

27 October 2014

Mr David McPeak
IAESB Technical Director
International Accounting Education Standards Board
International Federation of Accountants

Dear David

Proposed Framework for International Education Standards (2014)

The Institute of Singapore Chartered Accountants appreciates the opportunity to comment on the Proposed Framework for International Education Standards (“Framework”).

We are supportive of the updated Framework and IAESB’s relentless efforts to enhance the clarity and conciseness across all International Education Standards (“IESs”) to meet the needs of member bodies and the wide range of accounting education stakeholders.

Our comments on the Framework, which also include inputs from the Singapore Accountancy Commission, are set out in the attachment. If you require any clarification on the comments, please contact Soh Suat Lay, Assistant Director of ISCA Examinations & Qualification, at suatlay.soh@isca.org.sg or +65 6704 9813.

Yours faithfully
Institute of Singapore Chartered Accountants

LEE FOOK CHIEW
Chief Executive Officer

General Comments:

The proposed amendments to the Framework are appropriate and consistent with the revised IESs. We note and commend IAESB's efforts in clarifying the Framework by aligning the contents to the revised set of IESs and to make it more concise for relevant stakeholders to facilitate understanding and application of the concepts. We are in agreement with the proposed shortened title as the updated Framework would be applicable to existing professional accountants who are required to undergo continuous professional development, as well as aspiring professional accountants who are undertaking or planning to embark on their professional accountancy education programmes. In general, we support the proposed Framework. However, there could be further refinement of some terms and sentences as proposed below (See responses to Questions 1 to 6).

Question 1: Is the definition of a professional accountant appropriate for users of the IESs? If not, please explain.

11. The IAESB defines a professional accountant as an individual who achieves, demonstrates, and maintains professional competence in accountancy and who is bound by a code of ethics.

Yes, we agree with the proposed definition as it enhances the public's understanding that an expected level of proficiency or competence is expected of a professional accountant. It is helpful to the users of the Framework that Paragraph 18 has defined "professional competence" to supplement the definition of the professional accountant.

We agree that it is important to define that a professional accountant should comply with a general code of ethics (which may vary in different jurisdictions, organisations, etc.). Hence, we suggest using a stronger action verb for greater emphasis, for example 'comply', and not just 'bound' by a code of ethics. In addition, a true professional should not only be bound by or in compliance with the code of ethics but should be active in advocating it. As such, we suggest adding another dimension to the current definition where the professional accountant is 'bound by and **supports** a code of ethics'.

We also propose that the reference to the 'code of ethics' is enhanced to 'internationally recognised' code of ethics. Any country, state or professional body can formulate a code of ethics, but the hallmark of a professional is that the code should be internationally recognised. At present, the Global Accounting Alliance (GAA) members (and aspiring members) model their codes after the IFAC code, and other professional accounting bodies should be strongly encouraged to do the same.

Question 2: Is the definition of general education appropriate for users of the IESs? If not, please explain.

General education is a broad-based education through which fundamental knowledge, skills and attitudes are developed.

Yes, we agree with the proposed definition. We agree that the definition of general education should be broader in scope given the varying platforms, scope and contents in which a general education could be delivered and are appreciative of the IAESB's efforts in providing examples of the topics that could be included under Paragraph 27. General education should be the means in which essential general knowledge, skills and attitudes that form the foundation for an individual's subsequent choice of a professional accounting education programme or a certification for a specialised pathway to be obtained.

We noted in the Explanatory Memorandum that the definition of general education was meant to acknowledge "the development of knowledge, *professional skills, and professional values*, ethics and attitudes through general education". However, in Paragraph 26 of the Framework, the definition of general education is "a broad-based education through which fundamental knowledge, skills, and attitudes are developed". There was no relation made to the development of 'professional values and ethics' as described in the Explanatory Memorandum.

Question 3: The extant Framework is an authoritative pronouncement, meaning it establishes requirements for which IFAC member bodies must comply. Because the proposed draft of the Framework does not include any requirements and its primary purpose is to describe the learning concepts underpinning the IESs, the IAESB is proposing the revised Framework be non-authoritative. Do you agree with this change? If not, why?

We understand the need from IAESB's perspective to change the Framework to be non-authoritative given that the Framework does not include any specific requirements and the primary purpose is to clarify and provide the underlying learning concepts for the revised IESs. The change may also allow more flexibility for individuals (including IFAC member bodies) to apply the concepts and terms of the Framework and customise in reference to their own national, jurisdictional and organisational requirements.

However, we would like to highlight that the IESs are authoritative (as stated in Paragraph 41 of the Framework), and the Framework constitutes educational concepts drawn from authoritative IES pronouncements, it may not appear consistent to the users should the Framework be non-authoritative. The inconsistency is augmented by 'The IAESB applies the concepts set out in the Framework when developing the IESs', as mentioned in Paragraph 15 of the Framework.

Further, it is mentioned in Paragraph 10 that the intended purpose/benefits of the Framework to the users include 'a common set of concepts relevant to professional accounting education' to ensure that there is 'an efficient and effective standard-setting process by providing a conceptual base for the IAESB's publications'. Should the Framework

be non-authoritative, the desirable outcomes meant to be brought about by the development and implementation of IESs to ‘reduce international differences’, ‘facilitate the global mobility of professional accountants’ and ‘providing international benchmarks’ (as highlighted in Paragraph 6) may not be supported.

If the proposed change to issue the Framework as a non-authoritative pronouncement is definite, we suggest that clarification be included in the Framework to explain the rationale to the users so as to diminish the confusion that may potentially arise.

For another inconsistency noted on the documentation of the change for Framework to be non-authoritative, please refer to our response in Question 6.

Question 4: Is the updated Framework clear and easy to understand? If not, please explain.

Yes, we agree that the updated Framework is clear and easier to understand. We have noted the consistent drafting conventions in accordance with the new clarify standards through the use of simpler sentence structures and definitions, and lesser repetition of contents. The documentation of learning concepts and ideas has also been condensed and simplified, which facilitates comprehension and application.

Question 5: Does the updated Framework appropriately align with the recently revised IESs (See <https://www.ifac.org/sites/default/files/publications/files/Handbook-of-International-Education-Pronouncements-2014.pdf>)? If not, what gaps or differences should be addressed?

Yes, the updated Framework is appropriately aligned to the revised IESs.

However, we noted several differences in the wordings of the educational concepts lifted from the IESs in the Framework, as listed below.

- 1) The description of Initial Professional Development (IPD) in the Explanatory Material of IES 2, 3 and 4 is slightly different from that in the Framework. Paragraphs in the respective IESs (i.e. A1 in IES 2, A1 and A3 in IES 3 and A3 in IES 4) state that “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”. This varies from that in Paragraph 30 of the Framework where it states that “IPD includes professional accounting education, practical experience and assessment”, and further explains that “Professional accounting education is education and training that builds on **general education**, and develops (a) technical competence, (b) professional skills, and (c) professional values, ethics and attitudes”.

With reference to the same extract from the IESs above, it seems to imply that general education only commences in IPD stage which is different from Paragraph 28 of the Framework where it states that “General education commences before entry into a

professional accounting education program and extends into IPD and CPD. IPD and CPD build upon the foundation of general education.”

We agree with the Framework that general education commences before IPD. We suggest that the wordings in the respective IESs and/or Framework be looked into and refined to enhance the users’ understanding of the context.

- 2) We noted that ‘technical competence’ is used in Paragraph 33 of the Framework instead to replace ‘professional knowledge’ and ‘competence achieved during IPD’ (in the same context in IES 7 Paragraph 4):

IES 7 Paragraph 4:

“CPD provides continuing development of the (a) professional knowledge, (b) professional skills, (c) professional values, ethics, and attitudes, and (d) competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the professional accountant.”

In our view, the terms do not share the exact meanings, and we suggest that this inconsistency be looked into.

Question 6: Are there any other terms within the Framework which require further Clarification? If so, please explain the nature of the deficiencies?

As highlighted in our response to Question 3, we noted another inconsistency in the documentation of the change for Framework to be non-authoritative. The current documentation in Paragraph 15 of the Framework does not seem explicit in explaining that the Framework is non-authoritative, in contrary to the explanation given by IAESB in the memorandum under “Scope of the Framework”. We suggest that this inconsistency be looked into.

Other terms and sentences within the Framework that require further clarification include the following:

- 1) In paragraph 32, it is stated that “There are significant legal and regulatory differences ***in the point of qualification*** internationally and it may occur from very early to very late in a career.” We suggest to rephrasing this sentence to “There are significant legal and regulatory differences ***that determine the point of qualification of professional accountants*** internationally and it may occur from very early to very late in a career”, as per wordings used in IES 2 Paragraph A2, to enhance clarity to the users.
- 2) **Assessment:** The purpose of ‘Assessment’ can be further refined. In Paragraph 38, it is stated that “the purpose of assessment is to gather evidence that the appropriate level of professional competence has been achieved to performing a role of a professional accountant”. As assessment is also applicable to aspiring professional accountants during the Initial Professional Development (IPD), the statement can be refined to include aspiring professional accountants.

- 3) **Measurement:** The explanation given by IAESB in the memorandum under “Assessment and Measurement” mentioned that Paragraphs 39 and 40 are meant to describe ‘Measurement’ by explaining the measurement activities and identifying the focus for the three measurement approaches. However, the revised paragraphs do not seem to adequately explain the three measurement approaches (i.e. output-based, input-based and combination approaches) that are discussed in detail in the IESs, for example, IES 7. We suggest that there can be an expansion on the explanation of the three measurement approaches in the Framework to facilitate users’ understanding, especially if the Framework document is their first point of encounter with the IESs.

Question 7: Are there any other learning concepts relevant to the IESs that should be added to the Framework? If yes, please describe the concepts that should be added.

No, we are of the view that the fundamental learning concepts are sufficiently set out in the Framework.

Submitted by:

Examinations & Qualification Division

Institute of Singapore Chartered Accountants

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