



Certified General  
Accountants Association  
of Canada

100 – 4200 North Fraser Way  
Burnaby, British Columbia  
Canada V5J 5K7

Tel: 604 669-3555  
Fax: 604 689-5845  
www.cga.org/canada

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Technical Manager  
International Accounting Education Standards Board (IAESB)  
4<sup>th</sup> Floor, 277 Wellington Street West  
Toronto, Ontario  
M5V 3H2

***Re: Exposure Draft: International Education Standard (IES) 5, Practical Experience Requirements for Aspiring Professional Accountants***

Dear Sirs,

CGA-Canada has reviewed the Exposure Draft and prepared the following comments for your consideration. This response addresses the specific questions and provides general comments.

### **Overall comments**

CGA-Canada supports the flexibility in measurement approaches that the proposed IES 5 introduces. The choice of using an input-approach, an output-approach, or a combination of the two approaches will enable aspiring professional accountants to better document the practical experience gained in a variety of work environments, work roles, and work responsibilities. With this increase in flexibility member bodies are able to use an approach that is best suited to the realities of their student body's work experiences.

However, the absence of a minimum period of practical experience in the proposed IES 5 concerns CGA-Canada. The absence of such a minimum period may lead to inconsistency in the practical experience, and therefore, qualification, of aspiring professional accountants.

### **Specific comments**

- 1. Do you find that the outcome-based, input-based, and combination approaches offer sufficient alternatives for effectively meeting the standard's requirement for IFAC member bodies to establish their preferred approach to measure practical experience?***

CGA-Canada notes that this question refers to an outcome-based approach, whereas the standard refers to an output-based approach.

CGA-Canada believes that the alternatives for measuring practical experience proposed in IES 5 provide IFAC member bodies with sufficient alternatives. However, CGA-Canada believes that it is inconsistent to have an input-based system that does not specify a minimum input. The extant IES 5 sets the minimum period of practical experience at three years; CGA-Canada believes this minimum period is appropriate and that it should be retained in the revised IES 5 and applied regardless of the approach (input-based, output-based or combination). If a shorter minimum period is to be permitted, CGA-Canada believes it must be at

least 24 months. It would be very difficult to achieve the level of professional competence required to perform the role of a professional accountant in less than 24 months.

If the three-year minimum period is retained, the provision permitting application of up to 12-months of graduate professional education toward the 36-month period should also be retained.

- 2. *In considering the role of the supervisor in directing the aspiring professional accountant's practical experience, the IAESB is proposing to define a supervisor as follows: "is a professional accountant who is responsible for guiding and advising aspiring professional accountants and for assisting in the development of the aspiring professional accountant's competence." Do you agree with this definition? If not, what amendments would you propose to the definition?***

In the context of work experience the term supervisor generally refers to the person to whom an employee reports. Aspiring professional accountants may have a supervisor who is not a professional accountant. CGA-Canada recommends amending the IES 5 definition of supervisor to include the phrase, "but is not necessarily the person the aspiring professional accountant reports to in his or her workplace".

There is a conflict between the wording on page 6 of the Exposure Draft and page 15 of the Exposure Draft. On page 15 Paragraph A11 states that mentors or supervisors "...**may be** responsible for planning the practical experience period..." In the page 6 discussion of the role of the supervisor, in referring to Paragraph A11 the Exposure Draft states that mentors or supervisors "...**are** responsible for planning the practical experience period". These references should be consistent. CGA-Canada believes that the aspiring professional accountant is responsible for planning his or her own career, including the period of practical experience. While this planning will likely be done with the assistance of the relevant IFAC member body (i.e., the Association, Ordre, or Institute), his or her supervisor, and a professional accountant, the responsibility remains with the aspiring professional accountant. As such, as regards the inconsistency described here, CGA-Canada believes that "may be responsible" is preferable to "are responsible".

Paragraph A12 refers to the possibility of persons other than professional accountants assisting mentors and supervisors in the mentoring function. CGA-Canada supports the intention of this paragraph but notes that in some instances the mentor will be in the role of providing assistance to the aspiring professional accountant's direct supervisor who may not be a professional accountant.

- 3. *Are the requirements of IES 5 clear for IFAC member bodies?***

The objective of IES 5 states that the member body will ensure both the appropriateness and sufficiency of the students' practical experience. Paragraph 18 includes the requirement to assess the sufficiency; there is no similar requirement to assess the appropriateness. Given the stated objective of this IES, CGA-Canada recommends that IES 5 include a requirement to assess the appropriateness of the students' practical experience.

As noted elsewhere, CGA-Canada believes that the requirement for aspiring professional accountants to obtain sufficient practical experience would be more clearly defined and more consistently applied by member bodies if IES 5 established a minimum period of practical experience. While there are valid differences in what constitutes sufficient practical experience, as the factors described in the glossary definition of sufficiency illustrate, to ensure that this standard does not become ineffective IES 5 should establish minimum period of practical experience. (See earlier comments in the discussion of Question 1.)

Paragraph 15 states "IFAC member bodies shall require that practical experience be conducted under the direction of a mentor or a supervisor who is a professional accountant". The IES does not state what is meant by "under the direction". As noted elsewhere, an aspiring professional accountant may report to

someone other than a professional accountant; in that case the aspiring professional accountant will work under the direction of someone other than a professional accountant. CGA-Canada recommends that this requirement be revised to require the involvement or input of a professional accountant in planning and evaluating the practical experience. For example, “IFAC member bodies shall require the involvement of a professional accountant in developing the aspiring professional accountant’s practical experience work plan and in evaluating the work experience.” This would also better reflect that responsibility for planning his or her career remains with the individual aspiring professional accountant.

**4. *Are the examples and explanation in Explanatory Materials section sufficient in explaining the requirements of the Standard?***

The Exposure Draft includes examples of how a member body may assess or gather information as to whether the “sufficient practical experience” requirement has been met. However, the Exposure Draft does not include examples relating to “appropriate practical experience”. “Appropriateness” is defined in the glossary in terms of quality, whereas “sufficiency” is defined in terms of quantity. Including examples of “appropriate practical experience” would provide member bodies with guidance that would improve the consistency of application of the standard; it would also provide consistency of treatment within the IES regarding these two essential attributes of the required practical experience.

**5. *Is the objective to be achieved by a member body, stated in the proposed revised IES 5, appropriate?***

CGA-Canada agrees that IFAC member bodies should ensure that students meet established practical experience requirements during their period of initial professional development.

However, rather than stating the objective of the standard as the objective of the IFAC member body, CGA-Canada believes the objective should be stated in terms of the objective of this IES, as was done with IES 1. The proposed IES 1 stated that “[t]he objective of this IES is to protect the public interest by establishing fair and proportionate entry requirements that help individuals considering professional accounting education make appropriate career decisions”.

Likewise, CGA-Canada suggests that the objectives of IES 4, IES 5, IES 6, and IES 7 be revised so that the objective is stated as the objective of the specific IES rather than the objective of the IFAC member body.

**6. *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?***

CGA-Canada believes that IES 5 must establish a minimum period of practical experience in order to achieve the stated objective of this Standard; ‘achieving the stated objective’ being one of the three criteria IAESB has identified for determining the requirements of a standard. An established minimum period of practical experience will result in a more consistent application of the standard. In the absence of a minimum period of practical experience there is a risk that IES 5 will become merely a guideline rather than an effective standard.

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

Paragraph 10 refers to practical experience that is of sufficient intensity. It is not clear what is intended by intensity. Perhaps intensity should be replaced with “appropriateness”, a term used in the objective of this standard; or with “responsibility”.

The Explanatory Material states that the reference to “appropriate” practical experience in the extant IES 5 will be replaced with a measurement approach in which it is the “adequacy **or** sufficiency” of the practical experience that is relevant. The glossary defines sufficiency as the “quality or state of being quantitatively adequate for the purpose intended”. The glossary defines “appropriateness” as the “quality or state of being qualitatively suitable for the purpose intended”. CGA-Canada recommends that the reference to adequacy in the Explanatory Material discussion of sufficiency be deleted.

**Other comments**

Paragraphs A5 and A7 refer to types of evidence that may be used in the output-based and the input-based approaches, respectively. Each paragraph includes alternatives appropriate to that approach. As these are alternatives CGA-Canada recommends that in both paragraphs the word “and” be replaced with “or”, as shown below.

A5: “The evidence...in an output-based approach could include (a) measurement of learning outcomes achieved in accordance with a competency map, (b) reviews of a research project or reflective essay, **or** (c) work logs compared against an appropriate competency map”.

A7: “Evidence that could be used for measurement in an input-based approach includes attendance records, time sheets, workplace diaries, **or** a work log book or journal.

We thank you for the opportunity to provide feedback and hope that you will find these comments useful in your deliberations.

Anthony Ariganello, CPA (Delaware), FCGA  
President and Chief Executive Officer  
CGA-Canada