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By email

Technical Manager
International Accounting Education Standards Board
IFAC

ACCA's response to the IAESB Exposure Draft

**IAESB Exposure Draft: Proposed Revised International Education Standard
IES 4, Professional Values, Ethics and Attitudes**

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above. ACCA is the largest and fastest-growing global body for professional accountants with over 147,000 members and 424,000 students in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

General comment

ACCA is pleased to have the opportunity to respond on this revised International Education Standard. We are pleased to see that the structure and content of the new standard conforms to the framework which makes it much clearer and therefore easier to understand and implement. We also support the standard applying to a member body rather than individual members or firms.

Name of the Standard

To bring the revised standard further in line with the IESBA code it is suggested that the title is changed from Professional Values, Ethics, and Attitudes to Professional Ethics. Values and attitudes are undefined terms and those aspects which are relevant to professional accountants are addressed within the IESBA code.

Scope of the Standard

Paragraph 1

Reference is made to IPD only whilst in paragraph 3 its relevance to CPD is highlighted. Paragraph 6 refers to application of Professional Values, Ethics and Attitudes throughout the professional accountant's career. Also, the 5 fundamental principles foster commitment to lifelong learning and CPD. This could be seen as inconsistent as it is unclear whether the standard applies to IPD and CPD or only IPD. Should there be more clarity around the scope of this standard?

Paragraph 10

Should the 2nd bullet point also explain the advantages and drawbacks of principle-based approaches?

In the 7th bullet point, rather than “compare the consequences of unethical behaviour”, it might be better to use a different verb such as ‘recognise’.

Paragraph A4

The words 'at first' do not need to be included here. This means that there is an educational rationale behind having ethics as a separate subject early on in IPD (or CPD). It could be argued that it may not be appropriate to assess ethics until later in the aspiring accountant's learning and development, whether that is integrated into other subjects or assessed in isolation. This will also depend on whether this paragraph refers to IPD or CPD; where CPD assumes prior knowledge and expertise. Could this just say: '... may be treated as a separate subject...'?

Paragraph A7

Specifying 'capital' market is an excellent refinement and a very important point to get across in terms of the wider role of a professional accountant.

Learning Outcome approach

ACCA fully supports IAESB's move towards principle-based standards and a learning outcome approach. As a professional accountancy body such an approach is more appropriate and useful than an input based model.

Specific Comments

- 1. The IAESB recognizes the importance of including reflection in ethics education.*

Question 1: Is the proposed requirement for reflective activity in relation to ethics education appropriate?

ACCA supports IAESB's view that development of professional values, ethics and attitudes is essential but we believe that professional bodies should determine the appropriate learning and development methods for their environment.

ACCA supports the concept of reflective activity for professional accountants and students at whatever point in their careers but recognises the difficulty in prescribing how this is undertaken. As such we do not agree it should be a requirement as we do not believe it is the only appropriate method for developing this area of competence.

Question 2: Does this requirement raise implementation issues?

We do envisage difficulties in understanding the term, such as those around translation issues. The list of evidence in A17 is helpful but should not be seen as limited as there may be other ways of formally recording reflective activities such as Critical Incident Reporting (CIR) and reflective journals.

Once methods of assessing or developing ethical behaviour are stipulated, the question is how are these applied in practice? Should this remain as a requirement, more guidance may have to be given on the use of evidence for reflective activity, such as CIR, and its implementation to meet this requirement in order to ensure consistency of application.

- 2. The proposed IES 4 has also been redrafted according to the guidelines provided in the IAESB Drafting Conventions.*

Question 3: Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?

Yes, the objective is concise, clear and sufficiently comprehensive.

Question 4: Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and

consistently, such that the resulting requirements promote consistency in implementation by member bodies?

The criteria identified are applied appropriately and consistently. The requirements relating to the integration of the IESBA code and the requirement to adhere to the five fundamental principles contained within that code could be combined for clarity and economy.

Question 5: Are there any terms within the proposed IES 4 which require further clarification? If so, please explain the nature of the deficiencies.

Member bodies may have difficulty with the implementation of various types of reflective activities and knowing how to verify and document reflection. For example, CIR and other documentary evidence involve quite complex methods of assessment and these may need further explanation. It may be useful to include an appendix showing examples of good practice.

In principle, ACCA supports the introduction of the new term ‘an aspiring professional accountant’. However, we are concerned that this may lead to unforeseen difficulties at a later date given that the definition of a professional accountant is still under review.

Comments on Other Matters

Translations— The term ‘reflective activity’ may pose difficulties with translation.

Effective Date— We consider an effective date of 12 – 15 months after approval of the final revised standard to be appropriate.