



1 November 2012

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International Federation of Accountants
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CANADA

Dear David

Proposed Revised IES 2, Initial Professional Development – Technical Competence (Revised)

Thank you for the opportunity to comment on the proposed revisions to IES 2. .

ICAEW acknowledges that technical professional competence is inseparable from professional identity. We welcome the move to defining learning outcomes in this area but note that there are some conceptual and drafting challenges with doing this.

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 technical competence? If not, what do you suggest?

No, as we think that business strategy and allied advice could be emphasised as an additional area.

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?

Yes for Financial Accounting and Reporting, Management Accounting, Finance and Financial Management, Taxation, Government Risk Management and Control, Business Laws and Regulations, Business and Organisational Environment, Economics, and Business Management.

For Audit and Assurance, we recommend that the level of proficiency be increased to 'Advanced' due to the centrality of this area to an aspiring professional accountant.

For Information Technology (IT), we recommend that the required level of proficiency should be amended to 'Foundation'. While competent IT skills are essential for professional accountants, the reality is that specialist IT advice is provided by IT experts not professional accountants. This logic appears to have influenced the (correct) positioning of Business Laws and Regulation at Foundation level and the suggestion of IT being assigned a Foundation level of proficiency would ensure consistency.

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?

Yes, however we think a few further improvements could be made. First, as we highlighted in our recent response on revising IES 4, the Appendix is helpful in identifying the level of proficiency but some of the terms used are rather imprecise and subjective. It is too open to personal interpretation what is meant by phrases such as 'low', 'moderate' and 'high levels of ambiguity, complexity, and uncertainty' or 'complex problems with limited supervision'. Second, the criterion of 'mastery' is problematic. It does not seem realistic for an aspiring professional accountant to be expected to achieve mastery and therefore its inclusion has the unfortunate effect of de-valuing the preceding three stages of Foundation, Intermediate and Advanced, all of which can be attained when training.

Question 4. Overall, are the Requirements 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?

We would suggest the inclusion of international accounts and transactions in Financial Accounting and Reporting to ensure accountants are proficient in international matters.

For Taxation, we support the inclusion of international transactions in the learning outcomes but question the use of 'non-complex' and suggest that it is removed.

We would also suggest that there should be a greater focus on business strategy and advising organisations on these matters.

Question 5. 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 IES 2 (Revised)?

No, if the amendments we are suggesting are adopted.

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

Yes.

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?

Yes

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.

We would suggest recommending a minimum cycle for the review and updating of professional accounting educational programmes. The requirement to 'regularly review and update professional accounting education programs that are designed to achieve the learning outcomes' is in our view too susceptible to a wide range of interpretation. Such an amendment would support the statements in paragraphs 8 and A12, specifically in relation to Financial reporting, Audit and assurance and Tax.

Comments on other matters:

We would suggest that the 'Effective Date' section recommends that implementation of the revised standard be at the next syllabus review rather than July 2015. In our experience, there is a long lead-time between setting a syllabus, developing learning materials and delivering assessments and July 2015 might prove an unrealistic deadline to meet for many member bodies.

There is a typo in A7 that you may wish to amend: insert the word 'to' between 'accountants' and 'achieve' on line 1.

We hope that the above points are helpful. Please contact Jonathan Jones, Head of Policy & Strategy on +44 (0)1908 248292 or jonathan.jones@icaew.com if you would like any further clarification or information about our views at this stage.

Yours sincerely



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