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Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington St West, 4th Floor
Toronto
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CANADA

Dear Sir/Madam

Exposure Draft: Proposed International Education Standard (IES) 2 Initial Professional Development – Technical Competence

CPA Australia welcomes the opportunity to comment on the proposed IES 2. CPA Australia is one of the world's largest professional accounting bodies, with a membership of more than 139,000 finance, accounting and business professionals and leaders in 114 countries. Our vision is for CPA Australia to be the global professional accountancy designation for strategic business leaders. We support the overall purpose of the revision of this standard.

Responses to Specific Questions

The proposed IES 2 (Revised) includes a requirement that specifies the learning outcomes and minimum proficiency levels for various competence areas. The extant IES 2 specifies three broad knowledge areas: (a) accounting, finance and related knowledge; (b) organisational and business knowledge; and (c) information technology knowledge and competences. The proposed IES 2 (revised) does not focus on knowledge acquisition, but prescribes 11 competence areas; financial accounting and reporting, management accounting, finance and financial management, taxation, audit and assurance, governance, risk management and internal control, business laws and regulations, information technology, business and organisational environment, economics and business management.

Question 1: Do the 11 competence areas listed in Paragraph 7 of the proposed IES 2 (Revised) capture the breadth of areas over which aspiring professional accountants need to acquire competence? If not, what do you suggest?

CPA Australia agrees that the 11 competence areas identified in Paragraph 7 sufficiently capture the competence areas required by an aspiring professional accountant.

Question 2: Do the learning outcomes listed in paragraph 7 of the proposed IES 2 (Revised) capture adequately the minimum levels of proficiency to be achieved by an aspiring professional accountant by the end of IPD? If not, what changes do you suggest?

CPA Australia generally agrees with the learning outcomes in paragraph 7 but we are of the opinion that some learning outcomes need clarification or revision. For example:

- learning outcome (c) (iv) states: 'Evaluate the appropriateness of the components used to calculate an organization's cost of capital.' Given that the minimum proficiency level of this outcome is intermediate we propose that the calculation of an organization's cost of capital is more appropriate
- learning outcome (e) (v) states: 'Understand the key elements of assurance service engagements'. Given that such engagements are typically referred to 'assurance engagements' we suggest that the word service is necessary.
- learning outcome (f) (i) states: 'Explain the principles of good governance, including the rights and responsibilities of owners, and the role of stakeholders in governance, disclosure, and transparency requirements.' We are of the opinion that the responsibilities of those who are charged with governance must also be understood particularly given their importance for professional accountants in business and in practice.
- learning outcome (f) (ii) states: 'Analyze the components of an organization's governance structure.' CPA Australia suggests that an ability to analyse an organisation's governance framework is more appropriate and applicable to a wider range of organisations.
- learning outcome (i) (i) states: 'Describe the environment in which an organization operates, including the main economic, legal, political, social, technical, international, and cultural forces and their influences and values.' Some clarity about what the word values is referring to would be useful. Alternatively stating this learning outcome could be stated as: Describe the environment in which organizations operate, including the main economic, legal, political, social, technical, international, and cultural forces and their influences.

CPA Australia agrees with the application of the minimum proficiency level of 'intermediate' for the competence areas of management accounting; finance and financial management; taxation; audit and assurance; governance, risk management and internal control; information technology; business and organisational environment; and business management.

CPA Australia agrees with the application of the minimum proficiency level of 'foundation' for the competence areas of business laws and regulations, and economics. We are of the opinion that a foundation level of proficiency is appropriate for IPD and we would expect the level of proficiency to increase with the achievement of professional competence.

We do not support the application of the minimum proficiency level of 'advanced' for the competence area of financial accounting and reporting. We note that a number of the learning outcomes identified in this competence area constitute critical building blocks of accounting, however we believe that learning outcomes requiring evaluation of appropriateness of accounting policies and the interpretation of specialised reports such as sustainability reports and integrated reports are outside of the standard expectations of those not working in areas where these reports are relevant. We recommend that it is more appropriate to require a minimum proficiency level of 'intermediate', which is also better aligned to the remaining competence areas.

Question 3: Does the Appendix provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 7 of the proposed IES 2 (revised)? If not, what changes do you suggest?

CPA Australia agrees that the content provided in Appendix 1 provides adequate clarification to assist in the interpretation, and construction, of relevant learning outcomes for each level of proficiency.

Question 4: Overall, are the requirements of Paragraphs 7, 8, and 9 of the proposed IES 2 (Revised) appropriate for ensuring that aspiring professional accountants achieve the appropriate level of technical competence by the end of IPD? If not, what changes do you suggest?

CPA Australia believes the requirements of Paragraphs 7, 8, and 9, when read in conjunction with Paragraphs A12, A13, and A14, of the proposed IES 2 (Revised) are appropriate to ensure that aspiring professional accountants achieve the appropriate level of technical competence by the end of IPD.

Paragraph A12 highlights the complex and changing environment in which the accounting profession operates, however we believe that this paragraph should be enhanced to require the member body to ensure a regular program of review is implemented in order to ensure the program of study keeps pace with this changing environment.

Question 5: Do you anticipate any impact or implications for your organisation, or organisations with which you are familiar, in implementing the new requirements included in this proposed IES 2 (Revised)?

CPA Australia does not anticipate any negative impact in implementing the new requirements in the proposed IES 2 (Revised).

Question 6: Is the objective to be achieved by a member body, stated in the proposed revised IES 2, appropriate?

The objective, as stated in Paragraph 6, when read in conjunction with Paragraph A7, is appropriate.

Question 7: 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?

CPA Australia believes that the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently are such that the resulting requirements promote consistency in implementation by member bodies.

Question 8: Are there any terms within the proposed IES 2 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.

CPA Australia does not believe that there are any terms within the proposed IES 2 (Revised) which require further clarification.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Malley', with a stylized flourish at the end.

Alex Malley FCPA
Chief Executive Officer