



International Accounting
Education
Standards Board

529 Fifth Avenue, 6th Floor, New York, NY 10017
T +1 (212) 286-9344 F +1 (212) 286-9570
www.iaesb.org

**Draft Minutes of the Public Meeting of the
INTERNATIONAL ACCOUNTING EDUCATION STANDARDS
BOARD'S CONSULTATIVE ADVISORY GROUP (CAG)**

Held on September 16-17, 2013

**At Headquarters of Instituto de Censores Jurados de Cuentas de España,
Madrid, Spain**

MEMBERS:

Present:

Aileen Pierce (Chair)	European Accounting Association
Amanda Dempsey	Independent Regulatory Board for Auditors (South Africa)
Jon Hooper	Financial Reporting Council (UK)
Ray Johnson	National Association of State Boards of Accounting
Petra Weymuller	Fédération des Experts Comptable Européens
Jerry Trapnell	The Association to Advance Collegiate Schools of Business
Keith Bowman	Public Accountants Council (Ontario, Canada)
Marie Lang	European Federation of Accountants and Auditors for SMEs
Michael Wells	IFRS Foundation
Nishan Fernando	South Asian Federation of Accountants
Susan Haka	American Accounting Association
Susan Wright	Accounting and Finance Association of Australia and New Zealand

IAESB Members:

Peter Wolnizer	IAESB Chair
<i>By Teleconference:</i>	
Saleem Kharwa	IAESB member, Chair of Definition of Professional Accountant Task Force
Helen Hocken	IAESB member, Secretary of Definition of Professional Accountant Task Force
Kim Langfield-Smith	IAESB member, Chair of IES 2 Revision Task Force
Mandi Olivier	IAESB member, Secretary of IES 2 Revision Task Force
Clare Morley	IAESB member, Secretary of IES 3 Revision Task Force
Eileen Walsh	IAESB member, Chair of IES 8 Revision Task Force
Andrew Barry	IAESB member, Member of IES 8 Revision Task Force
David Simko	IAESB member, Chair of Framework Revision Task Force
Susan Flis	IAESB member, Secretary of Framework Revision Task Force

Observers:

Susana Novoa	PIOB Representative
Claudia Deodati	PIOB Representative

IFAC Staff:

James Sylph	IFAC Executive Director, Professional Standards
David McPeak	IAESB Senior Technical Manager

Regrets

Dan Yang	Confederation of Asian and Pacific Accountants
Greg Scates	Public Company Accounting Oversight Board (US)
Fabio Moraes da Costa	FUCAPE Business School (Brazil)

OPENING MATTERS

1.1 Welcome and Introductory Remarks

Professor Aileen Pierce, Chair of the IAESB CAG, welcomed members and other participants to the meeting. A special welcome was extended to Ms. Susana Novoa and Ms. Claudia Deodati, PIOB representatives.

Professor Pierce reported the following regrets for the meeting: Professor Dan Yang (representative of Confederation of Asian and Pacific Accountants); Greg Scates (representative of Public Company Accounting Oversight Board (US)) and Professor Fabio Moraes da Costa (representative of FUCAPE Business School (Brazil)).

She also drew CAG members' attention to Agenda Item 8, noting that activity reports from the IAESB and the other IFAC Boards and Committees were provided for information purposes.

Professor M. Alonso, President of the Instituto de Censores Jurados de Cuentas de España (ICJCE), welcomed CAG members to the Institute and wished them a productive meeting.

1.2 Approval of Agenda and Minutes of Previous Meeting

Approval of Meeting Agenda

The CAG approved the meeting agenda as is.

Approval of Minutes of Previous Meeting

The CAG approved the minutes and action list of the CAG teleconference meeting held on May 2, 2013 as is.

1.3 Summary of IAESB Responses to CAG Comments

CAG members also received and noted a summary of IAESB responses to CAG comments on the Board's current projects. The summary of the IAESB responses reflect the views and decisions of the Board after discussion. Ms. Novoa, PIOB representative, explained the importance of this document to the PIOB's review of due process activities and encouraged CAG members to review the document and provide their comments where necessary.

1.4 CAG Chair's Report

Professor Pierce reported that she attended the June 2013 IAESB meeting in New York and participated on the August 28th IAESB Steering Committee teleconference to represent the views of the CAG on matters relating to IAESB projects and activities.

1.5 IAESB Chair's Report

Professor Wolnizer provided a progress report on projects and activities of the IAESB indicating that the final content of IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (Revised) had been approved by the IAESB and now was being prepared for review by the PIOB for due process activities at its November 2013 meeting. He also indicated that the IAESB had approved the content of the Exposure Draft of the 2014-2016 Strategy and Work Plan to obtain public comments over a 90-day exposure period. The IAESB Chair also reported that he had undertaken the following speaking engagements and meetings attended by IAESB representatives since the February 2013 CAG meeting:

May 2013

- *Overview of the IAESB*, International Valuation Standards Council Advisory Committee, New York, USA (David McPeak)
- *The Changing Landscape of Educational Standards in the Accountancy Profession*, 2nd ACOA Congress, Accra, Ghana (Saleem Kharwa)
- IAESB Update on IES 8, Teleconference with the EFAA (Eileen Walsh, Greg Owens, David McPeak, Marie Lang);

June 2013

- Meeting on Opportunities for providing input on the development of Implementation Guidance, PAFA, New York, USA (Peter Wolnizer)
- IAESB Update – June 2013; IFAC Board, New York, USA (Peter Wolnizer)
- Interview for IFAC News, IFAC Communications Group, New York, USA (Peter Wolnizer)

July 2013

- *IAESB Update*, BDO Partners meeting, Buenos Aires, Argentina (Marcelo Canetti);

August 2013

- *Holistic Approach to Strengthening the Accountancy Profession: PAOs, Universities & the Public Sector*, CReCER 2013 Conference, Cartagena, Columbia (Marcelo Canetti);

September 2013

- Revisions of IESs – Implications and Opportunities for University Education, Japan Accounting Association 72th Annual Meeting, Nagoya, Japan (Peter Wolnizer);
- Revisions of IESs – Implications and Opportunities for the JICPA, JICPA's 34th Annual Research Conference, Kobe, Japan (Peter Wolnizer);
- Revisions of IESs – Implications and Opportunities for Accounting Education, JAAER's 5th Annual Meeting, Sasebo, Japan (Peter Wolnizer);
- Meeting on the Implementation of Learning Outcomes Approach, European Common Content Project, Amsterdam, Netherlands (Peter Wolnizer & David McPeak);
- Meeting on Global Accountancy Education Research Study and its Implications for the IAESB, Global Accountability Development Institute, Tilburg University, Amsterdam, Netherlands (Peter Wolnizer & David McPeak);
- PIOB meeting (Peter Wolnizer, Jim Sylph, & David McPeak);

CURRENT IAESB PROJECTS

2. REVISION OF INTERNATIONAL EDUCATION STANDARD 2, *Content of Professional Accounting Education Programs*

The CAG received copies of (1) an Issues paper that identified issues for discussion on the revision of IES 2 and (2) the Revised draft of IES 2 distributed at the June 2013 IAESB meeting. The following summarizes the CAG's comments and advice received from the September 2013 CAG meeting.

Discussion of Issues

Financial Accounting and Reporting

In general, CAG members agreed with the content of the proposed learning outcomes for the competence area of Financial Accounting and Reporting, subject to consideration of the following suggestions:

- Amend the learning outcome on applying accounting principles to include the need to relate the underlying accounting concepts to transactions;
- Amend the learning outcome on applying IFRSs to recognize the need to provide judgments and estimates; and
- Ensure that learning outcomes address reporting and disclosure of financial information.

CAG members expressed a mixed view on whether the level of proficiency for the competence area on financial accounting and reporting should be increased from the intermediate level to the advanced level. Those supporting the advanced level indicated that financial accounting and reporting was at the core of what professional accountants offer as services to the public and should be recognized with an elevated status. Those opposing the change in proficiency level indicated that the learning outcomes were aimed at initial professional development (IPD) and should reflect moderate levels of complexity. CAG members suggested that the wording of the learning outcomes should be revised, especially the verbs, which would assist in elevating the depth of the learning outcomes.

Audit and Assurance

CAG members indicated that the wording of the learning outcomes should be revised, especially the use of the verb “explain” which should be changed to “apply.” Such a change would better reflect a client’s expectations and recognize the need for more than just theoretical understanding of the auditing standards.

CAG members also suggested that the need to apply auditing standards would have significant implications for the learning and development approach when developing professional accountants.

Information Technology

In general, CAG members agreed with the content of the proposed learning outcomes for Information Technology, subject to consideration of the following suggestions:

- Amend the learning outcome on business analytics to clarify its meaning by changing the verbs to “understand and leverage”; and
- Amend the learning outcomes to ensure that they continue to be relevant.

Business Strategy and Management

In general, CAG members agreed with the content of the proposed learning outcomes for Business Strategy and Management, subject to consideration of the following suggestions:

- Amend the learning outcome on applying appropriate processes to implement strategy to ensure an appropriate level of proficiency for IPD by changing the verb to “assess”;
- Amend the learning outcome on functional and operational areas within the organization by taking a broader, more external perspective on the organization to include the supply chain and the life cycle of the business; and
- Include learning outcomes on sustainability and integrated reporting in this competence area to capture their importance to the business strategy of the organization.

Quantitative Methods

In general, CAG members agreed with the content and positioning of the proposed learning outcomes for Quantitative Methods, subject to reviewing the learning outcome on applying statistical and other sampling techniques. CAG members suggested that the learning outcome should be changed to capture the need to interpret results of sampling techniques.

Business Laws and Regulations

CAG members agreed with the content of the learning outcomes on Business Law and Regulations, but emphasized that professional judgment needed to apply laws and regulations was dependent on skills that should be identified in IES 3 on professional skills.

Other Issues

One CAG member expressed a concern over quality control procedures that would be in place when translating the wording of the learning outcomes from English into other languages.

CAG members suggested that the competence areas should be reorganized according to some type of rationale such as how they would appear in a professional accounting education program.

CAG members also questioned the need for proficiency levels and suggested that they might be deleted.

Finally, the CAG indicated that it had been consulted on significant issues and had no further comments in relation to respondents' comments and the development of IES 2.

Proposed Way Ahead

The comments and editorial suggestions of the CAG members will be considered by the task force with the aim of preparing a revised draft of IES 2 for discussion at its October 2013 meeting.

3. REVISION OF INTERNATIONAL EDUCATION STANDARD 3, *Professional Skills and General Education*

The CAG received copies of (1) an Issues paper that identified issues for discussion on the revision of IES 3 and (2) the Revised draft of IES 3 distributed at the June 2013 IAESB meeting. The following summarizes the CAG's comments and advice received from the September 2013 CAG meeting.

Discussion of Issues

General Education

The CAG supported the IAESB's proposed wording on general education in paragraph A1 of the Explanatory Material section of IES 3 (See Agenda Item 3-2 of September 2013 CAG meeting).

Proficiency Levels

CAG members expressed a mixed view on whether proficiency levels were needed in Table A of IES 3 (See Agenda Item 3-2). Those members opposing proficiency levels indicated that the learning outcomes were sufficiently detailed to understand and implement. Those members who were in favor of keeping the proficiency levels indicated that the levels ensured consistency among IESs 2, 3, and 4. Some CAG members suggested that the proficiency levels of competence areas on Intellectual and Communication should be increased from intermediate to advanced level because of the need to send a message about the expectations of these competence areas in the development of a professional accountant. Other members indicated that the intermediate level for these 2 competence areas was appropriate for IPD and additional development of these competence areas would be expected to occur as a result of CPD. It was also suggested that the learning outcome on professional skepticism should be set at an advanced level of proficiency. Finally, CAG members suggested that the description of the Intermediate level of proficiency in Appendix 1 should be amended to include a statement on making judgments that draw on professional values, ethics, and attitudes.

Specific Learning Outcomes

CAG members suggested that the activities of the learning outcome on solving problems should be reordered to emphasize reasoning, critical analysis, and innovative thinking. Some CAG members also suggested that the term, “critical analysis,” should be replaced by “critical thinking” since it is the more commonly accepted term.

Ease of Assessing Learning Outcomes

The CAG supported the IAESB’s proposed deletion of the word, “workplace” when describing diaries in paragraph A18 of the Explanatory Material section of IES 3 (See Agenda Item 3-2 of September 2013 CAG meeting).

Other Issues

CAG members identified the following issues for further consideration:

- Consider whether learning outcomes provided in Table A of IES 3 (See Agenda Item 3-1) are specific to a professional accountant and whether they could be used as a model for other professions;
- Review learning outcomes of Table A to mitigate any possible Anglo-American cultural bias; and
- Review learning outcomes in the competence area on Personal to ensure appropriate coverage of professional ethics and integrity.

Finally, the CAG indicated that it had been consulted on significant issues and had no further comments in relation to respondents’ comments and the development of IES 3.

Proposed Way Ahead

The comments and editorial suggestions of the CAG members will be considered by the task force with the aim of preparing a revised draft of IES 3 for discussion at its October 2013 meeting.

4. REVISION OF INTERNATIONAL EDUCATION STANDARDS, *Framework*

Mr. David Simko (Task Force Chairperson) provided two Issues Papers to the CAG which included background information and questions for discussion on the direction of the project to revise the *Framework for International Education Standards for Professional Accountants* (2009). The following summarizes the discussion of CAG members.

Discussion of IssuesLevel 1 Changes

The CAG agreed with the task force’s proposed list of revised terms (See revised terms for level 1 changes in Agenda Item 4-1 of the September 2013 CAG meeting).

Level 2 Changes

The CAG agreed with the task force’s proposed list of revised terms (See revised terms for level 2 changes in Agenda Item 4-1 of the September 2013 CAG meeting), subject to the following considerations:

- Review whether the term, “qualification” should be identified as a level 3 change;
- Distinguish between the terms, “aspiring professional accountant” and “professional accountant”; and
- Determine whether the term, “integration” requires further explanation and whether it should be included in level 3 changes.

Level 3 Changes

The CAG agreed with the task force's proposal to update the *Framework for International Education Standards for Professional Accountants* ("Framework"), so as to align it with concepts and principles of the revised IESs. In addition, the majority of CAG members supported the approach of releasing a completely revised Framework document for public comment in order to avoid confusion with back-to-back versions, but indicated that the IAESB should also release an Annual Improvements document to improve transparency and timeliness when planning to make editorial amendments.

Some CAG members challenged the Task Force to consider whether the Framework was still a meaningful document, now that the revised IESs are nearly complete. In addition, some CAG members also challenged the Task Force to consider whether the Framework should be a more aspirational document and contain more forward looking educational concepts.

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB's discussion on the project issues to revise the *Framework for International Education Standards for Professional Accountants* (2009) at its October 2013 meeting.

5. REVISION OF INTERNATIONAL EDUCATION STANDARD 8, *Competence Requirements for Audit Professionals*

Ms. Eileen Walsh (Task Force Chair) presented an Issues Paper to the CAG which included significant issues and questions for discussion on the revised draft. The following summarizes the discussion of CAG members.

Discussion of IssuesIES 8 Objective

CAG members supported the task force's proposal to revise the Objective paragraph, subject to consideration of the following suggestions: change "maintain and develop" to read "maintain, and continue to develop;" include the word "audit" before engagement partner to ensure greater clarity; and include the phrase "to establish the minimum learning outcomes."

Content, Positioning and Title of 'Table A'

In general, CAG members supported the retention of Table A within the Requirements section rather than moving the table into the Explanatory Materials section, noting that this was consistent with the treatment of Requirements in previously published IESs. A few CAG members suggested that the section on Professional Values, Ethics, and Attitudes should be the first section that the reader sees within Table A. CAG members also indicated a preference for retaining a link back to the previously published IESs by continuing to use the Table A reference.

Incorporation of Practical/Professional Experience

In general, CAG members supported the view that (1) IES 8 should be primarily focused around a particular type of Professional Accountant role – Engagement Partner and (2) the professional competence identified within IES 8 comprises elements that build on IPD (IESs 2, 3, 4), CPD (IES 7) and emphasized the importance of Practical Experience (IES 5) in developing this role. This is based on the principle that for CPD to be effective, the nature, extent and timing of that CPD should be role-specific. CAG members suggested that practical experience, in an outcomes-based approach, has to be incorporated as part of the Objective of the IES.

Within the Explanatory Material section, IES 8 has also built on practical experience within the context of professional competence. The Task Force proposed the use of a diagram, but several

CAG members indicated that a visual representation was not necessary to explain how practical experience should be included within professional competence.

Concept of Shared Responsibility Diagram

In general, CAG members supported the use of a diagram within the Explanatory Material section that explains the scope of IES 8, but expressed the following concerns about the need to:

- Make the engagement partner role a subset of the Professional Accountant role;
- Clarify how this related to different countries;
- Describe the role of the regulator and how this translates across jurisdictions; and
- Clarify the title and in the text how the diagram is to be used.

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB's discussion on the review of a revised draft of IES 8 at its October 2013 meeting.

6. 2014-16 IAESB STRATEGY AND WORK PLAN

Professor Peter Wolnizer (Steering Committee Chair) provided a revised draft of the IAESB 2014-2016 Strategy and Work Plan and presented an Issues Paper to the CAG which included background information and questions for discussion.

Discussion of Issues

CAG members made the following suggestions to enhance the proposed 2014-2016 Strategy and Work Plan:

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB's discussion on the review of a revised draft of the 2014-2016 Strategy and Work Plan at its October 2013 meeting.

7. REVISION OF THE DEFINITION OF THE PROFESSIONAL ACCOUNTANT

The CAG received copies of the revised draft and an Issues Paper that included background information and questions for discussion on the development of the Definition of the Professional Accountant. The following summarizes the discussion of CAG members.

Discussion of Issues

In general, CAG members supported the proposed version of the Definition of Professional Accountant. Many CAG members indicated that the definition was in good shape and several believed that it served its purpose well as it stood. Some CAG members, however, made the following suggestions to improve clarity.

Removal of "appropriate level" from first sentence

CAG members suggested removing the words, "appropriate level" from the first sentence of the definition (See Agenda Item 7-2 of the September 2013 CAG meeting). They questioned what it meant and felt that they did not improve clarity.

Removal of final sentence of definition

CAG members suggested that the final sentence of the definition did not add clarity to the definition and could be removed. It was suggested to include this point in the Explanatory Material section. Some members of the CAG also felt that the sentence was not precise enough to sit

within the definition as it contains the words 'may' and 'can be'. However, it was pointed out that the explanatory material should not create a hidden requirement.

Inclusion of Public interest in the definition

CAG members questioned whether the phrase, "acting in the public interest," should be included in the definition given that the definition includes the phrase, "complies with a Code of Ethics," and a professional accountant who complies with the IESBA Code of Ethics is expected to act in the public interest.

Referencing of IESs within the Explanatory Guidance section

CAG members raised the issue of referencing the IESs within the Definition of the Professional Accountant. At the March 2013 meeting, the Board requested that all referencing to IESs within the definition should be removed as it would create circular argument when included in documents such as the Framework. In the light of comments from the CAG and DWG, the task force would like the Board to revisit this discussion.

Length of Definition

CAG members indicated that the definition should be more concise. Several members suggested that a more concise definition would enable better understanding. This could be achieved by moving parts of the current definition into the explanatory material while not losing the important aspects of the definition.

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB's discussion on the development of a revised draft of the Definition of the Professional Accountant at its October 2013 IAESB meeting.

OTHER BUSINESS

8. IFAC AND OTHER BOARDS AND COMMITTEE REPORTS

The CAG received and noted reports on the activities of the following IFAC boards and committees:

- International Accounting Education Standards Board (IAESB);
- International Auditing and Assurance Standards Board (IAASB);
- International Ethics Standards Board for Accountants (IESBA);
- International Public Sector Accounting Standards Board (IPSASB);
- Compliance Advisory Panel (CAP);
- Professional Accountancy Organization Development Committee (PAODC);
- Professional Accountants in Business Committee (PAIB);
- Transnational Auditors Committee (TAC); and
- Small and Medium Practices Committee (SMPC);

9. FUTURE MEETINGS AND OTHER BUSINESS

The CAG noted that its 2014 meetings will be held:

- February 6-7, 2014 (Brussels, Belgium)
- September 22-23, 2014 (Toronto, Canada).

10. PIOB REPRESENTATIVE REPORT

Ms. Susana Novoa, PIOB representative, complimented CAG members on a very productive meeting indicating that all CAG members participated and made significant contributions on the meeting’s agenda items. Ms. Novoa noted that the CAG’s comments and suggestions provided important input for task forces to consider when finalizing IESs 2, 3, and 8. She indicated that some of the learning outcomes in IESs 2 and 3 should be reviewed to ensure that they align with the description of the proficiency level for foundation. She expressed a personal opinion that the proficiency level for the competence area of financial accounting and reporting in IES 2 should be changed to the advanced level from a public interest perspective; while, the proficiency level for the competence area of professional judgment and professional skepticism in IES 3 should be kept at the advanced level. Ms. Novoa expressed satisfaction with the progress of the work on developing the Definition of the Professional Accountant and indicated that this project should be a priority for the 2014-2016 Strategy and Work Plan. Ms. Novoa congratulated the IAESB on its initiative to develop a 2012 Annual Report that included the work of the CAG. Finally, Ms Novoa indicated that she looked forward to seeing how the IAESB meeting papers would present the comments of the CAG members for discussion at the IAESB October 2013 meeting.

Professor Pierce thanked Ms. Novoa and Ms. Deodati for their participation at the meeting and for their comments.

11. MEETING CLOSURE

Professor Pierce thanked CAG members for their contributions to the meeting and wished everyone safe travels home. It was also noted that Professor Susan Wright was retiring off the CAG and the Chair thanked her for her contributions to the CAG meetings and wished her all the best in her future endeavors.

The public meeting closed at 12:33 hours on Friday, September 17, 2013.

Approved by Chairperson:

Date:

ACTION LIST

IAESB CAG MEETING - September 2013

ACTION	PERSON(S) RESPONSIBLE	DUE DATE	STATUS
1. Update CDL	S Tavares/ D McPeak	ASAP	DONE
2. Present CAG comments/advice on the development of the Definition of the Professional Accountant at the October 2013 IAESB meeting	S Kharwa/ H Hockens/ D McPeak	October 30, 2013	DONE
3. Present CAG comments/advice on the revision of IES 3 at the October 2013 IAESB meeting	C. Morley / D McPeak	October 30, 2013	DONE
4. Present CAG comments/advice on the revision of IES 2 at the October 2013 IAESB meeting	K Langfield-Smith/ Mandi Olivier/ D McPeak	October 30, 2013	DONE
5. Present CAG comments/advice on the revision of IES 8 at the October 2013 IAESB meeting	E Walsh / A. Barry / D McPeak	October 30, 2013	DONE
6. Present CAG comments/advice on Revision of the Framework at the October 2013 IAESB meeting	S Simko/ S Flis/ D McPeak	October 30, 2013	DONE
7. Present CAG comments/advice on 2014-16 Strategy & Work Plan at the October 2013 IAESB meeting	P Wolnizer/ A Pierce/ D McPeak	October 30, 2013	DONE