

1 November 2012

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

Dear Mr. McPeak:

Proposed Revised International Education Standard 3 – Initial Professional Development – Professional Skills (Revised)

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 3 (the Standard), issued by the International Accounting Education Standards Board (the Board).

Overall Comments

We support the efforts of the Board to set Initial Professional Development (IPD) requirements for IFAC member bodies to impose on their members before they qualify as professional accountants. In addition, we support the focus on learning outcomes instead of subject areas.

We are in general agreement with the proposed Standard. However, our preference is to create one IPD standard to more broadly address the whole spectrum of technical and non-technical skills that are required of aspiring professional accountants. We find it artificial to separate IPD into three standards as it results in duplicative paragraphs across IES 2, 3, and 4 and is confusing to the user to have IPD requirements in three standards. Therefore, we believe the content that is contained in IES 2, 3, and 4 should be combined into one IPD standard.

We also believe the objective of the standard should be revised. See Question 3 below for additional details.

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: Do you support the definition of professional skills?

Yes. We support the definition of professional skills.

Question 2: Do you support the removal of general education from this IES?

Yes. We support the removal of general education from this standard. However, we believe the Board should make sure that general education is appropriately referenced in the IAESB Framework document.

Question 3: Is the objective to be achieved by an IFAC member body, stated in the proposed IES (Revised), appropriate?

No. We believe the objective of the standard should be revised. We question if the IFAC member body is providing aspiring professional accountants with the professional skills or if they are responsible for incorporating the essential elements of the learning outcomes into education and professional development programs for the accountancy profession. In our view, the IFAC member body is providing the opportunity or the environment to develop professional skills and to assess that the level achieved matches the requirements of the revised IES 3, but does not provide the professional skills per se. We suggest the objective paragraph be revised as follows: The objective of an IFAC member body is to incorporate the essential elements of professional skills into IPD to ensure members have the opportunity to obtain the professional competencies required to perform a role of a professional accountant.

Question 4: Do you agree with the adoption of a learning outcomes approach?

Yes. We support the adoption of a learning outcomes approach rather than prescribing a list of skills.

Question 5: Table A of the proposed IES 3 (Revised) provides learning outcomes for various competence areas of professional skills, are there any additional learning outcomes that you would expect from an aspiring professional accountant?

No. There are no additional learning outcomes related to professional skills that we would expect from an aspiring professional accountant. However, we suggest that (b) (ii) be split into two learning outcomes since it includes setting high personal standards of delivery and monitoring personal performance.

Question 6: For Table A of the proposed IES 3 (Revised) are there any learning outcomes that you do not think are appropriate?

No. We believe all learning outcomes in Table A of the proposed IES 3 are appropriate.

Question 7: Are the minimum levels of proficiency included in the proposed IES 3 (Revised) appropriate for each professional skills competence area?

Yes, we agree with the minimum levels of proficiency identified for each professional skills competence areas. However, the use of the verb “evaluate” in (b) (iii) indicates that the minimum level of proficiency should be advanced for the competence area Personal. We suggest changing evaluate in (b) (iii) to consider, as we do not believe the minimum level of proficiency for the competence area personal should be advanced.

Question 8: Overall, are the requirements clear and appropriate? If not what changes would you like to see?

Yes, the requirements are clear and appropriate for ensuring that aspiring professional accountants achieve the appropriate level of professional skills as part of IPD.

Question 9: Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the new requirements included in this proposed revised IES 3 (Revised)?

No. We are not a member body so the requirements in this IES are not directly applicable to our Firm. However, the requirements, as drafted, will be useful to provide input as we are designing, delivering, and assessing education for professional accountants within our Firm, although we do not expect major changes to the content of such education programs. We do not anticipate any implications to organizations with which we are familiar in implementing the

new requirements included in proposed IES 3. We believe the effective date should coincide with the effective date of IES 2, IES 4, and IES 8.

Question 10: Are there any additional explanatory paragraphs need to better explain the requirements of the proposed IES 3 (Revised)?

No, we do not believe any additional explanatory paragraphs are needed.

Question 11: 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 IPD requirements related to professional skills for aspiring professional accountants and have been applied appropriately and consistently.

Question 12: Are there any terms within the proposed IES 3 (Revised) 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 A4: The content of this paragraph does not provide much explanation in enumerating a selection of competence areas for each of the proposed revised IESs 2, 3 and 4. In addition, inclusion of this paragraph provides additional support for the need to consolidate the content from the three IPD IESs into one IES. This also suggests that a definition of the three components of professional competence (professional knowledge, professional skills and professional values, ethics and attitudes) should be provided. We would suggest to delete this enumeration and refer to Table A to avoid giving the impression that some competence areas are more important than others.
- Paragraph A7: We would change ...that provide the base to...to...that provide the foundation to...
- Paragraph A14: This paragraph provides challenges to achieving high levels of sufficiency, reliability, and equity when assessing professional skills. However, it does not specify what the challenges would be for validity and transparency, which are the other principles that apply to the design of assessment activities as specified in IES 6, Initial Professional Development – Assessment of Professional Competence. We suggest adding challenges to Paragraph A14 for validity and transparency when assessing professional skills.
- Paragraph A15: We would change IFAC professional accountancy bodies may address... to IFAC member bodies may address...
- Appendix 1 of the proposed IES 3 provides clarification to assist in the interpretation of the learning outcomes listed in paragraph 7. However, we believe the sentence describing that the learning outcomes relate to work situations that are characterized by... in the description section for each level of proficiency should be removed. We believe inclusion of this sentence creates confusion. In addition, the Advanced and Mastery level both indicate that learning outcomes at these levels relate to situations that are characterized by high levels of ambiguity, complexity, and uncertainty. The learning outcomes at the Advanced and Mastery levels are expected to be different and

therefore having the same statement for both levels of proficiency is confusing. In addition, Appendix 1 references paragraph 8. This should be paragraph 7.

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) or Dan Montgomery (+1 216 583 2949).

Yours sincerely,

Ernst & Young Global Limited