



Private & Confidential

Technical Manager  
International Accounting Education Standards Board  
International Federation of Accountants  
277 Wellington Street West, 4th Floor  
Toronto Ontario Canada M5V 3H2

31 October 2012

Dear Sir/Madam

**IFAC International Accounting Education Standards Board (IAESB) – Proposed International Education Standard (IES) 2, Technical Competence (revised)**

We appreciate the opportunity to respond to the IAESB's Exposure Draft on the proposed changes to IES 2: Technical Competence. This response is made on behalf of PwC. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We recognise that IES 2 is intended to serve the public interest in establishing standards to better ensure the competence of professional accountants. We welcome the redrafting of this standard as part of the IAESB project to revise and redraft the International Education Standards, building on the concepts and principles of the *Framework for International Education Standards for Professional Accountants (the Framework)* and the *IAESB Drafting Conventions (the Drafting Conventions)*. We support the aim to ensure consistent application by reducing ambiguity about the requirements imposed on an IFAC member body. We also recognise that in redrafting the standards the IAESB intends to clarify issues arising from changes in the environment of accounting education and the experience gained from implementation of the IESs by IFAC member bodies.

We believe that the redrafted IES2 appropriately focuses on the responsibilities of IFAC member bodies and that the requirements in the Exposure Draft will promote consistency in implementation by IFAC member bodies subject to our comments below.

Our response below covers answers both the questions raised in the Request for Comments section of the Exposure Draft and a few other general comments to consider in finalising the standard. All paragraph references (Para XX) are to the IES 2 Exposure Draft unless otherwise indicated.

**Our response to the questions posed in the Request for Specific Comments section of the Exposure Draft**

*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?*

We believe that the 11 competence areas: financial accounting and reporting; management accounting; finance and financial management; taxation; audit and assurance; governance; risk management and

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internal control; business laws and regulations; information technology; business and organisational environment; economics; and business management cover the breadth of areas over which we would expect aspiring professional accountants to need to acquire technical competence.

Previously IES2 also included professional values and ethics. This is not included within the competence areas listed in Paragraph 7 in IES2 (Revised). We assume that this is due to it now being covered solely within the scope of IES4 (Revised).

*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?*

The minimum level of proficiency for each of the competency areas ranges from Foundation to Advanced. We would not expect that aspiring professional accountants would be able to reach the Advanced level by the end of their Initial Professional Development. We do agree that for some competency areas we would expect them to reach an Intermediate proficiency level and for others the Foundation level.

For 'financial accounting and reporting' the proposed learning outcomes do not seem to meet the Advanced level of proficiency. The learning outcomes as they are written appear to take the aspiring professional accountant to an Intermediate level of proficiency not Advanced. We believe the learning outcomes are appropriate for an aspiring professional accountant and welcome the inclusion of (vi) interpreting specialized reports including sustainability reports and integrated reports; however we believe this would take them to an Intermediate level of proficiency.

From the perspective of a large firm of auditors, we would hope to see more in depth learning outcomes for the Audit and assurance competence area. The existing learning outcomes are very narrow in scope. However we recognise that the International Education Standards are drafted for the wider profession and defer to other IFAC member bodies on this area.

We agree that the learning outcomes adequately capture the minimum level of proficiency to be achieved for the other competency areas.

*Questions 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?*

Appendix 1 clearly sets out the classification of the proficiency levels included within various education standards. The description of the type of work situations to which the levels apply and the indicative verbs are helpful in providing clarification for those developing learning outcomes.

We do not propose any changes to this Appendix.

*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 agree that the requirements which include the learning outcomes to be demonstrated, the regular review of the education programmes and the requirement to assess the achievement of technical



competence are appropriate for ensuring that a professional accountant achieves an appropriate level of technical competence by the end of IPD.

We welcome the new requirement for IFAC member bodies to regularly review and update the professional accounting education programmes. We agree that this is important and that this will ensure that IFAC member bodies keep the education programmes up to date with the current environment and needs of a professional accountant. It would be beneficial if the Explanatory Materials could provide guidance on how regularly IFAC member bodies would be expected to review and update their programmes.

We agree with the new requirement included for IFAC members to prescribe appropriate assessment activities to assess the development of technical competence.

*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)?*

While there is no direct impact to our organisation, the requirements included in IES2 (Revised) may take some time for IFAC member bodies to implement. For example, it may take some time for them to review their education programmes compared to the learning outcomes specified in Paragraph 7 and determine how to address these with aspiring professional accountants at different stages of their Initial Professional Development.

As stated above, the new requirement to regularly review and update their professional education programmes may be challenging for IFAC member bodies to implement depending on the definition of “regularly”.

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

We agree with the stated Objective of the standard.

*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?*

We believe that the requirements in the IES 2 Exposure Draft do meet the three criteria specified by the IAESB for a requirement to be specified in a standard. That is, that

- The requirement is necessary to achieve the objective stated in the Standard;
- The requirement is expected to be applicable in virtually all situations to which the Standard is relevant; and
- The objective stated in the Standard is unlikely to have been met by the requirements of other Standards.



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

It would be beneficial for the term in Paragraph 7 - “regularly review” to be clarified and some additional explanatory guidance provided on the IAESB’s expectations about the minimum requirements of how often this should occur.

### *Other areas for comment*

#### *Translations*

We have no comment on potential translation issues.

#### *Developing nations*

We believe that the requirements of this standard are appropriate for developing nations and have no comment regarding implementation difficulties.

#### *Effective date*

There are a number of changes that the revision of IES 2 that may require member bodies to change their syllabus of studies and their assessment requirements. The proposed implementation period of approximately 21 months may be appropriate but any changes would need to be properly communicated to various stakeholders in advance of implementation. We defer to the responses of IFAC member bodies on this point.

We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Christine Adshead, Global Assurance Learning and Education Partner on (44(0) 161 245 2529).

Yours sincerely

Christine Adshead