

Dear Sirs,

The Institute of Professional Accountants of Russia (IPAR) is pleased to present its comments on the Exposure Draft, *Framework for International Education Standards (2014)*.

### **Request for Specific Comments**

**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.**

In our opinion the proposed definition does not fully meet the expectations of users of the IESs.

In particular, from the definition it is unclear who can confirm, that an individual has achieved, demonstrates, and maintains professional competence in accountancy and is bound by a code of ethics. Obviously the confirmation of these facts should take place and it must be reliable.

Otherwise an event may take place when an individual himself/herself claims that he/she «has achieved, demonstrates, and maintains professional competence...», but actually this is not the case. It is obvious that such statement is insufficient for the use of the term «professional accountant».

There is also a possibility of the situation, when an individual is a member of the organization which is not an IFAC member body, but it affirms that the individual has achieved, demonstrates, and maintains professional competence in accountancy and is bound by a code of ethics. In this case, the statement also cannot be considered reliable, because it's not possible to assess the proof of its validity. If the professional organization is an IFAC member body, it is obliged to control that its members have achieved, demonstrate, and maintain professional competence in accountancy and are bound by a code of ethics in accordance with the principles developed by IFAC. Therefore the statement made by an IFAC member body is reliable.

An example from the page 10 of the FRAMEWORK seems to us not so clear. There is a possibility of the situation, when a professional accountant is working for an entity that does not require compliance with a code of ethics and

maintenance of professional competence, nevertheless he/she voluntarily remains a member of a professional organization (IFAC member body) and complies with all the requirements. In this case, he/she remains a professional accountant.

There is a similar situation with the paragraph 32 of the FRAMEWORK. In some jurisdictions, including Russian Federation, accountants are not subject to the obligatory certification or licensing. Entry into the profession takes place after graduation and receiving a diploma. In accordance with the Russian Federation legislation accountants are not required to comply with a code of ethics and maintain their professional competence. In such a case only members of the IFAC Member bodies who are monitored on their compliance with all the necessary requirements can be considered as professional accountants. Exactly these circumstances are indicated by the second part of the term qualification/certification.

In our opinion the term used in the IAESB publications should also be consistently applied to the other IFAC documents (IAASB, IESBA). At the same time its definition should not be subject to changes. Thus in paragraph 11 of the FRAMEWORK instead of the phrase «The IAESB defines a professional accountant...» it's appropriate to write «IFAC and the IAESB define a professional accountant...».

It's necessary to consider, that the term «professional accountant» is also used on the international level, for example, in the Assessment questionnaire: Capacity-building framework for high-quality corporate reporting, developed by UNCTAD (United Nations Conference on Trade and Development). IPAR filled up the questionnaire twice: in 2012 and in 2013. It defines a professional accountant as follows: professional accountant - an individual who is a member of an IFAC member body (source: IFAC)).

In our opinion the understanding and application of the term «professional accountant» should be unambiguous in the international documents. In this case jurisdictional variations (fluctuations) are not important. Moreover, the accentuation of jurisdictional differences leads to the problem, that the term «professional accountant» is being used by those without any relation to the compliance with the code of ethics, maintenance of professional competence, and compliance with other obligations of the IFAC Member body.

Thus we are of the opinion that the definition of the term «professional accountant» should contain a direct indication to the body who confirms the following fact: «an individual has achieved, demonstrates, and maintains professional competence in accountancy as well as he/she is bound by a code of ethics». This confirmation can be made either by the IFAC member body or the regulator responsible for relevant activities in jurisdiction.

**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.**

Yes, the definition of general education is appropriate for users of the IESs.

**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?**

We cannot agree with the proposal of making the revised Framework to be a non-authoritative pronouncement since it contains the important definition of the term «professional accountant». Otherwise the definition will also be non-authoritative.

**Question 4: Is the updated Framework clear and easy to understand? If not, please explain.**

Yes, 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?**

Yes, the updated Framework appropriately aligns with the recently revised IESs.

**Question 6: Are there any other terms within the Framework which require further clarification? If so, please explain the nature of the deficiencies.**

No, there aren't any other terms within the Framework which require further clarification.

**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.**

No, there aren't any other learning concepts relevant to the IESs that should be added to the Framework.

IPAR will be pleased to provide any additional information and explanations as you may require. In this regard please contact me at [international@ipbr.org](mailto:international@ipbr.org) .

Sincerely yours,  
Evgeniya Kuposova  
Director

