

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

Held on September 17-18, 2009

At Royal NIVRA Headquarters, Amsterdam, The Netherlands

MEMBERS:

Present:

Charles Calhoun (Chair)	National Association of State Boards of Accounting
Aileen Pierce	European Accounting Association
Lal Nanayakkara	South Asian Federation of Accountants
David Ostermeyer	United States Agency for International Development
Agnieszka Ostaszewicz	European Federation of Accountants and Auditors for SMEs
Michael Wells	International Accounting Standards Committee Foundation
Kariem Hoosain	Independent Regulatory Board for Auditors (South Africa)
André Killesse	Fédération des Experts Comptable Européens
Philip Reckers	American Accounting Association
Jon Hooper	Professional Oversight Body (UK)

IAESB members:

Mark Allison	IAESB Chair
Kim Langfield-Smith (Thursday Morning by teleconference)	IAESB member, Assessment task force member
Ann Kilbride (Thursday Afternoon by teleconference)	IAESB member, Chair of Drafting Conventions task force,
Karen Pincus (Thursday Afternoon by teleconference)	IAESB member, Chair of Framework task force,
Mark Spofforth (Friday Morning)	IAESB Deputy Chair, Chair of task force on Guidance for Professional Skills

IFAC Staff:

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

Observers:

David Brown	Public Interest Oversight Board
Fabio Moraes da Costa	Fucape Business School, Brazil

Apologies:

Greg Scates	Public Company Accounting Oversight Board (US)
Jan Williams	The Association to Advance Collegiate Schools of Business

OPENING MATTERS

1.1 Welcome and Introductory Remarks

Dr. Calhoun, Chair of the IAESB CAG, welcomed members and others to the meeting. A special welcome was extended to Mr. André Killesse (Fédération des Experts Comptable Européens), Professor Philip Reckers (The American Accounting Association) and Mr. David Ostermeyer (United States Agency for International Development) as CAG representatives and to Mr. David Brown as the Public Interest Oversight Board (PIOB) representative.

Apologies were received from Professor Jan Williams (The Association to Advance Collegiate Schools of Business) and Mr. Greg Scates (Public Company Accounting Oversight Board (US)) for this meeting

Finally, Dr. Calhoun drew CAG members' attention to Agenda Item 8, noting that the reports from other IFAC Boards and Committees were provided for information purposes only.

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 minutes of the previous meeting were approved with the following amendment:

- Page 2 of 8, Approval of Minutes of Previous Meeting; the date was amended to indicate September 16 and 17, 2008.

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 IAESB's current projects.

1.4 CAG Chair's Report

Dr. Calhoun reported that a search was ongoing to find suitable member organizations and representatives to sit on the CAG and any suggestions should be forwarded to the CAG Chair or Mr. Sylph as soon as possible.

Since the last meeting, the CAG Chair undertook the following activities:

- American Accounting Association, 2009 Annual Meeting, "*International Standards: On the Road to Convergence*," (August 4, 2009) New York, USA (Ron Salole, James Gunn, Jan Munroe, and moderator Charles Calhoun); and
- American Accounting Association, 2009 Annual Meeting, "*International Accounting Education Standards: The Next Steps*," (August 5, 2009) New York, USA (David McPeak, Karen Pincus, Mark Allison, and moderator Charles Calhoun).

1.5 IAESB Chair's Report

Mr. Allison, IAESB Chair, reported on the outcomes of the March and June IAESB meetings indicating that substantial progress had been made in moving forward the following IAESB

projects: the Framework for International Education Standards, Drafting Conventions, Guidance for Professional Skills, and Guidance for Assessment. He also indicated that the exposure draft of the *2010-2012 IAESB Strategy and Work Plan* was released for public comment on July 7 with a deadline for public comment of October 5th.

The Chair reported that he had attended the June IFAC Board and the June PIOB meetings. During these meetings he answered questions on the development of the *Framework for International Education Standards for Professional Accountants*, especially with regards to addressing the variety of roles of a professional accountant, such as that of an accounting technician. He also indicated that he made presentations at the following conferences since the last CAG meeting in February: REPARIS Conference (Austria, April 7), the 32nd Annual European Accounting Association Congress, (Finland, May 15), the 2010 American Accounting Association 2010 Annual meeting (USA, August 3 and 5), and Contabilidad y Responsabilidad para el Crecimiento Económico Regional (CReCER) Regional Conference (Brazil, September 24).

1.6 Report from IFAC

Jim Sylph, Executive Director of Professional Standards, provided a brief report on the following IFAC activities occurring since the last CAG meeting in February.

- IESBA – The IESBA issued the revised and clarified Code of Ethics for Professional Accountants which clarifies the requirements for all professional accountants, and strengthens the independence requirements of auditors.
- IFAC Board – At its September meeting the IFAC Board approved a 6.5% budget increase for the 2010 operating year.
- IFAC G-20 Accountancy Summit – Sixty leaders of the accountancy profession from IFAC member bodies in 17 of the 19 G-20 countries attended the summit in London, England and unanimously agreed that the public interest would be best served by a single set of high-quality, principles-based financial reporting and auditing standards for listed and public interest entities.
- CReCER conference – On September 23-25, IFAC hosted the third CReCER conference in São Paulo, which created greater awareness of the importance of sound financial reporting and auditing for the development of a well-functioning market economy.

CURRENT IAESB PROJECTS

2. GUIDANCE ON ASSESSMENT

The CAG agreed with the direction of the Information Paper indicating that the proposed coverage of content was very comprehensive. The CAG also agreed that the selection of topics provided information that is relevant to developing final assessments which are reliable and relevant. In reviewing the proposed outline of content CAG members made the following suggestions.

- Any discussion in the areas of disability, accommodation, and the protection of privacy should ensure that the diversity of laws and regulations across various countries should be taken into account.
- Coverage of security issues that may apply to examination centers in some countries should be considered.

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- Information on examination writing centers (Chapter 9) should be reordered to address students' issues and then supervision issues.
- The following topics should also be considered in revising the next draft:
 - Methods for ensuring the consistency of assessment standards over time (Chapter 5);
 - Coverage of “qualitative measures” as required in Para 15 of IES6 (Chapter 5);
 - Security of candidates' records post-qualification—especially their employment history (Chapter 7);
 - Advice on avoidance and detection of cheating (Chapter 8);
 - Remarking of papers—quality control procedures and remarking of borderline papers (Chapter 9);
 - Validation of solutions—approaches for developing valid solutions(Chapter 9); and
 - Feedback process—guidelines for post-examination feedback (Chapter 10).

Finally, the CAG suggested a review of the paper that considers the use of URLs links and a reference section which enables the examples and glossary to be updated.

Proposed Way Ahead

The comments of the CAG will be used to inform the IAESB discussion's of issues relating to the content of the 1st draft at the October 2009 IAESB meeting.

3. IAESB DRAFTING CONVENTIONS

The CAG agreed the task force's proposals on the structure and language to be used within the International Education Standards (IESs). These proposals resulted from respondents' comments on significant issues identified in the exposure draft on IAESB Drafting Conventions. The CAG also agreed with the coverage and content of the proposed public statement on the IAESB drafting conventions. Several CAG members indicated that it was important to obtain, whenever possible, definitions that are common with other IFAC Standard-setting Boards and Committees. It was confirmed that any new definitions resulting from the development of an IES or International Education Practice Statement (IEPS) will be included in these pronouncements and the IAESB Glossary.

Proposed Way Ahead

The comments of the CAG will be used to inform the IAESB discussion's on finalizing the public statement on the IAESB Drafting Conventions at the October 2009 IAESB meeting.

4. FRAMEWORK FOR INTERNATIONAL EDUCATION STANDARDS

The CAG agreed the task force's proposals on significant issues resulting from respondents' comments on the exposure draft. The CAG also agreed with the task force's

revised draft of the Framework, subject to consideration of the following editorial suggestions made by CAG members:

- Paragraph 5: Consider deleting “indirect” as it is suggested that IFAC member bodies only have “direct” responsibility;
- Paragraph 8: Consider adding the education sector to take into account lecturers and professors; and
- Paragraphs 12-15: Clarify the use of the terms, competence and competences; consider making a distinction between competence and competency.

Finally, the CAG agreed that there was no need to differentiate between the terms role and function when discussing professional accounting role.

Proposed Way Ahead

The comments of the CAG will be used to inform the IAESB discussion’s on finalizing the *Framework for International Education Standards for Professional Accountants* at the October 2009 IAESB meeting.

5. 2010-2012 IAESB STRATEGY AND WORK PLAN

The CAG agreed with the content of the proposed strategic objective subject to consideration by the IAESB of the following editorial suggestions. The CAG suggested that the phrase “internationally relevant” be replaced with “high quality” to ensure consistency with initiatives of the IASB and other IFAC standard-setting boards. The CAG also suggested that the IAESB’s focus on adoption and implementation guidance needed to be reflected in the IAESB’s strategic objective.

Implementation of high- and medium-priority projects

CAG members made the following suggestions on the implementation of high- and medium-priority projects.

High-priority projects

- Consider a longer time horizon for high priority projects to ensure that the audience understands the scope of the work plan, for example use a 5-year time horizon for high priority projects.
- Consider whether Standards should adopt a minimalist approach versus a convergence approach to developing requirements so as to satisfy the need for mobility and evaluating qualifications of professional accountants.
- Review the issue of gold-plating (introduction of unnecessary features) when reviewing a principles-based approach to developing Standards.

Medium-priority projects

- Review the level of resources required to complete the high-priority projects, such as the revision of the IESs.

Guidance projects for adoption and implementation.

CAG members offered the following advice to the IAESB when deciding on guidance projects for adoption and implementation.

- Evaluate whether to adopt a long-term or short-term approach to guidance projects depending on the basis of need of member bodies.
- Consider the perspective of donors and their need for criteria to distribute money to receiving countries, especially for benchmarking.
- Establish priorities before resource allocation for implementation projects especially for implementation-type projects.
- Focus resources on developing awareness of the IESs giving due consideration to the use of alliances with other organizations.

Proposed Way Ahead

The comments of the CAG will be used to inform the IAESB discussion's on analyzing the respondents' comments from Exposure Draft of the *2010-2012 Strategy and Work Plan* at the October 2009 IAESB meeting.

6. REVISION OF THE INTERNATIONAL EDUCATION STANDARDS

At its September meeting the CAG indicated that the objectives of the revision project serve the public interest because the Standards target member bodies, provide valuable assistance to developing member bodies, and continue to maintain Standards that are of high quality. CAG members also made the following suggestions relating to the Standards:

- Should be principles-based, specify constraints, emphasize process, and consider the whole career of the professional accountant;
- Should first emphasize core competence and then address the competence of specializations;
- Need to consider issues on mobility for professional accountants, this being an important concern for the public interest; and
- Should not become too detailed when identifying the required competence of a professional accountant, but that member bodies needed to define the required competence for their jurisdictions.

Proposed Way Ahead

The comments of CAG members will be used to inform the IAESB discussion of the IES revision project proposal.

7. GUIDANCE FOR PROFESSIONAL SKILLS

At its September meeting CAG reviewed the findings from a survey of IFAC member bodies on professional skills and made the following comments on the content of the guidance paper.

- With the advent of principles-based Standards there needs to be an increase in emphasis on critical thinking skills; there is a need to target the manner in which accounting is being taught with greater emphasis placed on the conceptual framework.
- An increase in the technical content being required of new professional accountants is causing post-secondary education institutions to increase their accounting programs

from three to four year programs. Such changes also cause programs to become unattractive to students. In some cases this accommodation for technical content is at the expense of a decline in professional skills such as professional judgment and critical thinking.

- When developing guidance the paper must consider the size and quality of training programs, especially the training of trainers from Small and Medium Practices as opposed to the training provided by trainers from the Big Four Firms. To be of assistance it is suggested that the guidance include information on the identification, measurement and assessment of skills.

Next Steps

The comments of the CAG will be used to inform the IAESB discussion's on identifying the content of the first draft of a guidance information paper on Professional Skills and General Education at the October 2009 IAESB meeting.

OTHER BUSINESS

8. 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
- International Auditing and Assurance Standards Board (IAASB);
- International Ethics Standards Board for Accountants (IESBA);
- International Public Sector Accounting Standards Board (IPSASB);
- Professional Accountants in Business Committee (PAIB)
- Small and Medium Practices Committee (SMPC);
- Compliance Advisory Panel (CAP);
- Transnational Auditors Committee (TAC); and
- Developing Nations Committee (DNC).

9. FUTURE MEETINGS

The CAG noted that its first meeting in 2010 would be held on February 9 in New York, USA, followed by a meeting to be held on September 16-17 in Edinburgh, Scotland.

10. PIOB REPRESENTATIVE'S REMARKS

Mr. Brown thanked the CAG members for their contributions to the dialogue.

He explained that in assessing the degree to which the public interest is being served during the standards-setting process, the PIOB places considerable reliance on the work of the CAG, treating the matters raised by the CAG as an important component of the public interest. For that reason, a PIOB representative attends all CAG meetings, evaluates the discussion and the level of participation of CAG members and then monitors the Board's responses to CAG suggestions and the degree to which they are

reflected in the final standard. Mr. Brown observed that the Board is entering into a very challenging period given its decision to revise all extant education standards and underscored the importance of the CAG's role in this program. He observed, however, that this CAG is considerably smaller than the other CAGs and suggested that it may not have a sufficiently broad membership to adequately support the standards revision project. He suggested that the CAG and IFAC should consider expanding the CAG membership and providing it with additional administrative support to enable to continue to fulfill its valuable function.

11. MEETING CLOSURE

The public meeting closed at 11:55 on Friday, September 18, 2009.

Approved by Chairman:

Date:

ACTION LIST

IAESB CAG MEETING SEPTEMBER 2009

ACTION	PERSON(S) RESPONSIBLE	DUE DATE	STATUS
1. Update CDL	R. James/ D McPeak	ASAP	DONE
2. Present CAG comments and advice on <i>Framework</i> survey	K Pincus/D McPeak	October 2009	DONE
3. Present CAG comments and advice on drafting conventions project	A Kilbride/D McPeak	October 2009	DONE
4. Present CAG comments and advice on Guidance on Professional Skills and General Education	M Spofforth/D McPeak	October 2009	DONE
5. Present CAG comments and advice on Guidance on Assessment	Kim Langfield-Smith/D McPeak	October 2009	DONE
6. Present CAG comments and advice on Revision of IESs	M Allison/D McPeak	October 2009	DONE
7. Present CAG comments and advice on 2010-12 Strategy and Work Plan	M Allison/D McPeak	October 2009	DONE
8. Follow up with IRBA on its nomination of a representative for the CAG	J Sylph/D McPeak	December, 2009	DONE