



22 April 2009

Technical Manager
IAESB
IFAC, New York

Email: Edcomments@ifac.org

Ref.: QMA/HvD/PW/MB*

Dear Sir or Madam,

Re: FEE response to the IFAC's consultation on the IAESB Proposed Framework for International Education Standards for Professional Accountants

Introduction

- (1) The Fédération des Experts Comptables Européens (FEE), the representative organisation for the accountancy profession in Europe, is pleased to submit this response to the International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC) Exposure Draft "Proposed Framework for International Educational Standards for Professional Accountants", dated January 2009.
- (2) FEE considers the proposed framework to be a suitable approach for any future revision of the International Education Standards (IESs), and for the clarification and interpretation of the existing IESs for both the general and the more technical reader.
- (3) However, we would suggest that future revisions of and/or new IESs which may be issued by IAESB based on the framework strive to achieve a concision that is currently lacking from some of the existing IESs. The standards themselves should be kept clear and simple, thereby allowing both a degree of flexibility (in the light of possible variations of the operating environment) and clarity, particularly for non-IFAC member stakeholders such as universities.

- (4) Regarding the identified objectives to (1) improve the quality of the accounting profession and (2) increase public trust in the accounting profession, it could be worth considering to upgrade the reduction of international differences in requirements to become a professional accountant into the status of an objective rather than identifying it only as a desirable outcome (page 5, i.).
- (5) Regarding the structure of the standards to first focus on all roles and then add standards for specialisations, some further explanation might be helpful in order to clarify whether specialisations are seen as additional areas of competencies (page 6, v).
- (6) Given the previous public consultation “used to inform the IAESB discussion of issues” which included both “an online survey and 11 in-person meetings in ten different countries” and which included a broad range of stakeholders interested in accounting education, FEE considers that the exposure draft is largely satisfactory. However, we should like to take this welcome opportunity to respond to the specific questions for stakeholders set out in the draft document, and our submission addresses each of these in turn.

Question 1:

Is the revised Framework document likely to be understandable to the first time readers of the IESs?

- (7) The Framework document will achieve this objective dependent upon the continuing elimination of jargon and unnecessarily technical terms, and by ensuring that, where a technical educational term is used, the accompanying glossary provides a clear, simple definition of that term. A review of the layout could enhance readability.

Question 2:

Is the IPD – CPD terminology understandable? Does it have any significant drawbacks?

- (8) The professional accountant will inevitably specialise to one degree or another over the course of their career. It is currently unclear whether the minimum qualification acquired at IPD must be constantly maintained across the whole of the curriculum, or whether CPD can recognise the specialisation that has taken place in a way that remains compatible with that qualification. If so, this issue could be addressed in the paragraph relating to CPD. It would be appropriate for such a fundamental principle to be dealt with as part of the framework rather than in a Standard.
- (9) We recognise that the second sentence in paragraph 22, “IPD goes beyond knowledge of principles, standards, concepts, facts, and procedures at a given point in time. It includes the ability to integrate professional knowledge; professional skills; and professional values, ethics, and attitudes”, is very important, especially as it highlights the relevance of professional judgment and ethics. We suggest that the importance of these concepts merit their development in a separate paragraph.
- (10) Greater consistency in the wording of paragraphs 33 and 38 in the section “Part Two – IAESB Pronouncements and IFAC Member Body Obligations” would add clarity. In particular, the expression “essential elements” is unclear and requires further elucidation. Paragraph 38’s contention “Where the responsibility for the development of national education and development requirements lies with third parties, IFAC member bodies should use their best endeavours to persuade those responsible to incorporate the essential elements of IESs into those requirements” is similarly opaque. Is it the Board’s intention to imply a bold (“black ink”) paragraph in the standards? If so, it may be simpler to adjust the framework to make this explicit.
- (11) Clearly, we agree with what is said in paragraphs 40 and 41 regarding “the diversity of culture and language, educational, legal, and social systems globally, and the variety of roles performed by professional accountants”. However, the consequent diversity of the application of those standards by IFAC member bodies across, in some cases, “more than one membership category or tier for professional accountants” creates the risk that the standard might be misinterpreted in a way that downgrades the minimum qualification necessary to use the title “accountant”. Similarly, the framework might not be the most appropriate place to deal with the mutual recognition of qualifications. However, the drafter should be aware of the limits to mutual recognition that would inevitably result from the strict interpretation of these paragraphs and the consequent challenge to the convergence of global standards.
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Question 3:

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

- (12) We support the definition of “competence” set out in paragraph 12, which is in line with the that included in the European Parliament and Council Recommendation of 23 April 2008 on the establishment of the European Qualifications Framework for Lifelong Learning (OJEU C111 - 6-5-2008 - p.4), which states, "(i) ‘competence’ means the proven ability to use knowledge, skills and personal, social and/or methodological abilities, in work or study situations and in professional and personal development. In the context of the European Qualifications Framework, competence is described in terms of responsibility and autonomy."
- (13) However, in paragraph 20, second sentence, the recognition of competence is mentioned but no indication is given of those who can recognise competence. Perhaps it would help if the text referred to recognition "by a competent body?"
- (14) Additionally, the concept of “capability” used, both in the title and several times within the body of the text, is not defined clearly. On occasion it is used together with competence, and sometimes separately. A definition would be helpful in order to avoid ambiguity.
- (15) In paragraph 17, last sentence, it is suggested that the activity of “training” integrates both education and practical experience. We are not convinced that training will always be such a systematic process. While it is true that it may synthesise a number of processes, the draft at this stage is unclear in its reliance on the concept of “integration” alone.
- (16) Paragraph 21 "general education", introduces that concept of intellectual skills, which is only one aspect of education. It is not clear to us why the draft omits to mention “knowledge” at this stage? It is clearly arguable that, for example, a general education in, say, languages or mathematics, is not only about intellectual “skills” but also about knowledge.
- (17) The definition of “assessment” in paragraph 21 should also indicate whether it is supposed to mark the end of the IPD.



Question 4:

Does the revised Framework document adequately reflect those viewpoints? If not, what are the significant deficiencies?

- (18) As we commented in the introduction to this submission, comments from the previous consultation process would appear to have been taken into account in this draft.

Question 5:

Which, if any, IESs do you believe should be high-priority for revision in light of the revised Framework document?

- (19) While we believe it would be beneficial for all of the IESs to be redrafted in line with the proposals in the framework, we should like to propose that two of the existing standards are given priority for fuller revision. First, IES5 “Practical Experience Requirements” could benefit from early revision and review in line with the core objective of the IESs as a whole “to drive an increase in global mobility, as well as a reduction in international differences in the requirements to become and to continue the development of a professional accountant”. Additionally, the controversy generated since its introduction by IES8 “Competence Requirements for Audit Professionals” would seem to recommend a similar prioritisation for the review of this standard.

Question 6:

Do you agree with the suggested effective date of December 31, 2010? If you do not agree, please provide an explanation of how you would revise the effective date or transitional provisions to achieve that balance.

- (20) FEE assumes that there will be “no new requirements for IFAC member bodies to comply with because of the issuance of the Framework document”, so that there is no reason to provide for a long adaption period. Consequently, FEE agrees to the “suggested effective date” for the Framework.

About FEE

FEE (Fédération des Experts comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all 27 EU Member States.

In representing the profession, FEE recognises the public interest. FEE has a combined membership of more than 500.000 professional accountants working in different capacities in public practice, business, government and education, who all contribute to a more efficient, transparent, and sustainable European economy. To learn more about FEE and about the accountancy profession in Europe, read the FEE 2007 Annual Review, downloadable from our website (www.fee.be).

FEE would be pleased to discuss any of the points above in further details. To this end, or for further information, please contact Henri Olivier (henri.olivier@fee.be) or Petra Weymüller (petra.weymuller@fee.be) from the FEE Secretariat.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hans van Damme', with a long, sweeping horizontal line extending to the right.

Hans van Damme
FEE President