

15 July 2011

Mr. David McPeak
Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
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Dear David

**Exposure Draft (ED) on Revised
International Education Standard (IES) 4: Professional Values, Ethics, and Attitudes**

We greatly appreciate the opportunity to comment on the captioned ED and thank the IAESB for its perseverance in engaging the diverse IFAC member bodies across the world in its work.

We note that the proposed amendments to IES 4 were made in accordance with the new clarity drafting conventions. We strongly support this initiative to enhance the understanding of educational standards and making them more user-friendly. The approach taken by the IAESB to redraft all its IES in accordance with the new clarity drafting conventions is methodical and focused, and together with its continuous efforts to make implementation of standards more practical, these efforts should be applauded.

Our comments on IES 4 are set out in the attachment. If you require clarification on any of our points, please contact the undersigned at georgina.chan@icpas.org.sg.

Yours sincerely



Georgina Chan
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Encl

**Commentary on Exposure Draft (ED) on the
Revised International Education Standard (IES)
4: Professional Values, Ethics, and Attitudes (PVEA)**

General Comments:

We endorse the view to distinguish between educating PVEA and instilling the right environment and mindset for ethical behaviour (A8). The specific reference to the practical experience stage (A9 and A11) is certainly relevant. The reference to PVEA as part of a career long development through Continuing Professional Development (CPD) and lifelong learning activities does give an emphasis that learning does not terminate at IPD (Intro 3 and A8). In today's challenging workplace, typified by constant changes in the business environment and desires for instant results, it is very important to develop PVEA throughout a professional career and foster a commitment and the right mindset that is the hallmark of professionalism.

Professional accountants or aspiring professional accountants should be constantly reminded of the value and importance of ethics as this is one of the most fundamental attributes they should possess and be defined. The professional accountants with the right PVEA can play a crucial role in corporate governance and fraud preventions, strengthening business dealings in the most positive way. Appropriate PVEA gained via formal IPD can shape professional behaviour that can make a difference. We would suggest that such relevance should be highlighted upfront in the *Introduction* to give it more prominence.

Significant efforts have been undertaken to revamp the standard and we would like to commend the team on the decisive efforts in revising it. The Explanatory Materials are well written and comprehensive. However, for ease of reference, we would like to propose that appropriate sub-headings be included within the Explanatory Materials to sectionalise the list, so as to make it easier to read.

Comments on Specific Questions:

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

Yes, the requirement for reflective activity is appropriate in relation to PVEA education as the subject matter is about inculcating the right values and in instilling appropriate behaviour, rather than merely imparting knowledge based on a set of rules that, for all good intent and purposes, may not fully address practice and real life situations. A more contextual approach via the inclusion of reflective activities where professional accountants and aspiring accountants alike can internalise the relevant facts and implications to relate principles of good ethics to their experiences, should enhance their analysis and help them to better exercise judgment relevant to the business context.

Question 2: Does this requirement raise implementation issues?

We welcome the new requirement for reflective activities in relation to PVEA education as reflection encourages active thinking, which should be more effective than passive learning. This should encourage professional accountants to reflect on the implications of their actions and/or experiences and check their understanding of the ethical concepts or principles, as part of the learning process. However, we think that this requirement could raise some implementation issues as there could be different views on what a reflective activity entails, it would be clearer if more details and illustrative examples are given in the Explanatory Materials (A17) to provide guidance on the various forms of evidence of reflective activities.

Another potential implementation issue is that it is unclear if reflective activity is required to be made based on personal experiences or is permissible if an individual documents it as an observer of an incident that has taken place, say in the workplace. In relation to Explanatory Materials (A16), we would like to highlight the potential difficulties that may arise from the documentation of experiences where sensitive information and/or individuals within organizations are involved and this is also noted in view of the requirement for formal assessment as outlined in paragraph 12.

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

6. The objective of a member body is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant. This lays the foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant's career.

We agree that the objective is appropriate.

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?

We are of the view that the learning outcomes in relation to PVEA education as stated in paragraph 10 are clear and comprehensive, with appropriate mix of fundamental concepts and issues relating to applications of PVEA. We believe that this requirement will promote the development of PVEA of aspiring professional accountants and more importantly, instil a sense of importance in applying PVEA in their decision making processes and exercising professional judgement.

The specific assessment requirement (paragraph 12) to measure the competence of professional accountants in relation to PVEA is appropriate and consistent with the *Framework for International Education Standards for Professional Accountants*.

Explanatory Materials A9, A10, A11 and A13 emphasise the need to design and structure PVEA education as part of attaining practical experience or in the workplace. We believe this is the right approach as it is difficult to inculcate PVEA via purely classroom-based teaching. Overall, the requirements, as set out in the ED, should promote consistency in implementation by member bodies. There are some areas where improvements can be made and we have included suggestions on specific paragraphs in this submission, for the IAESB's kind consideration.

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

We appreciate that IAESB permits the use of different measurement approaches based on input, output and process measures in determining the most appropriate forms of assessment (A19). However, there could be different assessment criteria adopted to assess the reflective activity or the competence in relation to the PVEA. Therefore, it would provide more clarity if more specific guidance in terms of the assessment criteria can be provided in the Explanatory Materials, rather than opening up the measurement approaches as proposed.

The Explanatory Material A14 provides examples of activities that can enhance the learning of PVEA. We would like to suggest including the use of online forums or social media to discuss PVEA issues, given the popularity of social media. We do appreciate that the difficulty of managing content, however, if managed carefully and accompanied by proper guidance, this could be a useful and effective channel, particularly for today's techno-savvy young aspiring professional accountants to contribute and share their learning experiences regarding the subject matter. It would also be helpful to include mentoring and coaching while gaining practical experience as an example of reflective activity.

Comments on Other Matters

We do not foresee any translation issues arising from the redrafted standard. For developing nations with limited resources, it will certainly be helpful if the IAESB can consolidate and make available or co-ordinate sharing of appropriate learning materials such as case studies, for use in adopting the participative approaches highlighted under the Explanatory Materials (A14) in the IAESB website for IFAC member bodies' reference. As a feedback to the IAESB, the Ethics Toolkit developed by the Board is a very constructive and practical initiative of helping IFAC member bodies, especially those developing nations with resource constraints, to implement educational standards.

Contributed by:

Institute of Certified Public Accountants of Singapore

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