Federation of European Accountants
Fédération des Experts comptables Européens

Mr David McPeak
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Standards Board (IAESB)
International Federation of Accountants

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Ref.: PEC/AKI/PWE

Dear Mr McPeak,

Re: FEE comments on the IAESB ED on the Proposed Framework for International Education Standards (2014).

(1) FEE (the Federation of European Accountants, www.fee.be) is pleased to provide you below with its comments relating to the IAESB ED Proposed Framework for International Education Standards (2014).

(2) We realise that the framework will need to be updated given the comprehensive revision of the IESs. However, taking into account that IES 8 is still in the revision process, we believe that the revision of the framework should be postponed until the revision of IES 8 is finalised.

(3) In addition, we would like to reiterate that the completion of the IESs revision project should have an impact on the IAESB's work and its overall mandate. While this is ongoing, it should pause its activities (see our letter dated 4 October 2013). Therefore, the revised Framework should only cover amendments that are required based on the revised IES 1 – 8.

(4) The responses to the questions are outlined below and should be read having taken account of the points made above.

Question 1: Is the definition of a professional accountant appropriate for users of the IESs?

(5) The proposed definition of a professional accountant as an "individual who achieves, demonstrates and maintains professional competence in accountancy and who is bound by a code of ethics" appears to be appropriate for the users of the IESs.

(6) At the first glance, the definition seems to comprise any accountant who is bound by any code of ethics, i.e. also accountants who are not a member of an IFAC member body and who are bound by a code of ethics that can be different to the IESBA Code of Ethics.

(7) However, taking into account that IESs are (and can only be) addressed to IFAC member bodies, it is evident that the definition is limited to accountants who are bound by the IESBA Code of Ethics or its national equivalent. Therefore, after all, the new definition is in essence the same as the previous definition (members of an IFAC member body), but in a more generally understandable wording, which we support.

(8) The definition of a professional accountant has also been discussed in an IESBA task force, which proposed a more detailed description, that was however not included in the Code of Ethics. Overall, it might be worth considering to coordinate the efforts of the various standard setting boards and to align the wording of their Frameworks where appropriate, especially regarding definitions.

Question 2: Is the definition of general education appropriate for users of the IESs?

(9) We are generally in favour of including the definition of general education in the updated Framework as "a broad-based education through which fundamental knowledge, skills, and attitudes are developed". It might be helpful to further reflect on what *fundamental* means, in particular for what it is fundamental (for example for entry requirements for professional accounting education programmes) and where it can be acquired (for example at school).

Question 3: Should the revised Framework be non-authoritative?

(10) We fully agree that the Framework should not be authoritative (i.e. not mandatory) for IFAC member bodies, because it does not (and should not) establish requirements. The requirements are (and should be) outlined in the individual education standards (IES 1 – 8), whereas the purpose of the Framework is to describe the learning concepts underpinning the IESs.

Question 4: Is the updated Framework clear and easy to understand? and

Question 6: Are there any terms within the Framework which require further clarification?

(11) We suggest to amend **paragraph 2** of the introduction as follows:

(12) "The accountancy profession involves <u>for example</u>:

- Managing, measuring, recognising, preparing, analysing, ~~and disclosing reliable~~ financial and relevant non-financial information;
- ~~Auditing~~ <u>Providing assurance on</u> financial information and where applicable, non-financial information; and
- Providing ~~assurance and~~ advisory services."

(13) It should be highlighted that the list of services is non-exhaustive. Additionally, the list should be structured along reporting, assurance and advisory services.

(14) We suggest to amend **paragraph 3** of the introduction, first sentence, as follows:

(15) "The accountancy profession serves the financial and~~, in some circumstances,~~ the non-financial information needs of a broad range of decision makers, including (a) the public, (b) present and potential investors, (c) managers and employees within organisations, (d) suppliers, (e) customers and (f) governments and their agencies."

(16) Given the growing importance of non-financial information (see the EU Directive on the disclosure of non-financial information) and more comprehensive approaches to reporting as such, e.g. Integrated Reporting, it does not seem appropriate to limit the profession's role to *some circumstances*.

(17) We suggest to amend **paragraph 4** of the introduction as follows:

(18) "The IAESB exists, in the public interest, to raise the level of confidence and trust of stakeholders in the work ~~education~~ of professional accountants."

(19) The IAESB issues education standards, therefore it can claim to enhance trust in the *education* of professional accountants. However, we are not convinced that the IAESB should commit itself to enhance trust in the *work* of professional accountants, because even the best education does not necessarily guarantee the quality of the work that is carried out afterwards.

(20) We suggest to delete **paragraphs 14 and 15** in the scope of the Framework as they appear to expand the IAESB's mandate to issue education standards on additional "roles" and "other aspects of professional accounting education".

(21) The IAESB's primary work as standard setter for professional accounting education was central to fulfil its mandate to enhance the competence of professional accountants. Developing and revising IES 1 – 8, the IAESB has created principles for professional accounting education worldwide. However, the completion of the revision project should have an impact on the IAESB's primary work and its overall mandate. A period of stability during which no new IESs will be issued will allow IFAC member bodies the time needed to implement the revisions.

(22) We suggest to amend **paragraphs 24 and 25** as follows:

(23) "The extent to which the different types of learning and development are used may vary. For example, during ~~the initial stages of~~ IPD more emphasis may be placed on ~~professional accounting~~ theoretical education to develop technical competence, professional skills and professional values, ethics and attitudes. This should generally be accompanied by practical experience to develop professional competence~~than in later stages of learning and development~~. During CPD the balance may shift more to learning and development through ~~practical experience and~~ training.

(24) In addition to education, practical experience, and training, the term learning and development includes activities such as (a) coaching, (b) networking, (c) mentoring, (d) observation, (e) reflection, and (f) self-directed ~~and unstructured~~ gaining of knowledge. Overall, ongoing, voluntary, and self-motivated life-long learning should be the overall guiding principle for professional accountants."

(25) We suggest to amend **paragraph 27** as follows:

(26) "General education helps aspiring professional accountants and professional accountants think analytically and communicate effectively, as well as integrate technical competence, professional skills, and professional values, ethics, and attitudes to demonstrate professional competence. "

(27) We suggest to amend **paragraph 31** as follows:

(28) "IPD continues until aspiring professional accountants can demonstrate the professional competence required ~~for a chosen role~~ as a professional accountant."

(29) The term for a chosen role would already indicate whether the aspiring professional accountant wants to opt for a role as accountant in practice, in business, in public sector or in education. In Europe, such choice is generally (with some exceptions) made after the successful completion of IPD.

Question 5: Does the updated Framework appropriately align with the recently revised IESs?

(30) Yes, provided that the comments above are taken into account.

Are there any other learning concepts relevant to the IESs that should be added to the Framework?

(31) No, provided that the comments above are taken into account.

(32) For further information on this letter, please contact Ms Petra Weymüller from the FEE team (email: petra.weymuller@fee.be, Tel.: +32 2 285 40 75).

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