

# Basis for Conclusions: IAESB Drafting Conventions

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

## **BASIS FOR CONCLUSIONS: IAESB Drafting Conventions**

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

### **Background**

1. When the current versions of the *Framework for International Education Pronouncements* and the *Introduction to the International Education Standards* were reviewed, the IAESB recommended that a project be launched to improve the clarity of its pronouncements. International Education Standards (the “Standards”) that are clear and capable of consistent application should contain no ambiguity about the requirements imposed on a member body. The IAESB identified the following problems with the current versions of its pronouncements:
  - (i) A lack of consistency in the structure of the Standards which leads to a misunderstanding of the objectives and requirements expected of an IFAC member body; and
  - (ii) A lack of understanding and inconsistent use of language when describing the requirements of the Standards.
2. At its May 2008 meeting the IAESB agreed the project proposal to (i) define the structure of the Standards, and (ii) clarify the language used to describe the requirements imposed on each member body. Drafting conventions will ensure consistency among IAESB educational pronouncements and, wherever possible, consistency with other IFAC Boards’ use of drafting conventions. International Education Practice Statements and International Education Information Papers, which are not addressed by these drafting conventions, will continue to be issued in their current format.

#### Consultation

3. The Exposure Draft of the *Explanatory Memorandum on IAESB Drafting Conventions* (the “*ED Drafting Conventions*”) was approved for release by the IAESB at its meeting in March 2009. The ED was released on March 26, 2009, with a deadline for responses of May 29, 2009. A total of 28 responses were received. Many of the responses (19) came from IFAC member bodies, but the IAESB also received responses from public accounting firms (5), professional organizations (2), individuals (1), and regulators (1).
4. At several stages during the development of the IAESB Drafting Conventions document the IAESB consulted with its CAG on: (1) project’s coverage and priority of issues; (2) task force’s proposals on drafting conventions related to the structure and language; (3) analysis of ED comments, the task force’s proposals resulting from respondents’ comments on the ED, and the final draft of public statement on the IAESB Drafting Conventions.

## Significant Issues

5. The following summarizes the significant issues which respondents were asked to comment on and how the IAESB addressed them:
  - Structure of the Standards
  - Use of Presumptive Requirements
  - Discontinued Use of the Present Tense
  - Use of Terminology

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

### Structure of the Standards (Paragraphs 6 to 17)

6. Paragraphs 6 to 17 of the *ED Drafting Conventions* describe the proposed structure for the Standards. Twenty of the twenty-four ED respondents agreed with the proposed structure for the Standards. None of the respondents indicated that they disagreed with the proposed structure, but several respondents offered advice and helpful suggestions to improve the content of each section to ensure that the Standard is understandable and logical. Recurring themes included the need to add more content to the Introduction section to provide an understanding of what the Standard applies to and to include a subsection on definitions.
7. In response the IAESB agreed with the majority of the ED respondents and adopted the following structure for the Standards: Introduction, Objectives, Requirements, and Explanatory Material. The IAESB has considered the suggestion of adding more background material to help place the Standard in context, but has decided not to change the content of the proposed Introduction section because it will draw content from the sections on Purpose, Scope and Introduction of the existing IESs which are of sufficient detail to help the reader place the Standard into context. The IAESB agreed with the respondents' suggestions to include definitions within the pronouncement to assist a reader in understanding any new terms encountered in the Standards or practice statements. Any new definitions would also be included in the IAESB Glossary.

### Use of Presumptive Requirements (Paragraph 19)

8. Paragraph 19 of the *ED Drafting Conventions* describes the use of presumptive requirements. Only eight of the twenty five ED respondents indicated that they agreed with the proposed categories of requirements and presumptive requirements, and the related obligations they would impose on member bodies. Four respondents indicated that they did not agree with the proposed categories. Many respondents indicated that the requirement category was clear and understandable, but requested further clarification of the presumptive requirement category by (1) identifying the circumstances for a presumptive requirement, (2)

clarifying the definition of a presumptive requirement, and (3) including an example of presumptive requirement. Those respondents that disagreed did so because they felt there would be an increase in complexity and ambiguity around how such a requirement could be consistently applied to member bodies. May of these respondents recommended a broader use of the word ‘shall’ while describing qualifying circumstances for member bodies.

9. In response the IAESB has considered the ED respondents’ comments and decided to eliminate the category of presumptive requirement. In cases where there exists a condition the IAESB will use a sentence construction that includes “If” and “Shall.” The IAESB will continue to use “shall” when referring to a requirement. The IAESB has decided that the issue of eliminating the presumptive requirement will not be re-exposed because the Board is following the advice from a strong majority of ED respondents.

### **Discontinued Use of the Present Tense (Paragraphs 20-21)**

10. Paragraphs 20 and 21 of the *ED Drafting Conventions* describe how the present tense is currently being used and explains why the IAESB is proposing to discontinue the use of the present tense. Of the 28 respondents only 4 commented on the issue of discontinuing the present tense. None of the respondents explicitly indicated that the present tense should not be discontinued, but ED respondents’ comments were viewed as being helpful because they provided suggestions as to what should be considered when discontinuing the present tense. Respondents indicated that discontinuing the present tense created translation concerns for certain languages, required consideration of context, and needed criteria to be set if present tense sentences are to be elevated to a requirement.
11. In response the IAESB has considered the ED respondents’ comments and decided to discontinue the present tense on the basis that member bodies need a clear understanding of their obligations with respect to the requirements of the Standards. The use of a structure that clearly identifies sections on Objectives and Requirements, enables member bodies to recognize their obligations. The Explanatory Material section will focus on providing interpretation of the requirements and will not use the present tense so as to avoid any possible interpretation as a requirement. The Board acknowledged the need to develop guidelines to ensure consistency when considering whether to elevate a present tense sentence to a requirement.

### **Use of Terminology (Paragraph 22)**

12. Paragraph 22 of the *ED Drafting Conventions* states how the IAESB intends to use the following terms: consider, evaluate and determine. A majority of the 25 respondents indicated that the terms were understandable. Seven respondents indicated that they supported the use of the terms, consider/evaluate/determine, but could not support the use of shall and should because they disagreed with the use of or required greater clarification of a presumptive requirement. Only one

respondent disagreed with the use of the terms, consider/evaluate/determine, because of the potential confusion that might be created if they were combined with shall or should. Several respondents indicated a need to include these terms in the IAESB Glossary and to ensure that definitions were consistent with those being used by other IFAC Boards.

13. In response the IAESB has considered the ED respondents' comments and decided to develop definitions for the terms, consider/evaluate/determine, subject to any editorial amendments that might occur so as to ensure that the definitions, to the extent possible, are consistent with those of other IFAC PIAC Boards. The IAESB has agreed not to use presumptive requirements. As a result the IAESB will not use the term "should," but will only use "shall" to reflect a requirement. The IAESB has agreed to include the following terms in the IAESB Glossary: consider/evaluate/determine/shall.

***Other Issues: Implementation timeline***

14. The respondents' comments were mixed on the proposed implementation approach. There was concern raised that when a revision of an IES was required, due process would be followed. In addition it was suggested that projects on redrafting and revision be separated because a single additional year for both revision and redrafting of standards needing revision beyond that required for just redrafting is not adequate time for an appropriate due process for substantive revisions. In contrast, several respondents indicated that the clarity project should be completed sooner because it would not in the best interests of member bodies making best efforts to comply with IESs.
15. In response the IAESB agreed that due process needs to be followed when revising and redrafting the Standards. The IAESB also agreed to perform concurrently a "conforming review" on the practice statements for language consistency when a standard is revised. If substantial issues arise from the conforming review, the practice statement would be withdrawn and a project started to review the practice statement.