

27 July 2011

Mr. David McPeak
Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto, Ontario
M5V 3H2 Canada

Dear Mr. McPeak:

Proposed Revised International Education Standard 6– Assessment of Professional Competence

Ernst & Young Global Limited, the central entity of the Ernst & Young organization, welcomes the opportunity to offer its views on the proposed Revised International Education Standard 6 (the Standard), issued by the International Accounting Education Standards Board (the Board).

Overall comments

We support the efforts of the Board to set requirements for IFAC member bodies to impose on their members regarding assessment of professional competence.

We are in general agreement with the Standard. However, we are somewhat concerned by the fact that competence in our profession may be too focused on technical competence. Some of our proposed amendments are addressing this concern, both in the answers to the questions asked in the invitation for comments and in section 2, where we have added some other comments and proposed other changes to emphasize the need for professional competence to be viewed more broadly and encompass the three aspects of technical knowledge, skills and attitudes.

Responses to the specific questions on which the Board is seeking feedback are set out in Section 1 below. Our other comments, including general editorial comments, are set out in Section 2.

1. Specific questions related to the proposed revisions to the Standard

Question 1: Is the change in the scope of IES 6 to *assessment across* Initial Professional Department (IPD) and Continuing Professional Development (CPD) appropriate?

Yes, we find this requirement to be appropriate. While IPD is naturally understood as requiring assessment, there is no reason why CPD would not equally be measured. CPD comprises the

majority of the formal learning and development activities of a professional accountant over the professional accountant's career and contributes significantly to his/her professional competence. In that respect, we fully support requirements to assess professional competence over the life cycle of a professional accountant and agree with a principles-based approach to performing that assessment.

Question 2: Does this change accommodate the different approaches taken by professional accounting organizations?

Yes. We believe that setting principles rather than specific assessment activities helps to promote consistency in the objectives to be achieved by member bodies. In particular, given that CPD activities can be delivered in many ways, focusing on principles allows member bodies to select the best assessment method in the circumstances. It also helps to consider the various constraints that different member bodies may have depending on access to technology, cultural approaches to assessment, and so on.

Question 3: Are the principles of assessment sufficient?

Yes, we believe the principles themselves are appropriate but it will be important for them to be well understood. In this respect, additional guidance and examples in the explanatory material are especially important. More specifically, the principle of validity may require more emphasis. In the case of professional competence for a professional accountant, we believe that validity should extend to the whole spectrum of technical knowledge, skills and attitudes without an undue focus on the assessment of technical knowledge, as may be the case in many circumstances. In that regard, we would suggest that the Standard explicitly refer to the three topical IESs (IES 2, 3 and 4) to avoid any misunderstanding.

Question 4: Is the objective to be achieved by a member body, stated in the proposed revised IES 6, appropriate?

Yes. We do not have any specific comments regarding the objective to be achieved by member bodies.

Question 5: 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?

Yes. The requirements, supported by relevant application material, clearly articulate the key principles of an assessment of professional competence expected of the accounting profession by its various stakeholders.

Question 6: Are there any terms within the proposed IES 6 which require further clarification? If so, please explain the nature of the deficiencies.

We have not identified any such terms.

2. Other comments

We offer the following drafting suggestions for your consideration:

- Paragraph 3: in order to avoid ambiguity, we suggest revising the second sentence to read “... attainment of professional competence at the level of proficiency defined by the relevant IESs”.
- Paragraph 8: we would add after “... shall monitor that professional accountants” the words “, after having completed IPD,” which is too implicit in the current sentence.
- Paragraph A1: regarding the last sentence, we believe that in many instances, the primary stakeholder in the assessment process is a governmental authority and that just saying that they “may provide substantive input” does not reflect reality in probably the majority of countries in the world. We would therefore suggest adding a sentence along the following lines: “In some jurisdictions, the input of regulators or governmental authorities is particularly important”.
- Paragraph A2: we suggest adding “In addition to the requirements of other IESs” to the beginning of the introductory sentence.
- Paragraph A4: we suggest adding, after the first sentence, the following: “The IESs prescribe a variety of competencies for which the most appropriate assessment method may vary. As a result, a combination of the activities listed below may help in addressing a variety of situations and ensure that all aspects of professional competence as prescribed by the IESs are addressed”.
- Paragraph A8: This paragraph appears to be absolute in stating that the results would always be the same, irrelevant of the assessment activity. We propose the following wording to the first and third sentences to clarify that this may not always be the case: “A reliable assessment ~~consistently~~ produces the same result on a reasonably consistent basis, given the same set of circumstances...An assessment activity is reliable if different assessors acting independently reasonably come to the same judgment, given the same set of circumstances.”
- Paragraph A14: the first bullet is not clear. We do not understand how equity is increased by using on-line examinations when accessing high speed internet facilities is difficult. Also, with respect to the third bullet, we do not understand how equity is improved by the design of the CPD activity in those environments where limited opportunities exist. In our view, it would be more appropriate for the member body to create more opportunities for its members, which is a requirement of other IESs (facilitation of access to professional development activities).
- Paragraph A17: we suggest adding a sentence to the end of the paragraph such as “In that respect, it is unlikely that only using one single method such as online multiple choice questionnaires would allow a relevant integration of topics”.
- Paragraph A19: we suggest re-wording the second sentence to state “Verifiable evidence increases the confidence of stakeholders ...” Although we recognize the need to avoid hidden requirements in the explanatory materials, we believe this is simply a statement of fact.

- Paragraph A20: In our view, especially with regard to assessing the achievement of appropriate competence at the end of IPD, we believe that examinations remain the most widely used method. Accordingly, the importance of examinations becomes lost by simply mentioning it as one of many examples of verifiable evidence. We suggest stating “In addition to the outcomes of examinations, other examples of verifiable evidence include:”

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We would be pleased to discuss our comments with members of the Board or its staff. If you wish to do so, please contact Karen Golz (+1 212 773 8001) or Dan Montgomery (+1 216 583 2949).

Yours sincerely,

Ernst & Young Global Limited