

# SUBMISSION

to the INTERNATIONAL ACCOUNTING EDUCATION STANDARDS  
BOARD

## Exposure Draft IES 2: Initial Professional Development – Technical Competence

Prepared by the New Zealand Institute of Chartered Accountants

November 2012

1 November 2012

Technical Manager  
International Accounting Education Standards Board  
International Federation of Accountants  
277 Wellington Street West, 4<sup>th</sup> Floor  
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CANADA

Dear David

**Proposed Revision of International Education Standard (IES) 2: Initial Professional Development – Technical Competence**

The New Zealand Institute of Chartered Accountants (NZICA) thanks you for the opportunity to comment on the Exposure Draft of the proposed revised IES 2: Initial Professional Development – Technical Competence.

Our responses to the Request for Specific Comments are set out below.

**Request for Specific Comments**

1. *Do the 11 competence areas listed in Paragraph 7 of the proposed IES2 (Revised) capture the breadth of areas over which aspiring professional accountants need to acquire technical competence? If not, what do you suggest?*

We agree with the 11 competence areas listed in Paragraph 7 of the proposed IES2 (Revised), that is:

- 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 organizational environment
- Economics
- Business management.

We would also strongly advocate for the inclusion of learning outcomes for the area of “quantitative methods”. Competence in quantitative methods provides an essential base for the application of the more specialized accounting topic areas. We note this was previously included in IES 2, but has been removed from the proposed standard, however we cannot find any rationale for this change.

2. *Do the learning outcomes listed in Paragraph 7 of the proposed IES2 (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?*

We would recommend the Board consider elevating the minimum level of proficiency for the Management Accounting area to “advanced”. Aside from this area, we consider the learning outcomes adequately capture the minimum levels of proficiency to be achieved by an aspiring professional accountant by the end of IPD.

We note the IAESB’s preference to indicate the level of proficiency against the competence area as a whole. We consider that it would be appropriate to identify the level of proficiency required for each learning outcome, as we believe there are some learning outcomes where the level of proficiency may differ.

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 IES2 (Revised)? If not, what changes do you suggest?*

We consider the Appendix provides adequate clarification to assist in the interpretation of the learning outcomes that area listed in Paragraph 7 of the proposed IES2 (Revised).

We note the IAESB’s efforts to provide further illustrative guidance to assist member bodies interpret and apply the learning outcomes with the inclusion of “indicative verbs”. We consider it would be beneficial to provide further definition of these verbs as these can still be left open to interpretation. For example, under the description of the advanced level of proficiency, the verb “appraise” is listed. Does the IAESB consider “appraise” to be the same as ‘critically analyse” which is a term used often if professional accounting education programmes.

4. *Overall, are the Requirements paragraphs 7, 8 and 9 of the proposed IES2 (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?*

Subject to our comments noted above, we consider the requirements as outlined in paragraphs 7, 8 and 9 are appropriate.

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 IES2 (Revised)?*

None envisaged.

6. *Is the objective to be achieved by a member body, stated in the proposed revised IES2 appropriate?*

We consider the objective is appropriate.

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?*

In our opinion, we consider this has been applied appropriately and consistently.

8. *Are there any terms within the proposed IES2 (Revised) which require further clarification? If so, please explain the nature of the deficiencies?*

As noted in our comments in response to question 3 above, we suggest the Board provides definitions of the indicative verbs.

Other comments

We note the change of title of the proposed standard to “Technical Competence”. While we agree with the IAESB’s philosophy behind the change of title and use of an outcomes based approach, we wonder if the proposed title is accurate – technically technical competence encompasses the application of professional knowledge, skills and professional values, ethics and attitudes which can also be determined through practical experience. As we interpret this proposed standard, it is intended to address the professional knowledge to be gained by the time a candidate is ready to become a professional accountant, and therefore we see this working hand in hand with IES 5.

This proposed standard sets the minimum requirements for professional accountants. NZICA interprets this as being applicable for our Chartered Accountant (CA) and Associate Chartered Accountant (ACA) members. Based on the proficiency levels identified in this standard we cannot apply this to our Accounting Technician (AT) members. The Board appears to have missed the opportunity to have addressed setting standards for this group of accounting professionals, which forms a large proportion of the profession throughout the world, including in developing and emerging economies.

The effective date for this standard should be no less than 18 months following the approval of the final version of this standard to enable member bodies and other interested parties time to consider and start to implement any changes necessary.

NZICA supports the aims of the redrafting project and in particular the approach for all IESs to be consistently drafted, and subject to a single statement of their authority and effect.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Bennett', with a stylized, flowing script.

Bruce Bennett  
General Manager – Education – CAANZ CA Program