



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

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

Held on February 6-7, 2014

**At Headquarters of Fédération des Experts Comptable Européens,
Brussels, Belgium**

MEMBERS:

Present:

Aileen Pierce (Chair)	European Accounting Association
Dan Yang	Confederation of Asian and Pacific Accountants
Jon Hooper	Financial Reporting Council (UK)
Ray Johnson	National Association of State Boards of Accounting
Petra Weymuller	Fédération des Experts Comptable Européens
Fabio Moraes da Costa	FUCAPE Business School (Brazil)
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
Paul de Lange	Accounting and Finance Association of Australia and New Zealand

IAESB Members:

Peter Wolnizer	IAESB Chair
Greg Owens	IAESB member, Secretary of IES 8 Revision Task Force
<i>By Teleconference:</i>	
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:

Eddy Wymeersch	PIOB Chair
Lillian Ceynowa	Public Company Accounting Oversight Board (US)

IFAC Staff:

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

Regrets

Amanda Dempsey	Independent Regulatory Board for Auditors (South Africa)
Greg Scates	Public Company Accounting Oversight Board (US)
Jerry Trapnell	The Association to Advance Collegiate Schools of Business

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. Lillian Ceynowa (Public Company Accounting Oversight Board (US)) and Mr. Eddy Wymeersch, PIOB Chair. Professor Pierce also expressed gratitude to Ms Petra Weymuller and her FEE colleagues for both the opportunity to conduct the CAG meeting in the FEE offices and for providing excellent facilities for CAG participants to work through the meeting agenda.

Professor Pierce reported the following regrets for the meeting: Professor Jerry Trapnell (representative of The Association to Advance Collegiate Schools of Business); Ms. Amanda Dempsey (representative of the Independent Regulatory Board for Auditors (South Africa) and Mr. Greg Scates (representative of Public Company Accounting Oversight Board (US)) who was replaced by Ms. Lillian Ceynowa of the same organization.

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.

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 meeting held on September 16-17, 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.

1.4 CAG Chair's Report

Professor Pierce reported that she attended the October 2013 IAESB meeting in Toronto, Canada and participated on the January 29th 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 versions of IES 2, *Initial Professional Development – Technical Competence* (Revised), IES 3, *Initial Professional Development – Professional Skills* (Revised), and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (Revised) had been published. He also indicated that the IAESB had approved the content of the Exposure Draft of IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (2013) for an exposure period of 120 days. The IAESB Chair also reported that he had undertaken the following speaking engagements and meetings attended by IAESB representatives since the September 2013 CAG meeting:

OCTOBER 2013

- *Revision of IESs – Implications & Opportunities for University Education*, Peter F. Drucker Forum lecture series at Nanjing University, Nanjing University Business School, Nanjing, China (Peter Wolnizer);
- *Overview of IAESB*, 8th Accounting History International Conference of the Accounting Society of China, Zhengzhou, China (Peter Wolnizer);
- *IAESB Update*, National Institute of Public Accountants (INCP), Outreach meeting, Bogotá, Colombia (Marcello Canetti); and
- *IAESB Update*, Outreach meeting with Conselho Federal de Contabilidade (CFC) & Instituto dos Auditores Independentes do Brasil (IBRACON), New York, USA (David McPeak).

NOVEMBER 2013

- *International Education Standards – Their Impact*, Thirtieth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), Geneva, Switzerland (Peter Wolnizer)
- Meeting with UNCTAD Secretariat on project proposal to revise Model Curriculum for Accounting Education, Geneva, Switzerland (Peter Wolnizer)
- *Building PAOs and Human Capacity*, IFAC Council Workshop, Seoul, South Korea (Peter Wolnizer)
- Meeting of Chairs of IFAC Standard-setting Boards and Committees, Seoul, South Korea (Peter Wolnizer)

DECEMBER 2013

- IAESB Update & Revision of IESs – Implications for IFAC Member Bodies, 2013 Annual Conference of the National Board of Accountants and Auditors of Tanzania, Arusha, Tanzania (Saleem Kharwa)

JANUARY 2014

- Steering Committee Teleconference (Peter Wolnizer, Aileen Pierce, David McPeak)

FEBRUARY 2014

- Meeting with UNCTAD Secretariat on areas on mutual interest - Model Curriculum for Accounting Education and 2014 ISAR session, Geneva, Switzerland (Peter Wolnizer and David McPeak).

CURRENT IAESB PROJECTS

2. REVISION OF IAESB GLOSSARY OF TERMS

The CAG received copies of (1) an Issues paper that identified issues for discussion on the revision of IAESB Glossary of Terms and (2) clean and marked-up versions of the revised draft of IAESB Glossary of Terms. The following summarizes the CAG's comments and advice received from the February 2104 CAG meeting.

Discussion of Issues

Proposed Revisions to IAESB Glossary of Terms

In general, CAG members agreed with the recommendations on the IAESB Glossary of Terms by the Drafting Work Group (DWG) which was presented in Agenda Item 2-1 of the February 2014

CAG meeting, subject to a review of the term, professional knowledge. CAG members suggested that the definition of professional knowledge was circular because it depends on an understanding of a professional accountant and the topics that make up the subject of accountancy.

Deletion of the Explanatory Information

CAG members suggested that a cross-check on the explanatory information of the definitions and the Explanatory material of the IESs should be done by staff. This would ensure that valuable explanatory information found in the definitions is tracked and that the content is not permanently deleted. This type of explanatory information could be re-purposed and possibly included in guidance materials.

Inclusion of Items from the IAASB Glossary of Terms

In general, CAG members did not support the DWG proposal of not including the IAASB terms in the IAESB Glossary of Terms. CAG members pointed to the example of professional judgment which needs further explanation to understand how it would be applied in an accountancy environment. In addition, it was pointed out that practitioners of countries that have not adopted the ISAs would incur further inconvenience.

Multiple Definitions of Sufficiency

In general, CAG members agreed with the DWG's proposal of developing one definition from the two existing definitions of sufficiency, subject to the following editorial suggestions:

- Replace the phrase, "In relation to assessment, whether an assessment activity" with the phrase, "In relation to an assessment activity"; and
- Replace the term, "balance" with the term "enough."

Capabilities and Competence

In general, CAG members agreed with the DWG's proposal to not make a final decision on the terms, capabilities and competence, until related issues have been addressed by the work of the Framework task force. CAG members suggested that a dictionary definition of capabilities could be used to replace the extant definition.

Mentoring

In general, CAG members agreed with the content of the definition of the term, "mentoring", subject to consideration of the following suggestions:

- Advisory aspect of role is missing;
- More emphasis on the role occurring over time;
- Replace the term, "manage," with the term, "guide"; and
- Replace the term, "maximize," with the term, "improve".

Exposure of the Revised Glossary

CAG members suggested that new terms and significant changes to extant definitions resulting from the revision of the Framework should be exposed to obtain public comment, but suggested that changes to definitions which have already been exposed with the revised IESs would seem unnecessary. CAG members also suggested that the IAESB Glossary of Terms should be combined with the glossaries of the other independent standard-setting boards and presented as one glossary document. CAG members also suggested that a revised Glossary of Terms should be included in the proposed 2014 IAESB Handbook of Education Pronouncements.

Proposed Way Ahead

The advice and editorial comments resulting from the CAG's deliberations will be considered in the IAESB's discussion of the IAESB Glossary document at its April 2014 meeting.

3. REVISION OF FRAMEWORK FOR INTERNATIONAL EDUCATION STANDARDS FOR PROFESSIONAL ACCOUNTANTS

Mr. David Simko (Task Force Chair) provided an Issues Paper 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 Issues

Visionary Concepts

The CAG indicated that the proposed visionary paragraphs in Agenda Item 3-1 of the February 2014 meeting needed to be further refined because they did not capture the vision of the Framework. CAG members suggested that the visionary paragraphs incorporated into the Framework should be kept at a high level, state the purpose of the Framework, connect the Framework to the public interest, and promote the purpose of the IAESB.

Assessment and Measurement

The CAG indicated that the Framework should conceptually address the fundamental qualities that assessments need to contain and the details regarding program or course assessment should be in the IESs or in implementation guidance. CAG members suggested that including the fundamental qualities of assessment in the Framework would enable the concept of assessment in the Framework to apply to both CPD and IPD. In addition, CAG members indicated that by only including a discussion on the fundamental qualities of assessment, the Framework would serve as a guide to the Board's work in developing implementation guidance in this area.

General Education

The CAG agreed with the task force's proposal in Agenda Item 3-1 of the February 2014 meeting that general education should be discussed in the Framework. The CAG also agreed that general education should be a separate section in the Framework. CAG members, however, suggested that general education should be discussed in general terms and should not narrowly define what general education is.

Capabilities

CAG members expressed mixed views on whether the Framework should separately distinguish between competence and capabilities. Some CAG members felt that, at this point in time, it would be useful to have both terms in the Framework and define what is meant by each term. Other CAG members indicated that if a term is not used in the IESs then it should not be used in the Framework. These members also indicated that using terms in the Framework which are not used in the IESs will cause confusion to readers.

Learning and Development

The CAG indicated that the Framework should not separately define and explain the terms, "learning" and "development", but rather use the term, "learning and development", as a single concept.

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 April 2014 meeting.

4. REVISION OF INTERNATIONAL EDUCATION STANDARD 8, COMPETENCE REQUIREMENTS FOR AUDIT PROFESSIONALS

Mr. Greg Owens (Task Force Secretary) provided an Issues Paper to the CAG which included background information and questions for discussion on the proposed Exposure Draft, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (2013).

Discussion of Issues

The following summarizes the discussion of CAG members.

- Clarify the term, engagement partner, so that it fits all jurisdictions;
- Clarify whether practical experience is captured as an CPD opportunity, especially given that exposure to a variety of engagements provides broad experience;
- Keep the position of Table A in paragraph 10 of the Exposure Draft (Agenda Item 4-2 of the February 2014 meeting) as part of the Requirements section;
- Review the wording of Paragraphs A12 and A17 of the Exposure Draft (Agenda Item 4-2 of the February 2014 meeting) to determine whether they might be consolidated because they seem to be addressing the same issues;
- Enhance the description of the Figure 1 within the paragraphs of the Explanatory Material section (Agenda Item 4-2 of the February 2014 meeting);
- Reword the requirement on the learning outcomes to reflect that they are the minimum for an engagement partner while placing greater emphasis on the development rather than the maintenance of competence;
- Review the wording of the following learning outcomes in Table A (Agenda Item 4-2 of the February 2014 meeting) to improve clarity: combine learning outcomes (a) (i) and (a) (iii); include wording to capture judgments made on accounting estimates; review competence areas (m) and (n) to determine if the outcomes might overlap in coverage; Review the ordering of learning outcomes (a) (i) – (x); review (h) (ii) to identify a purpose; review wording of (j) (iv) to reflect the need for objectivity and independence; and Review the learning outcomes that include the verbs such as assess and evaluate to determine if they are used at the right proficiency level.
- Review the proficiency levels of the learning outcomes to determine if there are any at the advanced level;
- Continue to include Figure 1 (Agenda Item 4-2 of the February 2014 meeting) in IES 8, but review whether the term, “relationship,” should be replaced by “oversight”;
- Identify an effective date for IES 8; and
- Suggest further guidance materials on professional judgment, professional skepticism and reflective activity.

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB’s discussion on the analysis of comments of the proposed IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (2013), at its June 2014 meeting.

5. 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. The following summarizes the discussion of CAG members.

Discussion of Issues

Changes to Proposed Strategic Initiatives

In general, CAG members supported the three proposed strategic initiatives, subject to consideration of the following:

- Review the underlying assumption that indicates the work of the IAESB on establishing and developing the revised IESs is complete – further work on the IESs may be needed to ensure that there exists a fit of principles with observed best practice;
- Identify what criteria are needed to assess whether further IESs or authoritative guidance should be developed;
- Review strategic initiatives (b) and (c) by surveying developing member bodies to determine if they would use the proposed guidance in the areas of adoption and implementation;
- Provide rationale for why the IAESB should develop further IESs and implementation guidance by considering how other standard-setters are justifying their work;
- Need to provide adoption/implementation guidance to ensure that messages of IESs are well understood by stakeholders;
- Provide guidance that gathers “good practice” on the implementation of the IESs and act as a facilitator in sharing this guidance;
- Reword strategic initiative (a) to reflect the need to maintain the IESs and (b) to assess whether there are problem areas in implementation of the IESs, especially given that a new learning outcome approach is being required of stakeholders;
- Implement an economic analysis or an impact assessment to identify what are the costs/benefits of developing new IESs for stakeholders which would assist in defining what is the problem and how the standard addresses the gap identified; and
- Identify and facilitate the dissemination of good practice to developing member bodies.

Changes to Proposed Projects and Activities

CAG members supported the proposed guidance project on learning outcomes to improve the understanding of how proficiency levels are applied to each competence area. In addition, CAG members indicated that further explanation is needed on the use of the verbs so as to ensure understanding of the depth and breadth required within a learning outcome.

CAG members also indicated that existing International Education Practice Statements needed to be aligned to the principles and concepts of the revised IESs so as to ensure that these practice statements remain relevant.

Finally, CAG members indicated the need to increase the awareness of the IESs because programs for CPD and for practical experience do not exist or require further development in many developing countries of South America, South Asia, and Africa. In addition, more effort is needed to encourage member bodies to embrace the responsibility of their education programs.

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 SWP at its April meeting.

6. STATUS OF INTERNATIONAL EDUCATION PRACTICE STATEMENTS

Professor Peter Wolnizer (Steering Committee Chair) provided an Issues Paper to the CAG which included background information and questions for discussion.

Discussion of Issues

Content of IEPs

CAG members expressed mixed views on the content of application guidance that would accompany the IESs and whether this guidance should be mandatory or non-mandatory. CAG members offered the following advice on these issues:

- Consider the practices of other Standard-setters such as the IASB that issues guidance on interpretation and maintenance of IFRSs which is mandatory and guidance on practice which is non-mandatory. In the case of Interpretation guidance, full due process would be followed, and guidance would be designed for general application and is not issued to resolve matters that are specific to an entity. Practice guidance follows the same procedures used for development of a standard and normally covers a topic not addressed by a Standard;
- Provide further explanation to differentiate IAESB guidance that takes the form of Education toolkits and Staff Advisory materials;
- Develop a communications plan that accompanies the release of each standard or pronouncement to address the target audiences and types of information that require further clarification;
- Consider the reluctance of Academe to prescribe practice in curriculum content and how such information needs to be distributed;
- Question whether implementation guidance is needed; if needed, consider why it isn't placed in the Explanatory Material section of the Standard;
- Review the decision process, especially in the area to identify what criteria should be in place to trigger the need for mandatory or non-mandatory guidance; and
- Suggest the need for guidance on the use of learning outcomes especially in the context of how they are to be implemented in IESs 2, 3, 4, and 8.

Development of IEPSs

CAG members provided the following advice on the development activities required for IEPSs:

- Consult with CAG to obtain breadth and depth on issues especially given the diversity of perspectives represented by CAG members.
- Review the composition of the CAG to ensure appropriate expertise for implementation guidance.
- Identify which type of pronouncements requires full level of due process, because some documents may only require peer review.

Proposed Way Ahead

The comments of the CAG members will be considered by the Steering Committee in preparing an Issues paper on the status and use of IEPSs for IAESB discussion at its April 2014 meeting.

7. UPDATE ON THE REVISION OF IESs 2, 3, AND 4 AND THE DEFINITION OF THE PROFESSIONAL ACCOUNTANT

The CAG received copies of the final version of IESs 2, 3, and 4. CAG members also received an Issues paper that included background information, a question on communications themes that might improve awareness of the IESs, and a revised draft of the *Definition of the Professional Accountant* for discussion. The following summarizes the discussion of CAG members.

Discussion of Issues

CAG members provided a range of suggestions on various ways to improve the awareness of the IESs. These included:

- Developing a summary paper that would introduce the IESs and frame their significance in developing professional accounting education programs. It was suggested that the article had to have international appeal and should be written for academic journals or professional magazines. Such an article could then be showcased at academic conferences such as the American Accounting Association's Annual meeting or IAAER Conferences.
- Increasing outreach activity with member bodies, regional organizations, UNCTAD to promote the understanding of the learning objectives; and
- Increasing awareness of the learning outcomes with the Examination Committees of IFAC member bodies.

CAG members also indicated that they supported the concise version of the Definition of the Professional Accountant.

Proposed Way Forward

The comments of the CAG will be used to inform the IAESB's discussions on the 2014-2016 Strategy and Work Plan, as well as work of IFAC staff to develop a communications strategy to increase awareness of the revised IESs.

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 the remaining meetings for 2014:

- April 30th 2014 teleconference meeting; and
- September 22-23, 2014 (Toronto, Canada) in-person meeting.

10. PIOB REPRESENTATIVE REPORT

Mr. Eddy Wymeersch, PIOB Chair, thanked the CAG for the opportunity to observe the proceedings of the meeting, indicating that it provided him with a better understanding of the CAG's role in providing advice to the IAESB on their agenda.

Professor Pierce thanked Mr. Wymeersch for his interest in the CAG's discussions.

11. MEETING CLOSURE

Professor Pierce thanked CAG members for their contributions to the meeting, especially Ms. Lillian Ceynowa for her contributions on behalf of PCAOB, and Ms. Petra Weymuller for her very stimulating insight into the accountancy profession in Europe. On behalf of the CAG, the Chair also thanked Mr. Jim Sylph, Executive Director of Professional Standards and External Relations, for his contributions to the CAG over the years and wished him all the best in his future endeavors, noting his retirement which commences in July of 2014. Finally, Professor Pierce wished everyone safe travels home.

The public meeting closed at 12:55 hours on Friday, February 7, 2014.

Approved by Chairperson:

Date:

ACTION LIST

IAESB CAG MEETING – February 2014

ACTION	PERSON(S) RESPONSIBLE	DUE DATE	STATUS
1. Update CDL	S Tavares/ D McPeak	ASAP	DONE
2. Present CAG comments/advice on 2014-16 Strategy & Work Plan at the April 2014 IAESB meeting	P Wolnizer/ A Pierce/ D McPeak	April 9, 2014	DONE
3. Present CAG comments/advice on the IAESB Glossary of Terms at the April 2014 IAESB meeting	G. Wellings/ D McPeak	April 10, 2014	DONE
4. Present CAG comments/advice on Revision of the Framework at the April 2014 IAESB meeting	S Simko/ S Flis/ D McPeak	April 9, 2014	DONE
5. Present CAG comments/advice on the revision of IES 8 at the June 2014 IAESB meeting	G. Owens / A. Barry / D McPeak		
6. Present CAG comments/advice on the status of the IEPSS at the June 2014 IAESB meeting	P Wolnizer/ A Pierce/ D McPeak		