

Basis for Conclusions:
Framework for International Education
Standards for Professional Accountants

*Prepared by the Staff of the International Accounting Education
Standards Board*

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Framework for International Education Standards
for Professional Accountants**

The Basis for Conclusions document for *Framework for International Education Standards for Professional Accountants* (the *Framework*) has been prepared by the Staff of the IAESB. It does not constitute part of the *Framework* and is non-authoritative.

Background

1. The current versions of the *Framework for International Education Pronouncements* and the *Introduction to the International Education Standards* were published in October 2003. The *Framework for International Education Pronouncements* describes the objectives and terms of reference; language; mission; strategic objectives; nature, scope and authority of publications; consultative process; quorum and voting rules; development concepts and glossary. The *Introduction to the International Education Standards* provides background information on the development of the Standards and describes the importance of accounting education and the scope of the Standards. When reviewing these documents the IAESB identified the following problems with their current versions:
 - (i) The need to align the current versions of these documents with the IAESB Terms of Reference, due process and recent titles of the IAESB pronouncements; and
 - (ii) The need to conduct a fundamental review of these documents to address changes in accounting education, the regulatory environment and the profession as a whole since the *Framework* and *Introduction* were first drafted.

2. At its February 2007 meeting the IAESB agreed the project proposal which would review these documents to (1) eliminate outdated or redundant sections, (2) update sections so as to reflect the Board's experience, and (3) improve clarity. The purpose of the *Framework* document will be to set out the concepts that underlie the IAESB's International Education Standards (IESs). The *Framework* is targeted to meet the needs of International Federation of Accountants (IFAC) member bodies, but is relevant to a wide range of accounting education stakeholders, including, accounting faculty at universities, employers of professional accountants, professional accountants, prospective professional accountants, and anyone interested in the work of the IAESB.

- Consultation
3. The IAESB considered in developing the revised drafts of the *ED Framework* the findings of its initial public consultation. This public consultation was conducted through an online survey questionnaire and face-to-face meetings during the

- period between December 15th, 2007 and April 30th, 2008. The IAESB received 1167 responses from interested stakeholders in accounting education; the geographic distribution of respondents represented 107 countries and the accounting experience of these respondents included approximately 60 different types of accounting roles. Further consultative work on the *Framework* was conducted with ten focus groups in ten countries, with a plenary session comprising of accounting educators (International Section of the American Accounting Association (AAA); San Diego, February 2008), and with the Education CAG during the period.
4. The IAESB issued an exposure draft of the *Framework for International Education Standards for Professional Accountants* (“the *ED Framework*”) on January 27, 2009, with a deadline for responses of April 30, 2009. A total of 49 comment letters were received. The response can be broken down into five groups: IFAC member bodies and associates (36); Other professional organizations, including the Developing Nations Committee of IFAC (6); Public accounting firms (3); Individuals (3); and Regulators (1). It should also be noted that some of the responses represent multiple organizations. For example, the Fédération des Experts Comptables Européens (FEE) represents 43 professional institutes of accountants and auditors from 32 European countries, including all 28 EU Member States. Also received was a response from the National Association of State Boards of Accountancy (NASBA) which oversees the effectiveness of the 55 licensing authorities (state boards of accountancy) for public accounting firms and certified public accountants in the United States and its territories.
 5. In addition during the period from November 2008 to May 2009, IAESB representatives presented and received feedback on topics related to the IAESB Framework at the United Nations Conference on Trade and Development (UNCTAD) Education Workshop at the 25th ISAR (International Standards of Accounting and Reporting) meeting in Geneva and three accounting academic conferences: 15th Annual Mid-Year International Accounting Conference of the International Section of the American Accounting Association; Symposium at the 15th Annual Congress of the European Accounting Association; and the British Accounting Association - Accounting Education SIG Conference 2009 Conference.

Significant Issues

6. The following summarizes the significant issues which respondents were asked to comment on and how the IAESB addressed them:
 - Objectives/Purpose –The Why Question;
 - Roles Addressed – The Who Question;
 - Career Stages and Education Aspects to be Addressed – The When and What Questions;
 - IPD – CPD Terminology;

- Choices about the Appropriate Structure of the Standards and Education Providers to be Addressed – The How and Where Questions;
- Other Terminology; and
- Clarity of the Document.

Changes made to the *ED Framework* since the exposure period, are now discussed in turn below. Paragraph numbers refer to the *ED Framework* as issued, unless otherwise stated.

Objectives/Purpose – The Why Question (Paragraphs 3 and 4)

7. Paragraphs 3 and 4 of the *ED Framework* describe how the development and implementation of the International Education Standards (IESs) strengthened the public trust and contribute to other desirable outcomes. Several respondents (9) provided comments on the issue of why the IESs should be set. The majority of these respondents supported the approach taken in the revised *Framework*. Others offered three areas of criticism:
 - One criticism was that the second objective (increase public trust in the accounting profession) is not a stand-alone objective, but rather a consequence of the first one (increase quality of the accounting profession). The IAESB force believes this is consistent with Paragraph 3 which does not require the two to be viewed as unrelated and states: “Enhancing education through developing and implementing IESs should increase the capacity and capability of the global accountancy profession, contributing to strengthened public trust.”
 - Another viewpoint supported promoting some of the desirable outcomes – in particular, reducing differences in education requirements and increasing comparability and portability of professional qualifications – to the status of primary objectives. However, a third viewpoint suggested the contrary: the “other desirable outcomes” should be excluded as the only relevant objectives are serving the public interest and improving the quality of the profession.
8. In response the IAESB agreed with the views of the majority of the ED respondents and decided not to make any substantive amendments to paragraphs 3 and 4. Paragraph 3 was not substantially amended because the activities identified are consistent with the IAESB mission of serving the public interest. Paragraph 4 was not changed because none of the desirable outcomes stated were viewed to be objectives that a standard-setter body could directly influence or achieve given the diversity of accounting education models that exist globally.

Roles Addressed – The Who Question (Paragraphs 7-9)

9. The section on the Authority and Scope of the Framework of the *ED Framework* (Paragraphs 7-9) describes the definition of a professional accountant and the areas where professional accountants work. Thirteen respondents provided comments on accounting roles (the Who question). The majority of these

respondents acknowledged that a professional accountant performed many roles in the work environment and that the IESs should address learning and development for any accounting role. Critical comments focused primarily on the definition of professional accountant and whether or not accounting technicians are covered by the IESs.

10. In response the IAESB decided to keep the current definition of professional accountant in the interim for consistency with other IFAC's PIACs until a better definition can be obtained. The IAESB requested that the definition and the accompanying ED respondents' comments be referred to the PIAC Chairs for discussion and then brought to the IFAC Board of Directors for consideration.
11. The IAESB also decided to include the accounting technicians as an example of an accounting role in paragraph 26 of Part 1 of the *ED Framework* document. The use of the example would convey understanding of the breadth of membership in IFAC member bodies, and ensure the coverage of the standards is understood internationally given the variety of functions that accounting technicians provide in different countries.

Career Stages and Education Aspects to be Addressed – The When and What Questions (Paragraphs 16-27)

12. Paragraphs 16-27 of the ED Framework introduce a career-long focus to learning and development (When question) and identify the education aspects to be covered in these stages (What question). Nine respondents provided comments on the career-long focus to learning and education aspects to be covered in these stages. There were no comments indicating disagreement with the career-long focus of the Standards or the aspects of education addressed. There were some specific comments about improving clarity of the terms: initial professional development, general education, professional accounting education, and practical experience.
13. In response the IAESB agreed with the views of ED respondents and decided that no further changes should be made to the discussion on the career-long focus to learning and development or the education aspects to be covered in these stages. The IAESB also accepted the suggestions by ED respondents to improve the clarity of the terms: initial professional development, general education, professional accounting education, and practical experience. These suggestions were seen by the IAESB as being editorial in nature and not having a significant impact on the content of these terms.

IPD – CPD Terminology (Paragraphs 20-27)

14. Paragraphs 20-27 of the ED Framework describe the concepts of Initial Professional Development (IPD) and Continuing Professional Development (CPD). A majority of the thirty-eight respondents who responded to this question indicated that the IPD-CPD terminology was understandable and some praised the

- introduction as an improvement. Several respondents, however, suggested that IPD terminology may create more confusion because it does not refer to qualification. Others noted that the IPD definition does not explicitly state when IPD commences or ends and asked for clarification.
15. In response, the IAESB recognizes that for some member bodies the dividing line between IPD and CPD may be defined as the point of qualification. The IAESB decided to use the terms initial professional development and continuing professional development specifically to avoid the confusion caused by differences in points of qualification internationally. The *Framework* is silent on the starting and ending point of IPD in recognition of these international differences; each member body should be able to define the appropriate starting and ending points for its members. As a result the IAESB has decided to add a brief explanation to the *Framework* document which acknowledges the variety of qualification points that exist globally. The explanation would also indicate that each member body may define the appropriate link between qualification and IPD for its members.

Structure of the Standards and Education Providers – The How and Where Questions (Paragraphs 31-41)

16. Paragraph 31 of the ED Framework also addresses the issue of where accounting education is obtained. A smaller number of respondents provided comments on the issue of where accounting education is obtained. Respondents generally agreed with the IAESB's strategy of targeting IESs to IFAC member bodies but some also took the contrary position that the IESs should be targeted to employers and professional accountants when requirements are relevant to these groups of stakeholders.
17. In response the IAESB considered ED comments and has decided to continue to target the IESs to IFAC member bodies as decided at its May 2008 meeting in Dublin. The IAESB, however, recognizes that there is a need to ensure greater awareness of guidance that exists in the Board's pronouncements which is targeted to education providers and employers (e.g., Appendices of IEPSs 2 and 3).
18. Paragraphs 31-41 of the ED Framework describe the IAESB pronouncements and the obligation of IFAC member bodies. Approximately one-third of the respondents provided comments related to how the standards should be structured. A strong majority of these respondents agreed with the IESs focusing firstly on all professional accounting roles and then on specializations. There was a request, however, to clarify the difference between roles and specializations and a question about whether sectors also should be considered. Most of the commenting respondents also supported the need for a flexible approach when applying the mix of components for learning and development. Respondents preferred "good" to "best" practices and it was suggested that rather than referring to "good practice," the standards should be identified as "principles of learning and development." This would be similar to how other Boards describe their

standards (e.g., the IFRSs present “principles” rather than “good practices” for financial reporting).

19. In response the IAESB agreed with ED respondents who indicated that the IESs focusing firstly on all professional accounting roles and then on specializations. The IAESB has decided to include a definition on professional accounting role in both the *Framework* document and the IAESB Glossary. The IAESB supports the need for a flexible approach when applying the mix of components for learning and development; this type of flexibility is discussed in the *Framework* document. The IAESB also agrees with ED respondents on the suggestion of changing the reference of “good practice” to “principles of learning and development” and has made this amendment to paragraph 33 of the *Framework* document. In addition, the IAESB has indicated in paragraph 40 that the obligations of IFAC member bodies related to the IESs are found in SMO 2.

Other Terminology

20. The ED Framework provided the opportunity for ED respondents to comment on whether there was any additional terminology within the Framework document that required further clarification. Thirteen of thirty-seven respondents indicated that no further clarification of terms was needed. Most of the respondents, however, indicated that there were terms which required further clarification.
21. In response the IAESB recognizes that the definition of terms in the education area is particularly challenging. Almost every term has multiple definitions in use in different countries and organizations; there are very few definitions that are universal. The IAESB has decided to: (1) include a brief explanation in the *Framework* document that notes the lack of universally-accepted definitions for many education terms and directs readers to the IAESB Glossary; and (2) refer the comments on terms to the appropriate task forces working on the revision of the IESs. In addition the IAESB would expose new definitions by including them in the exposure draft of a pronouncement and look for opportunities to include charts or graphs when explaining definitions in the IAESB Glossary.

Clarity of the Document

20. The ED Framework provided the opportunity for ED respondents to comment on whether the document is likely to be understandable to the first time readers of the IESs. A majority of the 37 respondents indicated that the document is likely to be understandable to the first time readers of the IESs. None of the respondents indicated that the document should be rewritten. Many respondents qualified their support for the document being understandable, by providing examples where further clarification was needed.
21. In response the IAESB agreed with the view of ED respondents and decided that no further changes to the content of the Framework document were required

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subject to accepting editorial suggestions from respondents' comments which improve clarity and do not have a significant impact on the *Framework's* content.