

Mr. David McPeak
Senior Technical Manager
International Accounting Education Standards Board
277 Wellington Street West, 4th Floor
Toronto, Ontario
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14 March 2016

Dear Mr. McPeak:

Consultation Paper, Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities

Ernst & Young Global Limited welcomes the opportunity to offer its views on Meeting Future Expectations of Professional Competence: A Consultation on the International Accounting Education Standards Board (the Board) Future Strategy and Priorities (FSP), issued by the Board.

We believe that a strong global baseline of accounting education is important given the continued globalization of businesses and increasing mobility of accounting professionals. Therefore, we continue to believe that the International Education Standards (IESs) are critical in today's world. With the completion of the clarification project of the existing IESs, we believe that the Board should take a respite from further standard setting for a period of time to allow for implementation. The Board should then plan to perform a post-implementation review so as to determine what changes, if any, are required. As a result, we believe that further standard setting should not be part of the FSP.

Below are our responses to the specific questions asked in the consultation paper.

Specific questions

Question 1: What enhancements, if any, do you feel should be made to the existing International Education Standards (IESs)?

We believe the Board should allow the clarified IESs to be implemented for a period of time and then do a post-implementation review. We believe the results of a post-implementation review will provide direction for the type of guidance and related material needed by Member Bodies and drive new standards or enhancements, if any, to the existing IESs.

Question 2: How can the requirements of IAESB IES 7, *Continuing Professional Development (2014)* support the learning outcomes approach of the other IESs, including IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*?

Given the fact that the other revised IESs require the achievement of prescribed learning outcomes, we believe that IES 7 should promote the adoption of an output-based approach to measuring CPD as a best practice. However, we believe that an input-based or combination approach to CPD should be allowed in IES 7 because these approaches can still provide support of the achievement of learning outcomes, particularly when there is evidence as to the effectiveness of the learning program attended. As a result, we do not suggest any revisions to IES 7. However, we do suggest the Board address the clarifications to IES 7 through implementation guidance.

We suggest that the IAESB provide examples of how a member body can apply a learning outcomes approach while using an input-based or combination measurement approach to CPD. Examples may include:

- ▶ Individual self-assessments to identify skills needed
- ▶ Development of competency frameworks and mapping the learning objectives of CPD programs to competency frameworks
- ▶ Creating individual learning plan templates which identifies the skills an individual needs to develop through CPD, plans necessary learning programs to achieve them and demonstrates competence has been obtained
- ▶ Using input from program facilitators on how well participants demonstrated performance at the level expected by the end of the program.
- ▶ Measuring the effectiveness of a program by using output-based measures (e.g., post event surveys measuring application and business impact), which gives assurance over the design of the program and then using input-based measures (e.g., attendance of the program) to gain assurance that an individual gained the relevant competencies.

We also believe that the Board should consider addressing assessment during CPD via experiential learning in IES 7 implementation guidance. As a learner progresses through their career, learning becomes increasingly skills focused (as opposed to knowledge focused), and therefore more difficult to assess within a learning program. Assessment of performance on the job therefore becomes more relevant. Additionally, IES 7 paragraph 15 indicates a 20/120 hours requirement; however, IES 7 does not specify if the hours requirement can only be achieved with formal learning. Therefore, we suggest that IES 7 implementation guidance clearly indicate the types of learning that count towards satisfying the 20/120 hours CPD requirement.

We also believe that IES 7 implementation guidance should provide guidance on the types of evidence that could be used for verification purposes in an output-based measurement approach. IES 7, paragraph 7 indicates that “objective assessments measured against a competency map developed either by the employer or by the professional body to reflect the individual’s level of competence” could be an example of evidence that could be used for verification purposes in an output-based approach. However, implementation guidance for IES 7 should provide examples of the types of objective assessments that are referenced in paragraph 7.

Finally, IES 7 paragraph A16 indicates that “input-based systems traditionally have been used to measure development and maintenance of competence because of the ease of measurement and verification. Input-based approaches have limitations; for example, they do not always measure the learning outcomes or competence developed. IFAC member bodies may partially overcome these limitations by communicating the underlying objectives of continuing improvement of professional competence and a commitment to lifelong learning.” If an input-based approach is retained in IES 7, we suggest that the Board consider if validity of input-based systems can be improved through improved learning design, such as facilitators assessing whether learning was satisfactorily demonstrated within the program.

Question 3: What action, if any should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?

Given the fact that professional skepticism is a priority topic in the International Auditing and Assurance Standards Board (IAASB) Invitation to Comment (ITC), we believe that the IAESB should consider the input received from stakeholders as part of the ITC before determining the next steps on how to address professional skepticism and professional judgment in the IESs.

Question 4: What new IESs, if any do you suggest be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants?

We do not believe any new IESs should be issued at this time.

Question 5: What other activities, if any, do you suggest the IAESB prioritize for the period 2017 - 2021 (for example, implementation support; guidance; communications; thought leadership publications)?

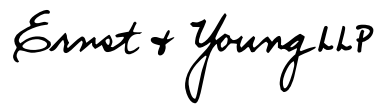
There are several areas where we believe the Board could issue implementation guidance or thought leadership publications. These are as follows:

- ▶ We believe the Board may consider developing implementation guidance on how the use of specialists relates to the IESs. For example, certain IT competencies may not be required of all professional accountants because they are performed by IT specialists. However, there is still a need to integrate those specialists into a team, and be able to liaise effectively with them.
- ▶ We believe the Board may consider developing thought leadership on learning curriculum architecture. The Board could address how to combine classroom learning, just-in-time (JIT) learning, knowledge and performance support (e.g., enablers) to support professional accountants in an increasingly complex world. The need for a mix of delivery methods is important given the complexity of the accounting environment and the increasing demands placed on professional accountants. We believe that this thought leadership should address the importance of providing a mix of learning to cater to learners having different backgrounds and needs (e.g., one learner may need a quick refresher because it is a subject they have regularly encountered, while another may need a deep dive because it's the first time they've encountered the subject). We also believe the thought leadership could also address the benefits of the different learning methods (e.g., JIT learning provides a learning solution when it is actually needed, rather than potentially some time before it is needed, causing the knowledge to be forgotten before it is used). Additionally, we believe the thought leadership could address the role and importance of performance support in the education of professional accountants (e.g., Performance support materials remove the cognitive load requirement from the learner and places it in a takeaway that can be used by the learner when needed. The learner then does not have to remember all the details for performing a complex task, but they have the tools that will enable them to complete the task when necessary).
- ▶ We believe the Board may consider developing thought leadership on how program effectiveness and assessment of individuals can be combined to support the objectives of the IESs. For example, if you have an output-based assessment of a program (such as a Kirkpatrick Level 3 or 4 evaluation), you may be able to follow an input-based approach for measurement of individuals. In other words, if you have assessed a program as being effective it may be sufficient to have an input-based measure of attendance to assess an individual.
- ▶ We believe the Board may consider developing thought leadership on what elements (e.g., reflection, critical analysis, assessment criteria, etc.) are necessary for experiential learning and how to support and manage experiential learning. For example, allocation of people to engagements or activities that will allow them to apply what they have learned in a recent program, or best practices for engaging with managers to discuss their role and coaching support on an engagement.

- ▶ We believe the Board may consider developing thought leadership on the assessment of the achievement of learning outcomes through practical experience. The balance between formal learning and practical experience for CPD means it is impossible to assess competencies through learning based assessments alone.

We would be pleased to discuss our comments with members of the International Accounting Education Standards Board or its staff. If you wish to do so, please contact Karen Golz (+ 212 773 8001).

Yours sincerely,



Ernst & Young Global Limited