating that IES 1 addresses issues relating to the provision of sufficient numbers of high-quality aspiring professional accountants.

Other Editorial Changes
The IAESB agreed several small editorial changes to improve the clarity of the Introduction, Objective, Requirements, and Explanatory Material sections. These changes addressed issues that improved the understanding of the document without substantially changing the content of these paragraphs.

Other Issues
The IAESB approved an Effective Date of July 1, 2014 for implementation of IES 1.

Vote on Content of the Revised IES 1
Following the discussion on the task force’s recommendations to amend the exposure draft of IES 1, the IAESB voted to approve the revised version of the exposed IES 1, Entry Requirements to Professional Accounting Education Programs.

Vote on Re-exposure of the Redrafted IES 1
After approving the final revised content the IAESB voted not to re-expose the revised version of the exposed IES 1, Entry Requirements to Professional Accounting Education Programs.

Vote on Removal of the Extant IES 1
The IAESB voted to approve the removal of the extant IES 1 on July 1, 2014.

IAESB Discussion on the Basis of Conclusions
The IAESB instructed staff to ensure that the Basis of Conclusions document be updated for any decisions taken as a result of this meeting.

Proposed Way Ahead
In preparing the document for release IES 1 will undergo a Plain English Review and formatting. Any editorial changes resulting from the Plain English Review will be approved by the task force chair. Prior to its release, the revised IES 1 is subject to approval of due process by the Public Interest Oversight Board at its September 2012 meeting. The expected date of publication is scheduled to occur in early November 2012.

OTHER MATTERS OF INTEREST

10. IAESB AND OTHER IFAC BOARD/COMMITTEE ACTIVITY REPORTS
The IAESB received and noted the Dashboard reports on the activities of the IFAC Boards and Committees. IAESB had no comments on the reports but were asked to forward a list of their speaking engagements to IAESB staff.

11. DRAFTING WORK GROUP- PROGRESS REPORT
Ann Kilbride, Chairperson of Drafting Conventions Work Group, summarized the progress of the work group indicating that the work group had: reviewed and made editorial suggestions to the revised drafts of IESs 1, 2, 3, 4, 6, and 8. These reviews highlighted the task forces’ efforts in improving consistency among the various sections of the IESs, especially in the presentation
of learning outcomes. These review, however, identified areas that require further attention including: the appropriate use of labeling for diagrams and schedules, the use of terms such as technical competence throughout the suite of IESs. For the October meeting the work group will focus on management of the Glossary by: identifying new terms; adding new definitions because of the revision project; and eliminating terms that are no longer used within the suite of IESs.

12. AUDIT QUALITY FRAMEWORK
Mr. Thomas Orth, IAESB member on the IAASB task force on Audit Quality, reported that the task force’s work is resuming with a meeting being scheduled for July and he would update the Board on the IAASB’s progress to develop the Audit Quality Framework at the next October 2012 IAESB meeting.

13. PATHWAYS COMMISSION ON ACCOUNTING HIGHER EDUCATION
Mr. Dennis Reigle provided an oral report on the progress of the work of the Pathways Commission on higher education for accounting. He indicated that the Pathways Commission’s final report had been postponed until August. The release of the report is now scheduled to occur at the American Accounting Association’s Annual 2012 Meeting. Mr. Reigle also indicated that the report’s recommendations would address: the future of the accounting profession; the future demand for faculty; reforming accounting education; the development of curriculum models; attracting entrants into the profession; information on current and future markets for accounting professionals and faculty; and creating structures and mechanisms to transition accounting change. Mr. Reigle reported that planning for the implementation phase of this project is in now underway.

14. OTHER BUSINESS & FUTURE MEETINGS
The Chair reminded IAESB members that their next meeting would be held in London, UK on October 24-26, 2012. He also indicated that the IAESB meetings for 2013 are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 20-22, 2013</td>
<td>New York, USA</td>
<td>3-day meeting</td>
</tr>
<tr>
<td>June 17-19, 2013</td>
<td>New York, USA</td>
<td>3-day meeting</td>
</tr>
<tr>
<td>October 30-November 1, 2013</td>
<td>TBD</td>
<td>3-day meeting</td>
</tr>
</tbody>
</table>

15. COMMENTS OF PIOB REPRESENTATIVE
Professor Kai Uwe Marten, PIOB representative, indicated that he has been appointed team leader to observe and report on the activities of the IAESB. He noted the hard work of the IAESB members to revise the International Education Standards and recognized the progress that the IAESB is making on this project, especially with the recent approval of IES 6. He indicated that issues raised during the revision project were well debated and all IAESB members took the opportunity to participate in the discussions. He also noted that there have been some delays in the project because of the heavy work load on IAESB members and issues of limited staff resources, and these issues have also raised by the PIOB with IFAC leadership.

Professor Marten expressed the PIOB's concern with IFAC’s decision to stop work on the definition on the professional accountant and indicated that the PIOB has discussed this issue with IFAC leadership. He noted the IAESB’s work on developing the next strategy and he expressed a personal view that the IAESB projects and activities needed to become more visible through contributions in the areas of adoption and implementation of the International Education Standards. Finally, Professor Marten stated that because of personal commitments, he would not be able to attend the strategy session held on Thursday (June 14) and the Friday
session (June 15) on approving the revised IES 1 and the exposure drafts of IESs 2, 3, 4, and 8.

Professor Wolnizer thanked Professor Marten for his comments.

16. **TERMINATION**
Professor Wolnizer thanked all for their participation and contribution to the meeting, and then wished all a safe journey home.

The meeting closed on Friday, (June 15th, 2012) at 15:40 hours.

Approved by Chairman: ..............................................

Date: .............................................................................
### ACTION LIST – AS A RESULT OF JUNE 2012 IAESB MEETING

<table>
<thead>
<tr>
<th>ACTION</th>
<th>PERSON(S) RESPONSIBLE</th>
<th>DUE DATE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Update and circulate 2012 CDL</td>
<td>David McPeak</td>
<td>ASAP</td>
<td>Done</td>
</tr>
<tr>
<td>2. Update list of IAESB Task Forces for 2012</td>
<td>Peter Wolnizer/David McPeak</td>
<td>By June 12 2012</td>
<td>Done</td>
</tr>
<tr>
<td>3. Hold teleconference with Steering Committee</td>
<td>Peter Wolnizer &amp; Steering Committee members</td>
<td>July 5 &amp; October 16, 2012</td>
<td>Done</td>
</tr>
<tr>
<td>4. Prepare October Strategy Session</td>
<td>Peter Wolnizer/Bill Sedgwick/David McPeak</td>
<td>October 24, 2012</td>
<td>Done</td>
</tr>
<tr>
<td>5. Finalize documents for exposure drafts of IESs 2, 3, 4, and 8</td>
<td>Task force Chairs and Secretaries, David McPeak/ IFAC staff</td>
<td>July 27, 2012</td>
<td>Done</td>
</tr>
<tr>
<td>6. Finalize documents for PIOB’s review of due process of IESs 1, Entry Requirements for Professional Accounting Education Programs and IES 6, Initial Professional Development – Assessment of Professional Competence</td>
<td>David McPeak/ IFAC staff</td>
<td>August 22, 2012</td>
<td>Done</td>
</tr>
<tr>
<td>7. Develop CAG Issues papers for September meeting</td>
<td>Task Force Chairs &amp; Secretaries, David McPeak</td>
<td>September 20, 2012</td>
<td>Done</td>
</tr>
<tr>
<td>8. Develop IAESB Issues papers for October meeting</td>
<td>Task Force Chairs &amp; Secretaries, David McPeak</td>
<td>October 24, 2012</td>
<td>Done</td>
</tr>
</tbody>
</table>