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Proposed Drafting Changes to International Education Standards (IESs), Framework for International Education Standards for Professional Accountants and Aspiring Accountants, & IAESB Glossary of Terms

Dear Sir,

BDO is pleased to have the opportunity to comment on the above exposure draft issued by the International Accounting Education Standards Board (IAESB). We have reviewed the editorial improvements outlined in Appendix A and considered how these proposed changes have been incorporated within the IESs, the 2015 Framework for International Education Standards for Professional Accountants and Aspiring Accountants (Framework), and the IAESB Glossary of Terms (Glossary) in Appendix B.

Following completion of the project to revise the IESs, we are supportive of this IAESB initiative to ensure the consistency of the revised IESs, Framework and Glossary. We also support the decision taken by the IAESB to identify and propose conforming changes (which are not substantive in nature) by providing these to respondents in a single exposure draft rather than exposing each IES separately.

We set out in the enclosed BDO Appendix 1 our comments on the proposed changes as outlined in Appendix A of the exposure draft.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Wayne Kolins
Global Head of Audit and Accounting

BDO Appendix 1

Framework for International Education Standards for Professional Accountants

We are supportive of the changes proposed by the IAESB in particular those in respect of:

- Amending the practical experience definition to include ‘and other activities’
- Using the phrase ‘work environments’ within the taxonomy.

The proposed changes in respect of professional values, ethics and attitudes now result in the following approach within the taxonomy:

#	Paragraph	IAESB Original Text	IAESB Proposed Text
6	Appendix 1	Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks.	Applying professional values, ethics, and attitudes in performing assigned tasks.
7	Appendix 1	Applying professional values, ethics, and attitudes to work assignments.	Applying professional values, ethics, and attitudes to work assignments.
8	Appendix 1	Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes.	Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes.

By revising the Foundation indicator of the demonstration of the achievement of learning outcomes from ‘recognizing’ to ‘applying’ we note that this now results in both the Foundation and Intermediate levels having very similar indicators - the only differentiator being whether one is undertaken in performing assigned tasks or during work assignments. In our view aspiring professional accountants are likely to have work assigned and on-going work activities provided to them during both the foundation and intermediate phases of their career.

To highlight the concept of progression of skills more definitively, we would recommend changing the foundation level to ‘Recognising and applying’ to confirm that for many entering the profession as aspiring professional accountants it is the recognition of an issue and then alerting more senior colleagues that should be the demonstration of the achievement of the learning outcomes at this stage of their career.

International Education Standards

IES 1, Entry Requirements to Professional Accounting Education Programs

#	Para.	IAESB Proposed Change	BDO Proposed Change
3	5	Definitions and explanations of the key terms used in the IESs and the <i>Framework for Professional Accountants and Aspiring Professional Accountants (2015)</i> are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms</i> .	Definitions and explanations of the key terms used in the IESs and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)</i> are set out in the International Accounting Education

#	Para.	IAESB Proposed Change	BDO Proposed Change
			<p>Standards Board (IAESB) <i>Glossary of Terms</i>.</p> <p><i>We note that the publication name per the IAESB website is slightly different from the proposed change by the IAESB. We propose that the name be altered to be consistent with the name of the actual publication.</i></p> <p><i>This issue also relates to IESs 2, 3, 4, 6 and 8.</i></p>

No further issues have been identified with respect to the proposed revisions to *IES 2, Initial Professional Development - Technical Competence*, *IES 3, Initial Professional Development - Professional Skills*, *IES 4, Initial Professional Development - Professional Values, Ethics, and Attitudes* and *IES 6, Initial Professional Development - Assessment of Professional Competence*.

IES 5, Initial Professional Development - Practical Experience

#	Para.	IAESB Proposed Change	BDO Proposed Change
6	3	<p>Practical experience refers to workplace and other activities that are relevant to developing professional competence. Practical experience is a component of IPD. IPD is learning and development through which individuals first develop professional competence to perform a role of a professional accountant.</p>	<p>Practical experience refers to workplace and other activities that are relevant to developing professional competence. Practical experience is a component of IPD. IPD is learning and development through which individuals first develop professional competence to perform a role of as a professional accountant.</p> <p><i>We note that the IAESB proposed change #5 to this IES to refer to performing a role ‘as’ a professional accountant rather than ‘of’ a professional accountant. We propose the above change for consistency purposes. In addition, we note that the Framework uses both ‘of’ and ‘as’ in this regard, and we propose that this is also changed to consistently refer to ‘as a professional accountant.’</i></p>
9	6	<p>After the completion of IPD, practical experience may be required to bring professional accountants to a level of professional competence needed for other roles, such as (a) that of a statutory auditor, (b) other forms of specialization, or (c) those roles that are regulated. In addition, all Practical experience is part of lifelong learning that professional accountants engage in undertake lifelong learning to</p>	<p>After the completion of IPD, practical experience may be required to bring professional accountants to a level of professional competence needed for other roles, such as (a) that of a statutory auditor, (b) other forms of specialization, or (c) those roles that are regulated. Practical experience is part of lifelong learning that professional accountants engage in undertake lifelong learning to develop and maintain professional competence relevant to their role during CPD. Changes in the</p>

#	Para.	IAESB Proposed Change	BDO Proposed Change
		<p>continue to develop and maintain professional competence relevant to their role during CPD. Changes in the working environment, career progression, or new roles may require that professional accountants increase their level of professional competence and acquire new competences. This is covered in (see IES 7,:</p> <p><i>Continuing Professional Development (2014).</i></p>	<p>working environment, career progression, or new roles may require that professional accountants increase their level of professional competence and acquire new competences. This is covered in (IES 7, ÷</p> <p><i>Continuing Professional Development (2014).</i></p> <p><i>We note that the revision of IES 5 included in Appendix B as shown on page 96 of the exposure draft reads ‘the lifelong learning’, which is inconsistent with the change noted in Appendix A. We propose that ‘the’ be removed, as shown in Appendix A and the sentence reads ‘...of lifelong learning’.</i></p> <p><i>We also note that at the end of the line below, the word ‘in’ is missing from what is referred to in the exposure draft as paragraph 37 of IES 5.</i></p> <p><i>In addition, we propose the deletion of the phrase ‘undertake lifelong learning’ where indicated by strikethrough as it is now duplicative due to the IAESBs proposed additions. There is also a superfluous colon in the title of IES 7.</i></p>
13	A1	<p>An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. The inclusion of practical experience in IPD lays the base for the ongoing development of professional competence throughout the professional accountant’s career.</p> <p>IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD includes general education, professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.</p>	<p>An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD includes general education, professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.</p> <p><i>We support the proposed change, however we note that paragraph A7 of IES 5 refers to IPD as ‘building on general education’, which is inconsistent with this proposed change and also with IES 2 - IES 4. We recommend that the IAESB updates IES 5 for consistency purposes.</i></p>

#	Para.	IAESB Proposed Change	BDO Proposed Change
17	A8	<p>In determining what constitutes an appropriate balance between professional accounting education and practical experience, IFAC member bodies may consider the following:</p> <p>(fa) Some professional accounting education programs that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods, and secondments, may contribute to the practical experience requirement. (gb) Study for academic or professional qualifications is useful for acquiring and demonstrating professional accountancy knowledge. However, by itself, study does not necessarily demonstrate achievement of the professional competence to perform a role of a professional accountant. Experience gained at work equips aspiring professional accountants with many of the skills needed to become competent professional accountants. (hc) Practical experience may be obtained after completion of a professional accounting education program or concurrently with such a program.</p>	<p>In determining what constitutes an appropriate balance between professional accounting education and practical experience, IFAC member bodies may consider the following:</p> <p>(a) Some professional accounting education programs that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods, and secondments, may contribute to the practical experience requirement. (b) Study for academic or professional qualifications is useful for acquiring and demonstrating professional accountancy knowledge. However, by itself, study does not necessarily demonstrate achievement of the professional competence to perform a role of as a professional accountant. Experience gained at work equips aspiring professional accountants with many of the skills needed to become competent professional accountants. (c) Practical experience may be obtained after completion of a professional accounting education program or concurrently with such a program.</p> <p><i>We note that the IAESB proposed change #5 to this IES to refer to performing a role 'as' a professional accountant rather than 'of' a professional accountant. We propose the above change for consistency purposes.</i></p>
18	A10	<p>The evidence that could be used for assessment purposes in an output-based approach could include (a) measurement of learning outcomes achieved in accordance with a competency map; (b) reviews of a research project or reflective essay; and (c) work logs compared against an appropriate competency map (a work log is a record. Work logs are records maintained by individuals and which document the nature of assignments, tasks completed, and time incurred in completing those assignments and tasks.</p>	<p>The evidence that could be used for assessment purposes in an output-based approach could include (a) measurement of learning outcomes achieved in accordance with a competency map; (b) reviews of a research project or reflective essay; and (c) work logs compared against an appropriate competency map. Work logs are records maintained by individuals and which document the nature of assignments, tasks completed, and time incurred in completing those assignments and tasks.</p> <p><i>We note that on page 100 of the exposure draft, the lettering for paragraph A10 shows (j), (k) and (l), which is inconsistent with what is shown above. We also note that the lettering in</i></p>

#	Para.	IAESB Proposed Change	BDO Proposed Change
			<i>paragraph A9 should be updated for consistency purposes.</i>
21	A21	<p>Various activities can be used to assess the sufficiency of practical experience of aspiring professional accountants. Appropriate assessment activities may include workplace assessments as presented in IES 2, <i>Initial Professional Development - Technical Competence</i>, IES 3, <i>Initial Professional Development - Professional Skills</i> and IES 4, <i>Initial Professional Development - Professional Values, Ethics, and Attitudes</i> their respective areas of focus within IPD.</p>	<p>Various activities can be used to assess the sufficiency of practical experience of aspiring professional accountants. Appropriate assessment activities may include workplace assessments as presented in IES 2, <i>Initial Professional Development - Technical Competence</i>, IES 3, <i>Initial Professional Development - Professional Skills</i> and IES 4, <i>Initial Professional Development - Professional Values, Ethics, and Attitudes</i> in their respective areas of focus within IPD.</p> <p><i>We note that ‘Ethics, and Attitudes’ should be italicized to indicate the title of an IAESB publication.</i></p> <p><i>Further, we propose the addition of the word ‘in’ as indicated by the red text.</i></p>

IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

#	Para.	IAESB Proposed Change	BDO Proposed Change
2	A1 Table B	<p>Defined Term: Auditor’s expert</p> <p>Source of Term: Glossary of Terms, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements - 2014 Edition, Volume I.</p> <p>Definition in Use: An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor’s expert may be either an auditor’s internal expert (who is a partner* or staff, including temporary staff, of the auditor’s firm or a network firm), or an auditor’s external expert.</p>	<p>Defined Term: Auditor’s expert</p> <p>Source of Term: <i>Glossary of Terms, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements - 2014 Edition, Volume I.</i></p> <p>Definition in Use: An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor’s expert may be either an auditor’s internal expert (who is a partner* or staff, including temporary staff, of the auditor’s firm or a network firm), or an auditor’s external expert.</p> <p><i>We note that the asterisk indicated in red above is not included in the proposed revised IESs as shown on page 125 of the exposure draft and should be included.</i></p>

4	A3	<p>CPD is a continuation of Initial Professional Development (IPD). IPD is the learning and development through which individuals first develop competence leading to performing the role of a professional accountant. CPD is learning and development that takes place after IPD, and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD provides continuous development of the (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes achieved during IPD, refined appropriately for the professional activities and responsibilities of the professional accountant.</p>	<p>CPD is a continuation of Initial Professional Development (IPD). IPD is the learning and development through which individuals first develop competence leading to performing the role of of as a professional accountant. CPD is learning and development that takes place after IPD, and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD provides continuous development of the (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes achieved during IPD, refined appropriately for the professional activities and responsibilities of the professional accountant.</p> <p><i>This change has been proposed to be consistent with the IAESB proposed change for item 5 of IES 5.</i></p>
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