I. General Statements of Support of Note

ACCA
ACCA is pleased to have the opportunity to respond on this revised International Education Standard. We are pleased to see that the structure and content of the new standard conforms to the framework which makes it much clearer and therefore easier to understand and implement. We also support the standard applying to a member body rather than individual members or firms.

BDO
We support the IAESB’s project to redraft and revise where appropriate all of the IES's in accordance with the clarity drafting conventions as set out in the Framework for International Education Standards for Professional Accountants.

CAI
In overall terms we commend the IAESB for the proposed revision which we believe reflects the aims of the new Framework and the desire to apply the envisaged “clarity” approach.

CGA-Canada
We appreciate the objective of the standard is to prepare aspiring professional accountants with the values essential to the profession. The objective is well intentioned, and supported by CGA-Canada.

CICPA
Basically, CICPA support and agree with the revision and redraft of all the IESs, and it's also in the interests of member bodies and other interested stakeholders of IFAC. We believe the new IES4 is helpful to improve clarity of itself, ensure consistency with concepts of the revised Framework document, solve the problems resulting from changes in the environment of accounting education, and promote consistency in implementation by member bodies.

CIMA
We welcome the IAESB’s work on reviewing all of the IESs and the objective of the review:

- To prescribe the professional values, ethics and attitudes that must be acquired by aspiring professional accountants through learning and development during their education and thereafter, as part of their mandatory continuous professional development (CPD); and

- To ensure that aspiring professional and professional accountants maintain and develop appropriate levels of professional ethical competence throughout their specific and wider general work roles and behaviours.
CPA Australia commends the IAESB on the new drafting conventions believing that they enhance the clarity and intelligibility of standards. This is particularly important for cross-cultural communications.

DTT We fully support the objectives of the IAESB’s project to improve the clarity of its Standards, of which this Exposure Draft is a part, and we commend the IAESB in the work they have done on IES4 to date.

EY We support the efforts of the Board to set requirements for IFAC member bodies to impose on their members before they qualify as professional accountants.

FEE FEE supports the IAESB’s project to improve the clarity of its standards including the proposed IAESB revision of IES 4 issued in March 2011. The revision is the opportunity to introduce improvements, in particular we commend IAESB for having emphasized the importance of the problem solving approach to ethical dilemma as highlighted in different parts of the standard.

HKICPA In general, we support the proposed revisions of the IES 4, which aim to promote a formal program assessment and a learning outcome: approach, and to introduce a requirement on reflective activity where professional accountants and students undertake the practice of documenting experiences relating to lessons learned from ethical situations.

ICPAS We note that the proposed amendments to IES 4 were made in accordance with the new clarity drafting conventions. We strongly support this initiative to enhance the understanding of educational standards and making them more user-friendly. The approach taken by the IAESB to redraft all its IES in accordance with the new clarity drafting conventions is methodical and focused, and together with its continuous efforts to make implementation of standards more practical, these efforts should be applauded.

IDW We support commencement of the clarity project for the International Education Standards (IESs) of the IAESB because it is important that the member bodies of IFAC have clarity as to what the purposes of the standards are through the expression of the objectives, what the requirements are with which member bodies must comply, and what represents additional guidance in the explanatory material beyond the specified requirements.

KPMG We support the Exposure Draft and its aim to enhance professional values, ethics and attitudes that will assist improving the quality of the accounting profession.
NZICA
The Institute supports the aims and objectives of the International Accounting Education Standards Board (IAESB) in producing this ED and considers the objective of the standard as set out in paragraph 6 as appropriate.

POB
The POB welcomes the IAESB’s project to clarify the International Education Standards (IESs) and the opportunity to comment on the exposure draft of IES4. Overall we found the proposed revisions to result in a modestly improved standard but believe more needs to be done in this important area before IES4 is satisfactory and meets the public interest test. We have the following specific observations:

PWC
We recognize that IES 4 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 IESs 1 – 8, 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) and aiming to ensure consistent application by reducing ambiguity about the requirements imposed on an IFAC member body. We also recognize 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 IES4 appropriately focuses on the responsibilities of IFAC member bodies, that the requirements in the Exposure Draft will promote consistency in implementation by IFAC member bodies and, subject to our comments about the new requirements below, that the requirements of this standard serve the public interest. We commend the IAESB in that redrafted IES 4 is shorter than the extant standard while preserving the spirit of the current requirements.

SAICA
Our overall view of the document is extremely positive.

II. General Statements of Concern and Related Matters for Consideration

Respondent’s Comment

Staff Comment
ACCA

Name of the Standard
To bring the revised standard further in line with the IESBA code it is suggested that the title is changed from Professional Values, Ethics, and Attitudes to Professional Ethics. Values and attitudes are undefined terms and those aspects which are relevant to professional accountants are addressed within the IESBA code.

Scope of the Standard
Paragraph 1
Reference is made to IPD only whilst in paragraph 3 its relevance to CPD is highlighted. Paragraph 6 refers to application of Professional Values, Ethics and Attitudes throughout the professional accountant's career. Also, the 5 fundamental principles foster commitment to lifelong learning and CPD. This could be seen as inconsistent as it is unclear whether the standard applies to IPD and CPD or only IPD. Should there be more clarity around the scope of this standard?

Paragraph 10
Should the 2nd bullet point also explain the advantages and drawbacks of principle-based approaches?

In the 7th bullet point, rather than "compare the consequences of unethical behavior", it might be better to use a different verb such as 'recognize'.

Paragraph A4
The words 'at first' do not need to be included here. This means that there is an educational rationale behind having ethics as a separate subject early on in IPD (or CPD). It could be argued that it may not be appropriate to assess ethics until later in the aspiring accountant's learning and development, whether that is integrated into other subjects or assessed in isolation. This will also depend on whether this paragraph refers to IPD or CPD; where CPD assumes prior knowledge and expertise. Could this just say: '... may be treated as a separate subject...?'
Paragraph A7
Specifying 'capital' market is an excellent refinement and a very important point to get across in terms of the wider role of a professional accountant.

Learning Outcome approach
ACCA fully supports IAESB’s move towards principle-based standards and a learning outcome approach. As a professional accountancy body such an approach is more appropriate and useful than an input based model.

Álvaro Fonseca Vivas
My comment is short so you do not need a letter, only require the quality of information and not just financially but in ethics, which are related to social, environmental, cultural, political and the environment including the Forensic Audit in them.

CGA-Canada
CGA-Canada has concerns with two aspects of the standard. We foresee problems in implementing certain types of reflective activities, which are not addressed in the Exposure Draft. The Association is also concerned with the extension of the standard into the area of Continuing Professional Development.

CICA
Our comments are based on consultation with a number of our members who have responsibility for pre- and post-qualification professional learning and development, both at the CICA and the Provincial Institutes of Chartered Accountants/Ordre des Comptables Agrées du Québec.

Overall, we agree with the following significant issues raised in the Explanatory Memorandum:
1. That the revised IES 4 should provide a learning outcome approach that specifies the appropriate depth of education in professional values, ethics and attitudes needed to become a professional accountant;
2. That reflective activity is an important element of learning and development (as specifically identified in the recently published Framework for International Education Standards For Professional Accountants); and
3. That assessment of competence is an important element of learning and development.

However, we make the following observations:
a) In establishing the “appropriate depth of education in professional values, ethics and attitudes” for the revised IES 4, the IAESB should ensure that the structure, approach and terminology that is used, is consistent with that adopted for the revised IES 2. We would recommend that the revised IES 4 (in particular, Paragraph 10) not be finalized until IES 2 is revised and redrafted and the approach in IES 4 is reviewed for consistency.

b) As important an element as “reflective activity” is in learning and development, we disagree with the IAESB decision to set it out as a formal requirement. Establishing a “bright line” in this manner – selecting one approach to learning and development from a number of equally reliable and valid approaches - is inconsistent with the IAESB’s philosophy noted in the Explanatory Memorandum, “It is the intention of the IAESB to move towards more principle-based standards.” In addition, it may raise significant implementation issues for Member Bodies.

c) Although we agree with the IAESB decision to emphasize assessment of competence in each of the revised IESs in addition to a general standard on assessment, IES 6 Assessment of Professional Capabilities and Competence, we see no added value in what has been included in Paragraph 12 (and Explanatory Materials, paragraph A19) for the assessment of professional values, ethics and attitudes to what might appear in the revised IES 6. If reference to assessment is to be included in each of the revised IESs, we would expect it to add more than what is addressed in IES 6.

d) The Scope of the revised IES 4 suggests that “aspects of this IES are also relevant to CPD.” And yet the Objective section does not include a specific objective re: CPD. It appears, but it is not clear, that only Paragraph 12 applies to professional accountants.

We would encourage the IAESB to be clear on the objectives and requirements of Member Bodies for their members and for their aspiring professional accountants. IPD and CPD sub-headings within the Requirements section should be considered.

We also do not think that statements such as “aspects of this IES are also relevant to CPD” are particularly helpful in understanding Member Body expectations and responsibilities.
As to the requirement for reflective activity in relation to ethics education, we believe it’s important to solve the problem from adoption and implementation of the new IES4. We hope IFAC could create more opportunities for its members to discuss the implementation and assessment of reflective activity and provide related guidance and instruction.

The Chartered Institute of Public Finance and Accountancy (CIPFA) welcomes the redrafting of International Education Standard 4, Professional Values, Ethics and Attitudes.

It is noted that there have been few, if any, substantive changes in this redrafting, and that the main objective has been to improve clarity.

CPA Australia endorses this approach. It is consistent with modern pedagogies in business and management education, and the contemporary approaches by governmental and global accreditation agencies for assuring quality learning outcomes. Prescriptive inputs typically are confined to matters of content and assessment (all of which are important), but of themselves do not assure an array of quality learning outcomes that go beyond the mastery of prescribed subject matters – such as the capacity and desire for continuous learning, and the practiced development of broad scope 'generic' skills.

Reflective Activity
CPA Australia appreciates the explanation of ‘reflective activity’ (paragraphs 11 and A16-A18), and endorses the approach taken in the Exposure Draft. We raise a concern in relation to the documentation of ethical dilemmas encountered by professional accountants; namely, the need for prudence in relation to matters of privacy and potential exposure to legal action should individual persons or organizations be identified in the record. Additionally, reflective activity may be difficult to assess. If reflective activity is going to be a requirement that does not contribute to assessment it may not be adequately fulfilled while assessing reflection may give rise to a number of difficulties.

Assessment of a Program Containing Ethics, Value and Attitudes
CPA Australia supports the requirement of a formal assessment of learning.

DTT

We noted in our comments letter on the Exposure Draft to IES 7 that we had some concerns about the quality and consistency of that Exposure Draft. We are therefore pleased to see that the IAESB has been able to learn from the process of that first exposure, and that this is reflected in an improvement in the overall quality of the drafting of the IES 4 Exposure Draft when compared with the IES 7 ED. We have, however, identified a number of places where we believe clarity could be improved, and have noted these in the section Specific drafting points below. We also encourage the Board to continue to reflect on what can be learned as the project to improve the clarity of the education standards proceeds, and to consider how the Framework and the Drafting Conventions may need to evolve as that process continues.

In our comment letter to IES 7 we expressed concern about the use of the phrase ‘prescribes good practice’ in the first paragraph of the Scope section in positioning the requirements of the IES for IFAC member bodies. We are, therefore, pleased to see improved, stronger language in the corresponding first paragraph of IES 4, no mention of ‘good practice’ and encourage the Board to continue to adopt this approach for the revisions of other standards.

The Explanatory Memorandum to the IES 4 Exposure Draft includes a section which describes the ‘Learning Outcome Approach’ that has been applied in the proposed IES 4, and the intention to apply this approach also to IES 2: Content of a Professional Accounting Education Program. We are supportive of this approach in principle and of how it has been applied in the proposed IES 4. We look forward to seeing how this is consistently applied in IES 2, as this standard covers a much greater range of topics than the specific focus of IES 4. We are also interested to see whether this same approach is taken to IES 3: Professional Skills and General Education. We believe that these three standards (IESs 2, 3 and 4), together form the basis for accounting education programs, and it will be important to look across all three standards together in order to comment effectively on the new ‘Learning Outcome Approach’. We therefore strongly recommend to the Board that they consider re-exposing IES 4, alongside IES 2 and IES 3 when those standards are released for exposure.

We note also that the ‘Learning Outcome Approach’ is not explained or defined, either in the proposed IES 4
itself, or by way of any addition to the IAESB Glossary, nor is it a concept that is discussed in the IAESB Framework. We recommend that the IAESB consider what explanatory material is required on this important concept and where it should be located (IAESB Framework, Glossary, or in the Standard itself). Such material should explain the ‘Learning Outcome Approach’ and clarify how it relates to the development and demonstration of competence which is discussed in some detail in the Framework.

The proposed IES 4 addresses ‘professional values, ethics and attitudes’, and is consistent in using this terminology with the extant standard. In addition ‘professional values, ethics and attitudes’ appear in the IAESB Glossary as a composite term with a single definition. Whilst we recognize this consistency of approach and that there is a close relationship between values, attitudes and ethics, we do have concerns, as we believe it results in a lack of clarity about the meaning of the term ‘ethics’. For example Paragraph 1 of the standard states that IES 4 ‘prescribes the professional values, ethics and attitudes to be acquired by professional accountants’ – we do not believe that ethics are acquired, rather that individuals develop the capability to apply ethical principles or standards and draw on their professional values and attitudes in doing so. The end result is that a professional accountant exhibits ethical behavior – not that they have ‘acquired ethics’. Therefore, we recommend that the Board reconsiders the way references to ethics are made throughout the standard, and suggest replacing the blanket term ‘professional values, ethics and attitudes’ with language such as ‘professional values and attitudes, which enable professional accountants to apply ethical principles and standards appropriately’ or ‘professional values, ethical principles and attitudes’. Such a change would need to be reflected throughout the Standard and the Explanatory Material. We also recommend separate definitions of the concepts currently captured in the composite definition of ‘professional values, ethics and attitudes’, and note that the ethical principles set out in the IESBA Code of Ethics would be an obvious source to draw on for the definition of terms related to ethics.

EY

We are in general agreement with the Standard. However, our preference would have been for the Standard to not only deal with the ethics skills required of professional accountants, but to more broadly address the whole spectrum of non technical skills. We find it somewhat artificial to separate skills such as communication, analytical skills and empathy from Values, Ethics and Attitudes because the effective application of Values, Ethics and Attitudes requires some of these other skills. In addition, considering the whole spectrum of non technical skills would clearly assist in articulating the three dimensions of competence: Knowledge (primarily
addressed in IES 2), Skills (primarily addressed in IES 3) and Attitudes (which could have been comprehensively addressed in this Standard).

We also question why the section of the IESBA Code of Ethics dealing with accountants in public practice is not referred to in the Standard, given that it includes several important topics, such as conflicts of interest and independence. We understand, however, that this may be more appropriately dealt with in other IESs directly related to accountants in public practice, such as IES 8. We therefore encourage the Board to consider such concepts in due course.

FEE  
FEE is supportive of the adoption of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants for use in the European Union. We therefore agree with the integration of the IESBA Code of Ethics in professional accounting education as proposed in paragraph 4 of Proposed IES 4. We are especially in favor of the five fundamental principles as included in the IESBA Code of Ethics. In respect of education, learning and developing activities of professional accountants, further guidance in relation to the fundamental principles as included in the IESBA Code of Ethics is critical. Therefore, FEE has developed two papers in relation to integrity, probably the most important of the five fundamental principles: “Integrity in Professional Ethics – A Discussion Paper”1, September 2009, and “Analysis of Responses to FEE Discussion Paper on Integrity in Professional Ethics – A comment Paper”2, March 2011.

ICAA  
We note the intention of the IAESB to move towards more principle-based standards, and endorse the redrafted coverage of topics in IES 4 into an approach based on learning outcomes. We also support the inclusion of ‘reflective activity’ as an important element in the development of a professional accountant, and agree with the approach that assessment of the elements of professional values, ethics and attitudes is essential.

ICAEW  
ICAEW welcomes this exposure draft, and its learning outcome approach, which progresses the IAESB’s thinking. ICAEW acknowledges the central importance of the development and maintenance of appropriate values, ethics and attitude systems in accountants. Making appropriate business and personal decisions, and knowing why they are appropriate, is core to being a professional. Qualities such as professional scepticism underpin this. ICAEW believes that the best way to ensure effective professional development in these areas is to embed the learning across the curriculum, both in the examinations and in the skills/attributes components of
ICAS

Initial Professional Development for students and Continuing Professional Development for members. We therefore welcome point A4 in the Explanatory Materials section.

The revised IES 4 is comprehensive and covers everything we would expect, both in terms of content and approach to learning.

We agree that the assessment of the elements of professional values, ethics and attitudes is an essential part of the learning and development program (the 3rd significant issue) and should be included as a requirement within IES4. The assessment of outcomes in ethics is likely to be carried out in a very different way and we would like to see greater prominence given to the consistent adoption of the principles of assessment set out in the exposure draft of IES 6.

In paragraph 9 of the requirements, we note the potential for conflict between bullet point one, in relation to the commitment to public interest, and bullet five, being the respect for laws and regulations. We nevertheless think that the paragraph should remain unmodified.

We question whether the concept of ‘competence’ mentioned in paragraph 12 is the right one for assessment. Competence usually relates to the application of skills and expertise. We should instead be assessing the aspiring professional accountant’s judgment and integrity.

ICPAS

We endorse the view to distinguish between educating PVEA and instilling the right environment and mindset for ethical behaviour (A8). The specific reference to the practical experience stage (A9 and A11) is certainly relevant. The reference to PVEA as part of a career long development through Continuing Professional Development (CPD) and lifelong learning activities does give an emphasis that learning does not terminate at IPD (Intro 3 and A8). In today’s challenging workplace, typified by constant changes in the business environment and desires for instant results, it is very important to develop PVEA throughout a professional career and foster a commitment and the right mindset that is the hallmark of professionalism.

Professional accountants or aspiring professional accountants should be constantly reminded of the value and
importance of ethics as this is one of the most fundamental attributes they should possess and be defined. The professional accountants with the right PVEA can play a crucial role in corporate governance and fraud preventions, strengthening business dealings in the most positive way. Appropriate PVEA gained via formal IPD can shape professional behaviour that can make a difference. We would suggest that such relevance should be highlighted upfront in the *Introduction* to give it more prominence.

Significant efforts have been undertaken to revamp the standard and we would like to commend the team on the decisive efforts in revising it. The Explanatory Materials are well written and comprehensive. However, for ease of reference, we would like to propose that appropriate sub-headings be included within the Explanatory Materials to sectionalise the list, so as to make it easier to read.

**IDW**

We note that, unlike the previous exposure draft to IES 7, this exposure draft speaks of a “proposed revised” standard, as opposed to a “proposed redrafted” standard. Under the clarity conventions, a redraft implies taking the existing standard and redrafting it in clarity format without substantive changes, whereas a revision involves making substantive changes to the standard. Our comments in Appendices 1 and 2 are therefore made with a view to what appear to us to represent issues of concern, regardless of whether or not those matters are substantially changed in the draft compared to the original standard.

The rather large number of comments by paragraph in the section, Other Comments in Question 5, to this comment letter, some of which have an impact on the meaning of the requirements and explanatory material, suggests that more thought needs to be given to the wording used in the draft.

In the section, Other Comments of Question 5, we also note a number of sentences in the explanatory material whose wording implies the existence of additional requirements or other degrees of obligation. The IAESB will need to consider whether such wording should be changed so that these sentences represent explanatory material, or whether additional requirements would be appropriate. For these reasons, we are of the view that “recommendations”, “encouragements” and “advisements”, have no place in guidance material because they blur the distinction between requirements and guidance.
IRBA  

1. Learning Outcome Approach

We are in agreement that the standard should be based on a learning outcome approach. However, the current standard does not provide any insight into the “appropriate depth of education needed to become a professional accountant”. It is therefore difficult to understand how consistency will be achieved in the application of the standard across member bodies.

2. Reflective Activity

It is our view that reflective activity is a critical and important part of any professional’s development. We agree that it could form part of the requirements of the standard. We do, however, question the limited view of reflective activity expressed in the definition and the explanatory material (See comments under Question 1 below).

3. Assessment of a program containing ethics, values and attitudes

We agree that assessment of the elements of professional values, ethics and attitudes is essential. However, more guidance is required for member bodies in this regard as paragraph A19 does not provide much guidance for assessment practices and particularly for integrated assessment.

Mahadevan  In the title professional values and ethics are sufficient. Attitudes can be deleted as the same is not covered in Para 10—only behavior is mentioned

Maresca  Generally ethics should have some relationship to law or statute, as well as good governance. pp. 10

NMMU  In the Background paragraph of the Explanatory Memorandum there are two comments which I consider appropriate to contextualize my submission:

1. The statement is made that “the current […] IES4 prescribes the professional values, ethics, and attitudes that professional accountants should acquire during the education program leading to
qualification”. This statement (reworded in paragraph 1 of the proposed revised IES 4) appears to support the position that values, ethics and attitudes can indeed be developed and should be developed. I am in complete agreement with the statement and glad that this unambiguous position is taken. To my mind there is (and for some time has been) no place in the debate for whether values, ethics, and attitudes should be included in the learning and development of professional accountants (both during IPD and CPD). The debate should now be focussed on issues of methodology i.e. how values, ethics, and attitudes are acquired.

2. The Background paragraph indicates that the IESs should be revised with the aim to “[clarify] issues resulting from […] experience gained from implementation of Standards”. My comments are framed from my experience gained as professional accountant who has extensive experience in as ethics educator as well as involvement in the practical experience component of the IPD as assessor and moderator on behalf of my professional body.

Based on my reading of the Significant Issues paragraph of the Explanatory Memorandum I believe the intention of the proposed revised IES 4 is to ensure behavioral competence i.e. changing behavior in order to reflect professional values, ethics, and attitudes. The “values, ethics, and attitudes to be acquired by professional accountants through learning and development” (paragraph 1 of the proposed revised IES 4) are therefore meant to bring about a change in behavior so that “aspiring professional accountants [demonstrate] professional values, ethics, and attitudes” (paragraph 6 of the proposed revised IES 4).

I am concerned that the Requirements of proposed revised IES 4 will be interpreted by member bodies in such a manner that ensures cognitive competence, but not necessarily behavioral competence. The majority of learning outcomes detailed in Paragraph 10 of the proposed revised IES 4 requires “the ability to explanation” or “compare”. An aspiring professional accountant could be assessed as competent in such outcomes relying solely on cognitive competence and with the complete absence of behavioral competence. In other words: knowing the right (professional/ethical) thing to do does not mean that the right thing will be done which becomes glaringly evident when a student is found cheating on their ethics exam. The last two learning outcomes in paragraph 10 requires “the ability to apply the fundamental principles” and “the IAESB Code”, but
this does not alleviate my concern that member bodies will focus on assessing cognitive competence.

A final comment regarding paragraph 10 is that it seems to focus on a utilitarian theory of ethics (“compare consequences of unethical behavior”). While students generally find utilitarian views of ethics the easiest to understand it leaves them the poorer for not being challenged by other ethical theories (e.g. deontology, virtue, care etc.). The challenging thinking and critical views of philosophy are valuable intellectual skills for the continued learning and development.

Further paragraphs where cognitive competence could be interpreted by member bodies as being sufficient are paragraph 9 (“an understanding of (a) ethical concepts, (b) theories…”) and paragraph A.6 (“knowledge and understanding of ethical concepts and theories…”). Paragraph A8 does “encourage member bodies to distinguish between (a) education aspiring professional accountants about professional values, ethics, and attitudes…” (emphasis added) but contrasts this with “an appropriate environment for ethical behavior”. It would be a terrible reflection on the profession if this is interpreted to mean that an aspiring accountant’s unethical behavior would be excused if, despite him having the knowledge of the right thing to do, he found himself in an environment not appropriate for ethical behavior.

I support paragraph A14’s explanation to “use participative approaches that can enhance the learning of professional values, ethics, and attitudes” but would like to see paragraph A15 be worded more strongly i.e. “a variety of approaches should be used to enhance the learning experience” (bold is recommended change). To the same effect I would like to see paragraph A19 be more strongly worded i.e. “Differing measurement approaches should be employed…” (bold is recommended change). I believe this would be laying the foundation for ensuring behavioral competence. My experience has taught that there are many more approaches to enhance the learning experience in ethics, but at present this would only be anecdotal.

NZICA

The Institute welcomes the opportunity to comment on the ED and supports IFAC in its endeavor to offer further clarification and elaboration to assist interpretation and enhance understanding of the work of the IAESB and the IESs. We support the focus of the proposed redrafted standard, which we consider to be in keeping with the original 2003 version, and clarified in line with the Board’s revised Framework.
POB Subject Matter
The title of IES4 is ‘Professional Values, Ethics and Attitudes’, however the standard needs to provide a clearer explanation as to what is covered by these words and thereby provide improved focus for member body training. Without a clear explanation of what the desired professional values, ethics and attitudes are it is hard to see that international consistency in education standards can be achieved or that internationally accountants will aspire to the same standard of behavior.

Paragraph A2 makes a cross reference to the definition in the IAESB Glossary of Terms but this definition is of limited value in defining the subject matter. More useful information is provided by the Explanation in the Glossary which states:

‘Professional values, ethics and attitudes include a commitment to technical competence, ethical behavior (e.g. independence, objectivity, confidentiality and integrity), professional manner (e.g. due care, timeliness, courteousness, respect, responsibility and reliability), pursuit of excellence (e.g. commitment to continual improvement and life-long learning) and social responsibility (e.g. awareness and consideration of the public interest).

We are unclear what the status of an Explanation in a Glossary is and believe that this material should be imported directly into, and given emphasis, in IES4. We also believe that there would be merit in adding further clarity to the Explanation by:

- Considering whether ‘e.g.’ has been correctly used. Use of ‘for example’ could imply that these values and attitudes are optional; we do not believe that this should be the case.
- Considering whether further guidance can be provided, perhaps in conjunction with the International

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1 The Glossary of terms states ‘The professional behavior and characteristics that identify professional accountants as members of a profession. They include the principles of conduct (i.e. ethical principles) generally associated with and considered essential in defining the distinctive characteristics of professional behavior’.
Ethical Standards Board for Accountants, on what these essential values and attributes are. While the IESBA Code contains some material on ethical behavior (i.e. independence, objectivity, confidentiality and integrity) there is a general lack of explanatory material in IFAC standards and guidance on the other values and attitudes.

Explanatory material is also needed on the factors underlying judgment and skepticism. While these topics are relevant to all accountants they are especially pertinent for auditors. We believe that IFAC is missing an opportunity to reinforce the qualities the public expects of auditors and therefore risks undermining confidence further. We would strongly encourage you to incorporate material on these topics within IES4 with additional material in a revised version of IES8.

Learning outcome approach
The POB notes that the IAESB is redrafting the IESs to be based on learning outcomes as opposed to an input-based approach. This will be an effective approach provided that the outcomes are clear, measurable and are set at the right level. However, we do not believe that the desired outputs that are specified in paragraph 10 of the IES4 exposure draft meet these criteria.

We note that the list in paragraph 10 is substantially the same as in paragraph 16 of the extant standard save for the addition of introductory ‘command’ verbs (i.e. explain, compare or apply). The list contains a mixture of ideas and concepts and would benefit from focus and rationalization. We are also disappointed with the limited nature of the ‘command’ verbs used. In our view there is a need to be much more ambitious about the training outcomes the standard is seeking to achieve and, in particular, to give much more emphasis to accountants aspiring to act in accordance with the highest values, ethics and attitudes. There is an opportunity to combine a review of the outcomes with the Explanation in the Glossary referred to above and to use the notion of aiming to achieve ‘commitment’ through training programs and other means.

More specifically:

• We are also uncertain whether the words ‘developing the ability’ in the lead in to paragraph 10 is necessary. Using the first bullet point in the ED as an example, the desired outcome should be that
accountants should be ‘able to explain the nature of ethics’ rather than ‘develop the ability to explain the nature of ethics’, and

- We suggest that the list of outcomes should include ‘assess critically arguments and data’

Learning techniques
One of the conclusions in our paper ‘Review of Training and Education in the Accountancy Profession’ was that accountancy bodies should facilitate arrangements by which, on an on-going basis, selected experience of the accounting firms in dealing with ethical issues and fraud can be shared with other firms and, as appropriate, with the wider profession for use in CPD.

We are pleased that paragraph A14 refers to case studies but believe that more emphasis could be given to the valuable role that professional bodies can play in this area. Case studies are widely recognized as a valuable way of assisting learning about areas such as ethics in a ‘classroom’ environment but understandable concerns about confidentiality can present an obstacle to sharing of ‘real-life’ experience. However by working through accountancy bodies it should be possible to anonymise information and therefore help the members of the profession learn from mistakes and successes. This can be especially helpful if the case studies lead to a preferred solution rather than just encouraging a discussion of differing views.

Even with greater use of case studies, we believe there are limitations as to what can be achieved by traditional classroom training in the area of values, ethics and attributes. While classroom training can provide useful background information, it is unlikely to result in achieving the level of commitment to applying the standards in practice. This relates more to the culture in the accountant’s employer and to the influence of more experienced personnel, sometimes through a formal mentoring program. While mentoring is mentioned in paragraph A11 we would like to see more emphasis given to the importance of this technique in IES4 in encouraging team members to develop the right attitudes both during the learning phase and thereafter.

Measuring competence
We note a new requirement in paragraph 12 that IFAC member bodies shall establish appropriate assessment processes that measure the competence of professional accountants in relation to professional values, ethics
and attitudes. We welcome this addition but recognize some of the practical difficulties in doing this throughout the accountant’s career. Paragraph A19 is very limited, we believe there is a need for more guidance in this area both in order to ensure that professional bodies adhere fully to the spirit of this important requirement and to provide them with practical guidance on how to do so.

We also believe that there should be a requirement for member bodies to monitor the environment in which aspiring accountants are receiving their practical training ie those described in A11 as responsible for the design and supervision of practical experience programs.

Local societal norms
We note the reference to respecting local societal norms in paragraph 9. We think this may be an area that IAESB may wish to provide guidance. It would be unfortunate if this reference was interpreted as meaning local societal norms could override accountants’ commitment to adhere to the highest values, ethics and attitudes to which the accountancy profession aspires.

Theories
We are unsure what is meant by the reference to ‘theories’ in paragraphs 9 and A6.

Status
We believe that the subject matter covered by IES4 is of great importance and the standard properly recognizes that effective training as an accountant needs to combine theoretical and practical aspects and that it is necessary to integrate classroom learning and practical experience. However it is of note that IESs only apply to IFAC member bodies and do not apply directly to audit firms. While paragraph 2 of the ED states that IESs will be ‘helpful’ to other stakeholders the POB believes that, for the IESs to be effective, they should also directly apply to audit firms. We recognize that this may require a change to IFACs Statements of Membership Obligations (SMOs) and would encourage early discussion of this important issue within IFAC.

SAICA
In what follows we list what we have found most valuable, followed by specific comments as requested, with suggestions about areas where the document could be enhanced. A comment on another matter ends the
Strengths

1. Advocacy of a principle-based approach. Ethics is not best served by a compliance approach; encouraging an ethic of commitment based on strong ethical principles is much better because it enables professionals to exercise their own judgment in situations not covered in codes of ethics. (Page 5)

2. Recognition of the need to assess ethical development. (Page 5)

3. Recognition of the wide range of beneficiaries of enhanced professional ethics. (Page 9, point 2)

4. Recognition of the importance of CPD ethics. (Page 9, points 3 and 9)

5. Recognition of the centrality of serving the public interest and showing social responsibility. (Page 10, point 9. In fact, the whole of point 9 is very good.)

6. Recognition of the importance of integrating ethical competence into other subject matter. (Page 11, point A4)

7. Personal ethical character is of course vital but it is not enough for an adequate professional ethic; ethically strong and supportive workplace contexts are essential too, because ethically defective contexts can and do undermine personal goodness. The importance of such contexts for trainees (people under a formally monitored work place based experience program of three years) cannot be under-estimated (Page 11, A8 sand A9)

8. Encouraging the use of participative approaches to ethical enhancement. (Page 12, A14)

III. Responses to Specific Questions

Question 1: Is the proposed requirement for reflective activity in relation to ethics education appropriate?

AAT We fully support the inclusion of reflective activity, as this is a key part of the learning and development process and of particular relevance to the complex and potentially subjective nature of ethics. Lessons learned from ethical dilemmas are critical to the ongoing development of professional ethics within individuals and this can be effectively facilitated through reflective activity.
Paragraph A10 of the draft states:

*The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants (a) to identify any apparent ethical implications and conflicts in their work, (b) to form preliminary views on such occurrences, and (c) to discuss them with their supervisors.* (Ref: Para. 9)

We would suggest that (c) might be expanded to include peers as well as supervisors to encourage this sort of reflective activity throughout a professional accountant’s career; the current wording of (c) might be construed as confining the reflective activity to IPD and we believe it could usefully be more explicitly extended through to CPD.

**ACCA**

ACCA supports IAESB’s view that development of professional values, ethics and attitudes is essential but we believe that professional bodies should determine the appropriate learning and development methods for their environment.

ACCA supports the concept of reflective activity for professional accountants and students at whatever point in their careers but recognizes the difficulty in prescribing how this is undertaken. As such we do not agree it should be a requirement as we do not believe it is the only appropriate method for developing this area of competence.

**AIA**

AIA agrees that ongoing personal reflection is pivotal to developing and maintaining ethical awareness and professional integrity; it therefore fully supports the proposed creation of a personal development portfolio and record of learning as suggested in A17 as a means of encouraging and developing this.

**AICPA-PcEEC**

We have rather serious reservations about the proposed requirement for reflective activity as proposed in the exposure draft. Our particular concerns are related to potential issues that could arise in connection with professional accountants documenting ethical dilemmas that occur in the workplace. Possible issues include:

- *Completeness:* Whether the documentation has included all of the relevant facts and circumstances that were considered in arriving at a decision. This situation can be a particular problem for junior personnel that may not always be apprised of all of the relevant facts and circumstances considered in arriving at a
Neutrality: There is a risk that each of the participants in a decision could introduce personal biases into the documentation, intentionally or otherwise.

Privacy of individuals: Personal privacy issues could arise if individuals are identified or identifiable from information included in the documentation.

Confidentiality: Documentation of ethical dilemmas that arise when working with confidential employer or client information poses issues of potential unauthorized access. Also, information prepared by clients is generally not considered privileged information in most countries and could be subject to discovery and use by adverse parties in litigation or potential litigation.

Case studies are often employed by educators precisely to ensure that privacy and confidentiality issues do not arise. Thus it is our view that simulations are not merely an acceptable alternative, but rather that simulations will be preferable as teaching tools in virtually all situations. Additionally, we do not agree that the practice of documenting experiences relating to lessons learned from ethical dilemmas and considering what approach may be taken in the future in similar circumstances would be appropriate for professional accountants, especially at the early stages of their careers. Nor do we believe that documentation of real-life situations is desirable or superior to the use of case studies as part of the learning process.

BDO

Yes, we believe the requirement is appropriate and agree that it is an important element in the development of an ethical professional accountant. However we believe there may be some unintended consequences from the information included in the explanatory materials to support the requirement. For example, there could be sensitivity and client confidentiality issues as a result of documenting ethical matters arising in the workplace (e.g. dealing with co-workers or clients), and associated legal issues such as whether any such documentation would belong strictly to the aspiring professional accountant or to the employer.

The inclusion of a ‘critical incident log’ in paragraph A17 implies an internal piece of documentation which would be maintained by an employer rather than an individual aspiring professional accountant and we recommend
that this particular example be removed. We believe the explanatory materials should include additional
guidance to member bodies to remind aspiring professional accountants of the need to safeguard client
confidentiality as part of the documentation of their reflective experiences.

CAI

The requirement to document and to reflect on the lessons from ethical dilemmas in the workplace or in the
classroom is welcomed. However the proposed standard does not consider any issues of confidentiality and
the challenges that the inclusion of such a record in a training diary might create.

CGA-Canada

Reflective activities are an integral component of ethics instruction throughout the CGA program. In the CGA
program these activities use historical scenarios or pre-set scenarios. There are risks involved in the use of
first-person, real life situations as part of ethics education; major issues include: confidentiality, verifiability,
reportable offences, and supervision and oversight. These issues and risks are not addressed in the exposure
draft, Thus, although CGA-Canada supports a requirement for the use of reflective activities in ethics education,
we believe a stronger case needs to be made for the use of first-person, real life situations.

CICA

The requirement for “formalized and documented” reflective activity seems more rule-based than principles-
based. It was unexpected by a number of our reviewers. The Explanatory Memorandum suggests that the new
standards would be principles-based. “It is the intention of the IAESB to move towards more principle-based
standards and one way of doing this is to redraft the coverage of topics into one based on learning outcomes.”

Paragraph A12 states that educators are “encouraged to identify the most appropriate approach to learning and
development” for professional values, ethics and attitudes.

International Education Practice Statement 1 : Approaches to Developing and Maintaining Professional Values,
Ethics and Attitudes, although not a Requirement, also advocates a number of learning methods in ethics
education and concludes with “IFAC member bodies are encouraged to try a range of assessment techniques
to better test individuals' abilities to consider and resolve real ethical issues.”

It was generally felt that it would be more consistent with the intention of the IAESB, to focus on the learning
outcomes for ethics education, leaving the choice of learning and development activities and assessment
activities to the Member Body.

CIMA

Reflective activity is an important aspect of learning and development and so CIMA would support this requirement in relation to ethical education. Some students may have limited practical experience and could find this concept challenging.

Guidance on ‘reflection’ would assist some students with these ideas and help them appreciate the Code of Conduct more fully with regard to particular circumstances. This area could also feature as an important part of their ongoing softer skills set and provide a mechanism for anticipating as well as reflecting upon ethical dilemmas.

Continuous reflection should be part of the Professional Accountants portfolio and CIMA remains committed to supporting its members and students in developing this capability and providing guidance on ethical and responsible management behavior.

Ideally members and students should help to create a global ethical culture which permeates all their professional and business related activities.

CIPFA

CIPFA regards reflective activity as an essential part of Initial Professional Development (IPD), and it is appropriate to include a requirement for reflective activity in relation to ethical dilemmas.

CNDCEC

CNDCEC appreciates the introduction of reflective activity on ethical themes as a formal requirement in the educational path of trainees and professionals; in our belief, this activity can contribute to a more authentic development of attitudes consistent with the values of professional ethics. It probably will be a challenge to elaborate in concrete the ways in which this activity can be documented.

CPA-Australia

As noted above, CPA Australia is sympathetic with the apparent intention of the proposed requirement for reflective activity (paragraph 11), but suggests that the IAESB provides explanation and guidance on the nature and content of the documentation of actual ethical dilemmas and critical incidents.
CPA-Ireland  
It is the view of this Institute that reflective activity is required within IPD for aspiring professional accountants.

CSOEC-CNCC  
The French professional Bodies CSOEC and CNCC are supportive of the educational approach proposed by the IAESB, which aims at combining the handling of theoretical concepts together with illustrations by means of practical cases drawn from professional experience.

Both Bodies are therefore willing to document any practical illustration which could serve as a basis for reflective activities enabling to better assimilate theoretical principles.

DTT  
We believe that reflective activity is an important part of learning and development generally, and would encourage the inclusion of such activity in many areas of learning undertaken by professional accountants, not just professional values, ethics and attitudes. However we believe that the current requirement in IES 4 should be revisited as it may have unintended consequences – particularly in relation to the documentation of reflective activity.

The IAESB Glossary of Terms identifies ‘learning and development’ as including practical experience. We expect that the richest learning on ethical issues will come from the aspiring professional accountant’s practical experience. However we do not believe it would be desirable or appropriate to require a written record of an aspiring professional accountant’s interpretation of the lessons learned from an ethical dilemma encountered in the workplace – the individual may not be in possession of all the facts and circumstances, and will still be developing their understanding of how to approach and resolve ethical issues. The impact of recording conclusions formed by individuals in such circumstances could have wider risk management, legal, or regulatory consequences which we do not believe is the intent of the Standard.

If it is the intention of the Board that documentation of reflective activity be limited to structured learning activities taking place outside the workplace then this should be made explicit in the requirement.

We also note that the definition of ‘reflective activity’ exposed alongside the proposed IES 4 is unhelpful and
should be revisited – please see Specific drafting points below.

EFAA
Reflective activity is defined within the draft IES 4 as “The practice of documenting experiences relating to lessons learned from ethical dilemmas and considering what approach may be taken in the future in similar circumstances can be used by professional accountants at all stages of their careers.”

We believe that the proposed for reflective activity is appropriate to ethics education.

EY
Yes, we find this requirement to be appropriate. Behaving in an ethical manner is primarily a practical thing, where experience plays a central role, as well as drawing lessons from experience. In that respect, requiring that aspiring professional accountants take the time to think about real ethical situations and dilemmas, draw lessons from such reflective activities and also take the time to document such an activity is important to make sure that the resulting thoughts are remembered and fully understood as well as their consequences, at all levels.

FEE
Yes, we believe so. However, we draw your attention on the difficulties in translating the expression “reflective activities”.

HKICPA
We agree that reflective activity should form part of the learning and development of aspiring professional accountants as the developing and instilling of ethical behaviour should be a life-long learning process which requires periodic reflection to learn from past mistakes and to formulate new approaches to handle similar circumstances in the future.

The proposed revised IES 4 adds the requirement that reflective activity should be formalised and documented in relation to lessons learnt from ethical dilemmas. Documentation would provide good evidence that the reflective activity has been carried out and it would also serve as a means in which the reflective activity can be assessed.

IBR-IRE
The IAESB recognizes the importance of including reflection in ethics education.
The Belgian audit profession fully recognizes the importance of appropriate values and ethics and is aware of the added value of reflective activity in relation to ethics education and improvement. However, the judging of the ethical behavior of a colleague appears to be a very delicate and subjective mission.

The Belgian system of quality control and supervision includes monitoring the ethical behavior of auditors. We believe that this procedure is satisfactory and does not need additional measures for ethics.

The Belgian profession is therefore not convinced that the requirement for reflective activity as proposed in the exposure draft will have a positive impact on the ethical behavior of practitioners.

**ICAEW**

Yes. We welcome the proposed requirement for reflective activity in relation to ethics education. For several years ICAEW has incorporated the need for reflection into our ethics training for students and our CPD requirements for members. We believe reflection is self-evidently important and should be part of any robust development system that fosters continual improvement. That said, we do not believe that the IAESB should be overly-prescriptive about what constitutes formal reflective activity. It should be acknowledged, for example in A17, that written membership examinations can also require aspiring professional accountants to reflect and demonstrate their capacity to deal with ethical dilemmas – indeed the time pressure of an examination can make the weighing of factors and the decision itself more realistic.

**ICAS**

Yes, this is an appropriate requirement. We agree that reflection is an important aspect of any effective learning program. This is particularly important where individual's actions and behavior should be impacted in the future.

The types of reflective activity identified in paragraph A17 in the explanatory material are an appropriate indication of the range of relevant learning experiences that may be undertaken.

**ICPAS**

Yes, the requirement for reflective activity is appropriate in relation to PVEA education as the subject matter is about inculcating the right values and in instilling appropriate behavior, rather than merely imparting knowledge based on a set of rules that, for all good intent and purposes, may not fully address practice and real life
situations. A more contextual approach via the inclusion of reflective activities where professional accountants and aspiring accountants alike can internalize the relevant facts and implications to relate principles of good ethics to their experiences, should enhance their analysis and help them to better exercise judgment relevant to the business context.

IDW

We agree that reflection or reflective activities are an important part of learning processes – but not just for ethical dilemmas in relation to professional accountants. For aspiring professional accountants, reflection is an important part of the learning process for all aspects of the contents of professional accounting programs (IES 2) and professional skills and general education (IES 3) and for any CPD in relation to these.

However, we do not believe that the proposed requirement for reflective activity in relation to ethics education is appropriate because of the implementation issues involved. Reflection cannot be imposed: it must flow naturally and eclectically from the application of the mind of the student. In this context, we are convinced that the formalization of, and the requirement to document, the lessons learned of such a reflective activity would not lead to real reflection, but only to documentation of “going through the motions” of reflection for compliance purposes and to the superficial documentation of the lessons that students believe members bodies might expect students should have learned. It would be impossible for member bodies to determine whether the reflective activity has actually really taken place with the required application of mind, depth and breadth or whether the lessons documented are those learned.

IRBA

Response:

- The proposed requirement for reflective activity to education is appropriate; however, the definition of “reflective activity” may be too narrowly defined to the “documentation of experiences relating to lessons learned from ethical dilemmas…”

- In our view “reflective practice” should be described more broadly as a means by which an aspiring professional accountant can develop a greater level of self-awareness about the nature and impact of their performance, an awareness that creates opportunities for professional growth and development. Reflective practice is an integration
of theory, practice, thoughts and actions. The Explanatory Material should also highlight the fact that learning is most effective when the learner is actively involved in the learning process, when it takes place as a collaborative rather than an isolated activity (documentation), and when it takes place in a context relevant to the learner.

- Limiting learning to the identification of ethical dilemmas in the workplace negates the value of reflective practice on the development of professional values and attitudes, which may form part of ethics but is far broader. In our view reflective practice should be exercised by all aspiring and professional accountants for the growth and development of professional values, attitudes and ethics.

**JICPA**

We believe that the proposed requirement for reflective activity is appropriate.

Reflective activity is known as one of the effective methods of learning in the field of education in general. Therefore, we believe that employing reflective activity for the learning and development of professional values, ethics, and attitudes for aspiring professional accountants would also be very useful.

Given the high degree of effectiveness of the method, and the fact that IES 4 requires the member bodies to design the learning and development of professional values, ethics and attitudes for aspiring professional accountants to include the reflective activity, we concluded that the proposed requirement is appropriate.

**Juvenal**

I think that the proposed requirement for reflective activity in relation to ethics education is more important in this moment, but I observed that isn’t necessary the IFAC – IES elaborated a new rule for education the International Norms about Ethics for professional included every points, the principals, for development, transparency and clarified of Standards Setters for your application.

**KPMG**

We believe that the requirement for a reflective activity in relation to ethics education is appropriate; however we would like to draw attention to the following areas requiring clarification:

a) We would recommend that more practical guidance is provided in the Explanatory Materials paragraphs A16-A18 in relation to paragraph 11 as to what constitutes “formalized” documentation and the extent of
documentation required.

b) Certain ethical situations could be sensitive and subject to legal or disciplinary actions that are not suitable for general public/staff/client discussion. Furthermore, in Australia, “whistle blowing” is incorporated into the Corporations Act and so has regulatory and confidentiality implications. We recommend that some of these considerations and practical examples are included in the Explanatory Materials in paragraphs A16-A18 which support paragraph 11.

Mahandevan Requirement for reflective activity is appropriate in IES 4

Maresca Yes, I concur.

MIA Yes, although it is not set as a formal requirement, it provides clear understanding of ethics education with the examples of many forms of evidence. The reflective activity would be looking back at ethical dilemmas faced by accountants in the work place and relate it to theories of ethics to determine whether they are ethical and does not restrict any professional body to adopt any model of ethics education such as virtue ethics or human governance. Thus, reflective activity is most appropriate method to ensure that ethical values and ethics are inculcated in an accountant.

NMMU I believe the change from requiring periods of reflection to reflective activity is an appropriate one which reflects the IAESB’s move from an input-based approach. I do not agree with the statement (in the Significant Issues paragraph) that “examples of reflective activity [are provided]”. Paragraph A17 list examples of “evidence of reflective activity”. If my comment demonstrates a misunderstanding of what is meant by “reflective activity” I think it emphasises that there should be concern about “translation issues” (Significant Issues paragraph”).

NZICA We consider the proposed requirement for reflective activity in relation to ethics education reflects good practice in accounting education, and therefore we consider it is appropriate to introduce this in IES 4.
We support a requirement that programs on professional values, ethics and attitudes contain reflective activities. We do not support a requirement that the learning design of reflective activities be “formalized and documented”. While this aspect of the proposed new requirement is intended to ensure a certain level of learning effectiveness in program design, we believe that it unnecessarily interferes with program design and the selection of activities which result in the most effective learning experience. Further, because this recommendation deals with a detail of program design, it departs from the IAESB’s understood intention to be more principles-based in redrafting the IESs.

Yes. But the document does not provide enough examples of how reflective activity can be developed. The use of ethics co-operative audits holds great potential here.

We agree fully that in determining ethical behavior some form of introspection needs to take place to inform future behavior.

Yes, it is

Question 2: Does this requirement raise implementation issues?

We do envisage difficulties in understanding the term, such as those around translation issues. The list of evidence in A17 is helpful but should not be seen as limited as there may be other ways of formally recording reflective activities such as Critical Incident Reporting (CIR) and reflective journals.

Once methods of assessing or developing ethical behavior are stipulated, the question is how are these applied in practice? Should this remain as a requirement, more guidance may have to be given on the use of evidence for reflective activity, such as CIR, and its implementation to meet this requirement in order to ensure consistency of application.

AIA believes that formalising reflective activity through the incorporation of professional guidance and support of the student by a qualified and experienced colleague in a practical context is an essential aspect of pre-
qualification education. The encouragement of this form of engagement with day to day issues is also essential to post-qualification CPD.

AIA also supports the proposed study and examination of ethics theory and concepts at an early stage in the pre-qualification education program as this will provide the student with the tools necessary to reflect on ethical issues during their academic education and practical training.

Transforming reflective activity into a formal examinable topic within a practical context however, has the potential to create a number of implementation and assessment issues in areas such as design, the availability of resources and the equivalency of member bodies` assessment frameworks.

AIA has particular reservation regarding the validity of this area of assessment given the number of variables that need to be taken into consideration, for example, in monitoring the quality of guidance provided, the appropriateness of a particular real life scenario, access to situations where the more complex aspects of ethical decision making are required, responsibility for the final assessment, the student`s ability to appeal, disparity in the availability of member bodies` resources.

AICPA-PcEEC

We address this question in large part in our comments related to Question 1. In addition to the issues noted previously, we believe that documentation of real-life ethical dilemmas would require stringent controls over the production, review, storage, and access to confidential information. Any such documentation also raises the possibility of significant legal risk.

ATT

Whilst we fully support the concept of the inclusion of reflective activity within this IES, we do have some concerns over implementation issues. Requirement 8 states:  
*IFAC member bodies shall integrate the IESBA Code, including any additional local requirements, into learning and development activities* and Requirement 11 states:  
*IFAC member bodies shall design learning and development for aspiring professional accountants to include reflective activity that is formalized and documented in relation to lessons learned from ethical dilemmas.*

Both the above requirements seem to assume that the IFAC member body is responsible for, and has control...
over, the learning and development activities undertaken during IPD. However, in many cases, like that of AAT, the member body sets the qualification content and the assessment, but the learning and development activities that lead to successful completion of the qualification and assessment are the responsibility of training providers. These training providers are often accredited by the member body, but have a great deal of freedom with how to structure the learning and development activities. It would therefore not be practical or possible for such member bodies to specify the form of the learning and development activity during IPD, and as a consequence, Requirement 11 would be difficult to meet. An alternative approach to the drafting, which would achieve a similar outcome, might be to focus instead on a requirement for member bodies to include an assessment of reflective activity within IPD. This would have the effect of ensuring that reflective activity is formalized and takes place, whilst recognizing that not all member bodies undertake or manage learning and development activities.

Requirement 12 states: IFAC member bodies shall establish appropriate assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes. (Ref: Para. A19) AAT’s current qualification assesses knowledge in relation to ethics, rather than competence. Our ethics unit (knowledge based, and attached) is based on the UK Qualifications and Credit Framework, which in turn is based on national occupational standards. We would need to make a change in order to comply with this requirement, which would not be entirely within our controls our qualification complies with the national standards as outlined above. This situation might also apply to other IFAC member bodies and would need consideration. In addition, it should be noted that assessing competence as set out in Requirement 12 is more complex and costly than assessing knowledge.

Paragraph A11 in the explanatory material states: Those responsible for the design and supervision of practical experience programs are encouraged to recognize that ethical problems and potential dilemmas for the aspiring professional accountant may occur within the period of practical experience. Whilst this is explanatory material rather than a requirement, it does imply that a formal program of practical experience is likely to be organized for all those undertaking IPD. This is not the case for those undertaking IPD for every IFAC member body, as not all member bodies work under the training contract model; it might therefore be appropriate to give some recognition here that this is not always the case. Those member bodies who are not involved in practical experience arrangements, but simply consider practical experience gained when people apply for membership
(as in the case of AAT), would therefore realize that this model is recognized by IAESB.

**BDO**

Our understanding of this requirement raises the question as to whether or not there would be any recommendation for a mentor or supervisor to review the ethical situations or related documentation with the aspiring professional accountant. The exposure draft of IES 4 is silent in regards to whether a review is required as well as ‘who’ would be expected to undertake the review of the aspiring professional accountant’s reflective activity. We recommend that further guidance on the matter of reviews be included in the explanatory materials.

Additionally, we support the use of the ‘formalized and documented’ language that is included in paragraph 11. However, its use raises issues such as:

- the acceptability of exclusively using one or two methods (e.g. case studies, attendance at seminars) versus encouragement of use of a variety of methods (e.g. including real life experiences);
- the rigor of the process for verification of reflective activity; and
- whether it is recommended for a mentor or supervisor to view the documentation or whether it is equally acceptable for the professional accountants to simply provide an affirmation directly to a member body or mentor or supervisor.

We recommend that the explanatory materials include guidance on these issues.

**CAI**

The key issue as noted under Question 1 is the issue of confidentiality given that any record may be open to inspection by a professional body or potentially a regulator.

**CGA-Canada**

Explanatory notes A9 and A 10 allow for, but do not require, aspiring professional accountants to draw on their workplace in the observation, identification, assessment, and discussion of events with ethical implications. Explanatory note A17 refers to the use of a critical incident diary. Explanatory note A11 refers to providing aspiring professional accountants with guidance on the need to consult employers, mentors, supervisors, or an IFAC member body when in doubt as to an appropriate course of action in relation to the ethical aspects of a workplace event. The intention of these is good. However, as noted above, CGA-Canada believes that there
are issues around confidentiality, verifiability, reportable offences, and supervision and oversight that should be addressed in the exposure draft.

For example, are supervisors qualified to provide the needed guidance? Are workable and ethical structures in place to ensure the appropriate supervision? Has full consideration been given to the issues of liability and professional responsibility when aspiring professional accountants discuss the implications of ethical issues from their workplace as part of their educational studies? What are the reporting responsibilities for supervisors who are professional accountants regarding information provided by the aspiring professional accountant? Is there a risk that the aspiring professional accountant will violate the duty of confidentiality owed to employers, clients, and others?

To illustrate, the implications of an aspiring professional accountant going to their employer when they should contact their association and vice-versa may have damaging consequences. Using historical or well-developed cases to illustrate which course of action is appropriate in different situations reduces the risk from that which is present when students rely on real-life, current situations to learn about ethics.

A briefing note or paper to accompany the exposure draft, or standard, with real life examples of the implementation of the IES 4 recommendations along with appropriate assessments of their results and a bibliography would provide IFAC member bodies with information that would be useful in implementing the recommendations.

CGA-Canada suggests a requirement be added to IES 4 that where first-person, real life situations are used in ethics education the member body be required to implement infrastructure and guidelines to ensure the following:

- appropriate workplace supervision,
- reporting requirements that reflect the professional accountant's role in the education of an aspiring professional accountant,
- issues of confidentiality and verifiability are addressed, and
- safeguards are in place that protect the student, the supervisor, the employer, members of the professional, as well as the IFAC member body.
CICA

There were several questions as to the nature of the reflective activity to be required by a Member Body, the frequency and sufficiency – issues not specifically addressed in the Requirements or Explanatory Materials.

Should for example, the reflective activity be in relation to “lessons learned from ethical dilemmas” as proposed in Paragraph 11 or should it be in relation to the more specific learning outcomes of Paragraph 10?

How often would “reflective activity” be required? What amount of formal documentation would be necessary? Sufficient?

Reflective activity in the workplace would be very difficult to monitor. Employers are hesitant to share evidence of formal, documented reflection in relation to ethical dilemmas in the workplace. Simulation or class room experience may be more acceptable but would require Member Body control/influence over education programs to implement. Implementation could be difficult.

CIMA

The reflective element should not raise issues for students receiving tuition from a training provider. Students undertaking their professional study remotely may need some additional guidance from supervisors and mentors. Social networking opportunities, e-learning and e-dramas can be used to help students appreciate the importance of reflection as part of life long-learning in the area of ethics and related professional development activities (sustainability and responsible management).

CIMA produces case studies, checklists, guidance notes, webcasts, articles and events around key ethical issues and guidance on the resolution and best practice approach to a wide range of dilemmas. Opportunities to reflect are being further developed with probing questions, analysis of past issues and links to implementation of ethically sound solutions.

Students are assessed on knowledge understanding, interpretation and application of the Code, ethical principles, values and behaviors. They undertake these both specifically, through named examinations, and generally, as ethics are embedded in the context of all our examination papers. At the final examination level (T4) students have to compile a record of practical experience and pass the Case Study Examination before
election to membership and ethics is embedded throughout.

Members receive considerable ethical guidance and resources through their CPD. They also have to record CPD in their CIMA Professional Development Record and reflect upon the learning outcomes in this document, which is open to audit by CIMA Professional Standards (this is assessed rather than measured).

CIPFA

Potentially, there are difficulties in verifying the reflective activity, but this applies to a number of aspects of IPD. The role of an independent person, such as the employer of the aspiring professional accountant, is important in providing verification.

CNDCEC

A2. CNDCEC believes that it is necessary to identify specific measures to allow the implementation of this requirement, even considering possible difficulties in translating this term. Moreover, in addition to the opportunity of discussing some case studies – previously identified – relating to the different professional activities, we also point out the possibility to assign to the relevant professional body the function to assist professionals on ethical and deontological issues arising from the practice.

CPA-Australia

CPA Australia does foresee potential implementation difficulties with the proposed requirement – not in relation to the inclusion of reflective activity in the learning and development of professional accountants; but in the nature, scale and frequency of the authentication of the records of that activity.

CPA-Ireland

This proposed requirement does not raise implementation issues for this Institute.

CSOECC-CNCC

The terms of implementation of this requirement are described in particular in points A 16 – A 18, which propose various practical cases of implementation and suggest inspiring largely from workplace experiment to formalize and document the approach of ethical principles.

Both Bodies approve the relatively flexible and open approach of such implementation. Such flexibility facilitates the work of drafting of training material.
DTT

In addition to the issues raised in our answer to Question 1 above we note that the Explanatory material provides very limited guidance on reflective activity, and does not address questions including:

- what would constitute sufficient reflective activity?
- how an IFAC member body would track and monitor that reflective activity is taking place?
- what the consequences of not documenting reflective activity might be?

Please see Q# 1 response for additional info.

EFAA

There are many ways in which aspiring professional accountants are able to record reflective activity and the ED clearly sets out some examples in paragraph A17.

We do not believe that this requirement will cause implementation issues but we wonder whether there may be some translation issues with the phrase “reflective activity”.

EY

Yes, it may raise implementation issues. For example, in large organizations, delivering on a large scale individualized development activities is always a challenge. In addition, cultural aspects may be difficult to address in a very diverse organization. Therefore, without losing sight of the ultimate objective and benefit of such reflective activities, some flexibility should be allowed in the way to organize, implement and deliver such development activities.

FEE

It could be helpful to clarify forms of reflective activity in paragraph A17. The Board could address the practical issues of documenting the reflective activity by including explanations or best practices for the examples provided.

HKICPA

Some employers may have reservations if the students under their employment are required to document potential ethical dilemmas faced by their firms. In addition to the information being sensitive, there is also little
control over the students' interpretation of the events, which may not be an accurate depiction of the circumstances.

IBR-IRE

The proposed IES 4 has also been redrafted according to the guidelines provided in the IAESB Drafting Conventions.

As mentioned before, the Belgian profession is convinced that it is very delicate and subjective to judge the ethical behavior of a colleague. Therefore, we cannot think of a practical way to implement monitoring of ethics.

ICAEW

Yes. We think the standard as a whole requires a sufficient (i.e. longer) period for implementation which we would see as being at least 18 months due to examination and training lead-times for professional accountancy bodies. Additionally, the requirement for formalised reflection may create additional issues for some member bodies and we again advise that it would be appropriate for IAESB to recognise the wide range of developmental activities which may deliver the desired result.

ICAS

The new requirement that IFAC member bodies shall design learning and development for aspiring professional accountants to include reflective activity that is formalized and documented in relation to lessons learned from ethical dilemmas may have implementation issues. This is an area where it might be helpful to prepare and issue an Information Paper to assist a number of Member bodies to develop, implement and monitor reflective activities.

We also foresee wider issues with monitoring or reviewing whether the reflective activity has actually been undertaken in sufficient depth as anticipated by paragraph 11. Monitoring or reviewing whether aspiring professional accountants have reflected on various ethical dilemmas and documented the lessons they have learned will need to be well thought out.

We would be interested in hearing how other bodies’ plan to design their learning and development programs to include and monitor the required reflective activity.
ICPAS

We welcome the new requirement for reflective activities in relation to PVEA education as reflection encourages active thinking, which should be more effective than passive learning. This should encourage professional accountants to reflect on the implications of their actions and/or experiences and check their understanding of the ethical concepts or principles, as part of the learning process. However, we think that this requirement could raise some implementation issues as there could be different views on what a reflective activity entails, it would be clearer if more details and illustrative examples are given in the Explanatory Materials (A17) to provide guidance on the various forms of evidence of reflective activities.

Another potential implementation issue is that it is unclear if reflective activity is required to be made based on personal experiences or is permissible if an individual documents it as an observer of an incident that has taken place, say in the workplace. In relation to Explanatory Materials (A16), we would like to highlight the potential difficulties that may arise from the documentation of experiences where sensitive information and/or individuals within organizations are involved and this is also noted in view of the requirement for formal assessment as outlined in paragraph 12.

IDW

The formalization and documentation proposed also appears to confuse, on the one hand, the acquisition of an understanding of professional values, ethics and attitudes and the ability to apply them, with, on the other hand, the assessment of that understanding and ability, the requirement for which is covered under paragraph 12 and the requirements for such assessment covered under IES 6. In IES 4, the IAESB should specify the learning outcomes and knowledge in relation to professional values, ethics and attitudes and to require that these be assessed (paragraph 12). IES 6 ought to cover how these are assessed. In some limited circumstances, such assessment could be through the formalization and documentation of reflective activities, but such assessment could be performed by other means, such as the inclusion of ethical dilemmas requiring reflection within particular questions or cases in an examination environment. However, the IAESB needs to recognize that an understanding of professional values, ethics and attitudes and the ability to apply them can be assessed as part of an education program – not their actual application in daily practice through internalization, which is an after-the-fact professional disciplinary issue.

For this reason, we suggest that the requirement in paragraph 11 be repositioned within paragraph 12 as an adjunct to the first sentence in that paragraph and be worded as follows:

“…, including their ability to reflect on ethical dilemmas.”
We have some additional wording issues with the requirement in paragraph 12 that we address in our comments by paragraph in the section,

IRBA Response:

- Paragraph 11 requires IFAC member bodies to “design learning and development for aspiring professional accountants to include reflective activity that is formalised and documented in relation to lessons learned from ethical dilemmas.” It is our view that this requirement may be challenging for member bodies who are not familiar with the concept of reflective practice and who may not fully appreciate the multitude of methods available for conducting such practice. The definition for reflective practice is too narrowly defined and may lead to administrative exercises rather than valuable reflective practice. This may require additional guidance in the form of a Practice Statement.

JICPA No, it does not raise implementation issues. Reflective activity cannot be done in a lecture hall based on one-way communication of knowledge, but rather it needs to be done in smaller groups. Since our center for professional accountancy education for aspiring professional accountants has based its education on a small group-based discussions and seminars, we believe we can utilize our existing education structure also for the newly proposed reflective activity. Since the graduate schools of professional accountancy in Japan also use small group-based learning, such as for case studies, we believe that reflective activity learning can be delivered using their existing structure. In addition to the education structure that already exists in our system of education, as the reflective activity can be implemented, in some cases, without any extensive preparation of learning materials, we do not see any difficulties in this regard.

Juvenal The account profession is very complex and has many different areas for used and I think it is very important the IES integrated specific used for who can learn accounting and your specialization in the universities as application of Standards Setters, is very important the students to know the procedures and expectation of what’s the function of accountability, the evolution of information process many discussions about this how to learn for makes a good education.
KPMG  

We believe that the requirement does raise implementation issues due to the sensitivity, confidentiality and potential litigious nature of the ethical issues being discussed in the reflective activity. We would recommend that more detailed guidance is provided in the Explanatory Materials paragraphs A16 – A19 for employers, regulators, educators and IFAC member bodies.

Paragraph 12 refers to IFAC member bodies establishing the appropriate assessment processes yet paragraph A19 expands this to educators and other stakeholders. We recommend that the guidance be consistent with paragraph 12.

We recommend more guidance be provided under paragraphs A18-A19 to clarify who has the overriding responsibility for making the assessment, and how often should this reflective activity be completed and assessed. We would recommend annually as part of the current annual declaration of ethics and independence that is completed by all professional staff.

Also, it may be difficult to implement the concept of reflective activity. Whilst this concept is appropriate in ethics education, as it can be a valuable form of learning, we are not sure how either the member bodies, employers etc would implement a "reflective record" without knowing what the underlying behaviours should be that the individual had undertaken to fulfil this requirement.

Mahadevan - Yes it raises implementation issues for the aspiring professional accountant.

- Recognition of ethical dilemma may not be experienced by him.
- Apply the approach in the future in similar circumstances
- Similar circumstances are rare in the real world whether it is
- Relating to going concern or accounting policy etc.

Maresca  

Generally, yes subject to the critique below.

Critique

Question 1, 2

The proposed requirement for reflective activity is proper for ethics education. Here, accountants can document and discuss extensively ethics dilemmas and implications thereof. A classic ethics dilemma may arise from the
information flow from the internal auditors. There should be an Independent Audit Committee of the Board of Directors. If there isn’t, then the likelihood of ethical dilemmas may be increased. The Independent Audit Committee of the Board of Directors should hire all auditors external, as well as internal financial and IT auditors. Generally, management should not be able to audit itself and an Independent Audit Committee of the Board of Directors is an important organizational focal point for affirming independence in both attitude, appearance and execution.

The classic mechanism for establishing corporate accountability is by articulating a formal mission, corporate charter, responsibility centers, an understandable internal Code of Ethics and an auditable Chart of Accounts.

There is another ethics dilemma in establishing accountability for derivatives transactions. Derivatives are a creature of contract law between legal experts (parties and counterparties) with very little prior stare decisis. Derivatives have not been defined formally by the Uniform Commercial Code. Without defining, rights, duties, responsibilities, obligations and accountability, how can any party to a derivatives transaction be held accountable for an ethics violation? 1)

There are foreseeable difficulties with developing nations. i.e. Expropriations are a problem in some foreign countries. In addition, some Asian countries are more prone to sudden and de-stabilizing Acts of G-d which require a major reconstruction of operations in a disaster recovery mode. Sometimes, there are significant language differences, as well as legal venue differences requiring a reconciliation by the local legal counsels and experts. In some countries, bribery is a way of doing business. These foreseeable difficulties in implementation will continue to be present, although the impact can be lessened with a disciplined approach toward problem solving and actions by a consortia of trading partner affiliates and countries.

The classic teaching modes are described at A14/ pp. 12 i.e. case studies role playing real life situations

A typical case study might be the evolution from manual to automated methods in a printing shop. A Quasi-reorganization in bankruptcy will pose very important implementation issues for the Court supervising the procedure. The classic problem is affirming the new mission and discouraging activities which precipitated the Quasi-Reorganization in the first place.
Records reconstruction in a disaster recovery situation is a very difficult process of planning, execution and reconstructing damaged records both manual and automated. Sometimes, redundant or tridundant data is maintained due to advanced telecommunications systems or Cloud Computing processing sites. Protection of customer data and customer lists is another challenging issue at a data processing servicing organization.

The existence of government surveillance like The Patriot Act makes these problems more difficult to quantify and deal with systematically. There is an unauditable presumption that governments and their agents/surrogates are acting properly in gathering, disseminating and protecting privileged information.

Surveillance also makes more difficult or even impossible the determination and monitoring of insider information transactions because the insider information physically leaves the entity and enters into the hands of unsupervised personnel who are not accountable to any courts or a specific audit trail in the form of an application for a court order and a court order.

References:

MIA  No, the requirement is not a prescription on how reflective activity should be implemented. Thus, the standard gives room for any professional body to creatively design and spell the criteria of assessment of the reflective activity in order to be able to achieve the desired learning outcome.

NMMU  I again believe that there is a risk of member bodies interpreting this in a limited manner, as I have communicated as part of my general comments.

NZICA  Member bodies may struggle with the implementation of this requirement. We would encourage the IAESB to consider developing further implementation guidance in this area, revising IEG 10.
We agree that formalizing and documenting reflective activities can contribute to learning and we recommend that the standard move this requirement to the explanatory material along with the other good recommendations on effective program design (Paras A14, A15 and A18). We believe that the recommendations in those paragraphs regarding participative learning design are as important as documenting reflective activities. However, neither should be a requirement. Also, to require that reflective activities be formalized and documented by learners creates a potentially onerous monitoring responsibility for IFAC member bodies which would not be the best use of their time and resources.

Further, rather than requiring documentation of reflective activities it would be more in keeping with the IAESB’s focus on outputs to require that the assessment of professional values, ethics and attitudes be done in a way that students demonstrate appropriate professional judgment which is the intended result of reflective activities.

Yes. But examples of assessment are also needed. One method, which can involve reflective activity, ethics audits and any other ethics learning, is the use of an ethics learning journal. (An example can be found in an appendix at the end of Ethics for Accountants and Auditors (revised edition), edited by Martin Prozesky et al, Cape Town: Oxford University Press Southern Africa.) Refer page 10, point 11, and page 12, A17 of the IES 4 document.

The fact that this activity is not set as a formal requirement does not raise implementation issues.

We think, yes

Question 3:  Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?

We believe that this objective is appropriate, particularly as it covers both IPD and CPD, thereby making it clear that professional values, ethics and attitudes are critical throughout a professional accountant’s career.

Yes, the objective is concise, clear and sufficiently comprehensive.
AIA considers the objective to be appropriate and supports IFAC’s new clarity drafting conventions; however, given the weight afforded to context and the inescapable personal, interpretive nature of any ethical consideration, we feel that the term ‘prepare’ needs further clarification. AIA would suggest the following alternative, ‘the objective is to equip aspiring professional accountants with the necessary concepts and sufficient experience of the application of these to be able to demonstrate the professional values, ethics and attitudes required of a professional accountant at all times’.

We do not believe the stated objective is uniformly appropriate given the diverse nature of education systems across the spectrum of member bodies. The stated objective appears to focus primarily on Initial Professional Development (IPD), and we would note that this is often not the direct province of professional associations (member bodies) which in many countries might only become involved with the education of accountants subsequent to IPD. We believe that the objective of a member body that performs IPD is to prepare aspiring professional accountants by providing a foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant’s career, including the knowledge of the IESBA Code and its application in the workplace. The member body also has a responsibility to ensure that members continue to develop through Continuing Professional Development (CPD) and apply the foundation principles to situations that arise in a dynamic work environment throughout their careers.

We believe the objective to be achieved by a member body, as stated in the first sentence of paragraph 6, to be appropriate; however we believe it could be further improved by adding reference to the professional accountant as there is a requirement in the standard, specifically paragraph 12, which relates only to the professional accountant. We recommend that paragraph 6 is amended as follows (additions are shown in bold italics and deletions in strikethrough text):

...prepare aspiring professional accountants and to continually educate/train the professional accountant for demonstrating the...

In addition, we do not believe the second sentence is required as this is providing additional justification to support the objective. We suggest this sentence is deleted or moved to the explanatory materials.
The draft objective is an improvement on the previous format that has been used in the IES 7 exposure draft which noted ‘the objective of setting requirements’ rather than the ‘objective of a member body’ as in this IES 4 exposure draft. By using this phraseology it is very clear to ‘whom’ the IES is being addressed.

CAI

The stated objective in Paragraph 6 is clear.

CGA-Canada

CGA-Canada believes that the objective of IES 4, which is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant, is appropriate. For the public to continue to rely on and trust professional accountants all professional accountants must demonstrate the required professional values, ethics, and attitudes. CGA-Canada believes that integrating the study of professional values, ethics, and attitudes into a program of professional accounting studies can provide aspiring professional accountants a realistic and safe forum for exploring the implications of ethical issues and the consequences of various choices and decisions.

CICA

The Objective to be achieved by a Member Body is appropriate as stated IF the scope of the revised IES 4 applied only to aspiring professional accountants.

However, we do not believe this was the intention. The Scope of the revised IES 4 states that “aspects of this IES are also relevant to Continuing Professional Development (CPD).” And the revised IES 4 includes a Requirement (Paragraph 12) that applies specifically to professional accountants.

The revised IES 4 needs to include the ongoing CPD objective(s) of the Member Body in the development of professional values, ethics and attitudes. It appears to be focused solely on initial professional development.

CIMA

CIMA has no difficulty with the objective of this standard. CIMA remains committed to upholding and fully supporting the highest professional and ethical standard amongst our students and members. Our Code promotes a global culture of ethical appreciation and implementation.

CIPFA

Yes.
A3. CNDCEC agrees that the professional bodies should provide for measures which enhance the development of professional values and ethics throughout the professional career.

As to trainees, professional bodies could provide for these educational tools within their sphere of competence. Considering the regulations of some professional bodies, we point out the possibility to require that part of the compulsory continuous professional development is devoted to the careful analysis of ethical and deontological issues relating to the profession.

Furthermore, in order to enhance the consciousness of the social importance and ethical value of the accountancy profession from the very moment of the professionals’ enrollment, it could be useful to introduce the following measures:

- The handover of a copy of the Code of Ethics at the moment of the enrollment;
- The drafting of a solemn declaration whereby the applicants commit themselves to comply with ethical requirements.

In this regard, the CNDCEC recommended the adoption of such measures to the local professional chapters, in order to promote in professionals the habit to consult the Code of Ethics in the exercise of their profession.

CPA-Australia supports the thrust of the stated objective. We wonder, however, whether professional bodies can actually ‘prepare’ aspiring professional accountants for ‘demonstrating’ ethics, values and attitudes – as distinct from ‘educating’ them about those matters (and their importance) with the objective of enhancing their understanding of and commitment to ethical propriety, values and behavior. Ultimately, professional bodies can facilitate learning about ethics and enforce compliance with codes of ethics. They can improve moral awareness which in turn may contribute to more ethical judgments and behaviors.

It is the view of this Institute that the objective as stated in the draft IES 4 (April 2011) is appropriate.

The French professional Bodies are convinced of the necessity of learning matters related to Professional Values, Ethics and Attitudes throughout the professional life and therefore welcome the initiative taken by the IAESB; they also consider that the principles and solutions delineated by the revised IES4 standard are
appropriate to the context and constitute a minimum core.

DTT Yes, we believe the objective is appropriate in principle, but see Specific drafting points below for specific feedback on the drafting of the objective.

EFAA IES 4 states that “The objective of a member body is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant. This lays the foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant’s career.”

We believe that the objective is appropriate and note the importance of the ethical role of professional accountants who contribute to confidence and trust in the (capital) markets.

EY The objective, as stated, makes sense for a professional body and, in our view, appears to be both achievable and measurable.

FEE Yes, we believe so. In some countries, IFAC member bodies have shared responsibilities in education with government authorities or educational organizations. We therefore suggest including a new paragraph in the Explanatory Materials of paragraphs 6, 11 and 12, to reflect these situations and provide guidance on how far the member bodies have to monitor the part of education which is placed under the responsibility of others.

HKICPA The objective as stated in paragraph 6 of the ED seems to focus on the professional values, ethics, and attitudes required to perform the work roles of a professional accountant.

However, professional accountants are often expected to maintain their professional values, ethics and attitudes even outside the scope of their work roles. As such, it is suggested that the objective should not be limited to the development of the professional accountant in the work capacity. A suggested alternative is as follows:

"The objective of a member body is to educate, develop and instill upon aspiring professional accountants the
professional values, ethics and attitudes under the Code of Ethics for Professional Accountants. This lays the foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant's career

IBR-IRE

The Belgian profession believes that the objective of preparing aspiring professional accountants to demonstrate the professional values, ethics and, later on, to implement attitudes and appropriate assessment processes that measure the competence of professional auditors in relation to professional values, ethics and attitudes is not realistic, because ethics and values can hardly be measured. The Institute of Registered Auditors (IBR-IRE) agrees that debates on ethical behavior with the trainee supervisor or between colleagues are essential for a reliable practice of the audit profession. Moreover, we are convinced that trainings using as much case studies as possible, should be part of the continuous training curriculum of practitioners. However, the evidence of reflective activity by a record of learning, a reflective record, a personal development portfolio and a critical incident diary is in our view not valuable in assessing the ethics of a practitioner.

ICAEW

Yes, we agree this is appropriate and appropriately phrased. The phrase 'demonstrates' is important as it conveys that aspiring accountants both understand why a decision is right and then translate that into action.

ICAS

We have some concerns with the word 'demonstrating' in the objective as drafted. Wording the objective as ‘to prepare aspiring professional accountants for demonstrating the professional values, ethics and attitudes’ could be interpreted as focusing on how others perceive the ethical stance rather than the intrinsic ethical attributes to be developed by aspiring professional accountants. We would prefer language such as ‘to prepare aspiring professional accountants to take actions based on professional values, ethics and attitudes’ or ‘to equip aspiring professional accountants with the professional values, ethics and attitudes’ but recognize the difficulties that this change of emphasis could pose.

ICPAS

We agree that the objective is appropriate.

IDW

We believe that the objective as stated is not appropriate for two reasons: 1. the objective needs to relate to an Please see Q# 1
educational objective, not to the actual application or demonstration of ethical behavior in practice, and 2. the second sentence of the objective is not a statement of objective.

In relation to the first reason, the statement of objective in the first sentence of paragraph 6 of the draft is written as if an education program can create professional accountants with certain values, ethics and attitudes. As noted in our response to questions 1 and 2 above, an understanding of professional values, ethics and attitudes can be conveyed and assessed as part of an education program – not their internalization through actual application in daily practice, which is an after-the-fact professional disciplinary issue (this is recognized in paragraph 12, which relates to the assessment of competence of professional accountants in relation to professional values, ethics and attitudes – not their actual application in daily practice). An understanding of professional values, ethics and attitudes and the ability to apply them can be taught, but their internalization by aspiring professional accountants so that they are applied in daily practice depends, in the first instance, on socialization processes within firms (and perhaps some socialization in professional education programs). Education standards cannot prescribe socialization processes – only the learning outcomes and knowledge required as one prerequisite for socialization processes being effective in internalizing professional values, ethics and attitudes. For these reasons, we believe that objective should read as follows (we address the reason for replacing the term “aspiring professional accountant” with “candidate” and adding “prior to awarding the professional accountant qualification” in the section, Other Comments of Question 5):

“The objective of a member body is to have candidates understand, and be able to apply, the professional values, ethics and attitudes required to perform the work roles of a professional accountant prior to awarding the professional accountant qualification.”

In relation to the second reason, the second sentence of the objective in the draft represents explanatory material in relation to the objective and is therefore not a part of the statement of objective itself. This sentence should therefore either be moved to the explanatory material or be deleted (we make other comments in relation to this sentence in the section, Other Comments of Question 5).

IRBA Response:

Given that most professional bodies do not directly provide for the education and training of professional accountants; the requirement for member bodies to “prepare aspiring professional accountants for demonstrating the professional values, ethics and values…” seems incongruous with what member bodies are able to achieve. It is
recommended that the objectives use terminology like “influence” or “promote” rather than place a direct obligation on the member bodies to prepare the aspiring professional accountants.

JICPA Yes, we believe that the objective stated in the proposed revised IES 4 is appropriate. We further believe that, generally, member bodies establish the education system to prepare the aspiring professional accountants for demonstrating the understanding of the importance of professional values, ethics, and attitudes. Therefore, we believe that the proposed objective for the revised IES 4 is appropriate. Please note that our comments are based on the current definition of the term professional accountant.

Juvenal The point 6 about objective isn’t relationship with opinion about education observed that question 2 is different for this case when “of a member body is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant. This lays the foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant’s career”. This proposal will be specific for education, so can be occurred problems in your application, the IFAC has International Norm for Ethics.

KPMG The objective outlined in paragraph 6 is appropriate. It will be the application of this objective that will be difficult especially across different member bodies and cultures. It will therefore be important to provide consistent messaging and examples in the supporting Explanatory Materials.

The role of the IAESB over member bodies could be clarified specifically addressing non-compliance with the IES 4 requirements.

Mahadevan Objective stated is appropriate.
Work Roles of a Professional Accountant require a concept paper from IFAC For members in practice and in business—together or separately.

Maresca Generally, yes.

MIA Yes, the objective reflects assistance provided by IES4 to member bodies in ensuring the implementation of
IES4. It underscores the importance of professional values, ethics, and attitudes in the current business environment.

NZICA We consider the objective, as outlined in paragraph 6, to be appropriate. Furthermore, we consider it does not pose any significant change to the objective of the original IES 4.

PWC We believe that the objective to be achieved by a member body is appropriate:

"The objective of a member body is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant. This lays the foundation for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant's career."

We suggest that the objective could be put more succinctly as follows:

"The objective of a member body is to inculcate in aspiring professional accountants the professional values, ethics, and attitudes required of a professional accountant. This lays the foundation for the ongoing development and application of these values, ethics, and attitudes throughout the professional accountant's career."

To further shorten the objective, the second sentence, while true and possibly a useful statement for the explanatory material, could be removed from the objective.

SAICA If this question refers to items 1-12 under the “Requirements” (page 10), then the answer is yes. Including attitudes is especially valuable. But see also below in connection with question 5.

SAIPA The objective to be achieved by the member body is appropriate.

SKAU Yes, it is.

**Question 4: 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?**

AAT We agree that this is the case.
ACCA The criteria identified are applied appropriately and consistently. The requirements relating to the integration of the IESBA code and the requirement to adhere to the five fundamental principles contained within that code could be combined for clarity and economy.

AIA Yes.

AICPA-PcEEC Consistent with our response to Question 3, we do not believe that the requirements in paragraphs seven and eight adequately reflect the objectives of IPD and CPD, and the spectrum of IFAC member bodies’ potential roles therein.

Also, as discussed in our responses to Questions 1 and 2, we do not believe that the requirement in paragraph 11 to engage in reflective activity, as proposed (formalized and documented), is necessary to achieve the objective stated in the Standard. As such, paragraphs A16, A17, and A18 in the Explanatory Materials section seem to us inappropriate.

BDO Yes, we believe the criteria have been applied appropriately and consistently. We also support the move, in this exposure draft, to a learning-outcome based approach which is more indicative of a principles-based IES. In particular, we support the revision of the requirements in the previous paragraph 16 (of the extant IES 4) and the improved wording in an ‘outcome’ context of the new requirements of paragraph 10.

We have set out below some additional comments to support the requirements being applied appropriately and consistently.

*Paragraph 4 and paragraph 8*

We believe that paragraph 4 could be read to imply that IES 4 integrates the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (the Code) into professional accounting education. However, the IES only includes the ‘general application’ sections of the Code and does not include the elements of the Code relating to professional accountants operating in public practice or in business. We would expect the Scope section of the IES to be very clear about what is included or not included from the
We believe this is particularly important in paragraph 8, where we suggest the following change to ensure that member bodies are not confused by the reference to the Code:

...shall integrate the IESBA Code’s “General Application of the Code”, including...

In addition, we recommend that further clarity is added to paragraph 8 to make it clear that the requirement is written in the context of aspiring professional accountants; otherwise, the reader may interpret the requirement as being written for all professional accountants. We suggest the following amendment is made:

...learning and development activities for aspiring professional accountants.

**Paragraph 10**
We believe the sixth bullet point (‘compare concepts of objectivity, professional skepticism, accountability, and public expectations;’) may not be clear to all readers with respect to whether or not the comparison is intended to mean with each other.

**Paragraph 11**
We believe that this paragraph could also be read to imply that the requirement for member bodies is to ‘design’ learning & development activities. This might be impractical for a number of reasons, but primarily due to the associated responsibility in respect of:

- the setting of content;
- determination of modules of learning;
- development of curricula; and
- creation of learning materials.

Some or all of these aspects of design may be outside the control of the member body, and yet there is no mention of this in the explanatory materials. We believe that further guidance should be provided to member
bodies in terms of their precise requirements, particularly bearing in mind that designing materials may be onerous for member bodies in developing parts of the world or where member bodies have limited resources. We recommend that the standard clarify that providing training is not necessarily the role of IFAC member bodies; rather, their role is to set the requirements and overall guidelines (for example, curricula) for training providers but they are not required to be the training providers subject to any local laws and regulations requiring this.

Paragraph 12
We believe that there could be confusion as to why the assessment processes apply only to professional accountants and not to aspiring professional accountants as well. We recommend that this be clarified (or amended, if appropriate), including the rationale. It might appear from this paragraph that assessment of professional values, ethics, and attitudes is important only for professional accountants and we do not believe it was the IAESB’s intention to convey the message that such assessment processes do not also apply to aspiring professional accountants.

CAI
The proposed revised standard does meet the identified criteria.

CGA-Canada
The Objective refers only to preparing aspiring professional accountants as a means of laying the foundation for ongoing development. Preparation of aspiring professional accountants occurs during initial professional development (IPD). However, Paragraph 3 of the Scope states that aspects of the Standard are relevant to continuing professional development (CPD). Additionally, Paragraph 12 requires IFAC member bodies to establish assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes. It is CGA-Canada’s position that the requirement to establish assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes is not necessary to achieve the objective of the Standard.

Requiring the member body to measure the professional accountant's professional values, ethics, and attitudes creates a requirement for the professional accountant to engage in a specific type of CPD activity, which may not be the most valuable use of the resources available for CPD, particularly the professional accountant's time.
Through reflection on their current skill set and engaging in career planning, members use their professional judgment to determine the CPD activities that will add the best value to their clients and employers. CGA-Canada recommends that the choice of CPD activities be left to the individual professional accountant, and that the Paragraph 12 requirement for FAC member bodies to establish assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes be omitted from the final IES 4 standard.

CICA

We believe so.

CIMA

The Code is an integral part of the Standard and the principles provided in the Standard ensure a very clear focus. The intent around applicability is apparent, but implementation issues are very important here and an important element of the consultation process is to develop a best practice benchmark. This Standard though important in itself for promoting ethical behavior and awareness should permeate and be reinforced in all standards which inform professional accounting educational and developmental programs.

CIPFA

Yes.

CNDCEC

A4. CNDCEC underlines that the introduction of a formal assessment of the education program containing professional values, ethics and attitudes is essential to ensure that the requirements set by the Standard are actually implemented. In this regard, we point out that CNDCEC evaluates and approves ex ante the education programs prepared by the local professional chapters; we believe that this practice helps to ensure that the requirements set by the Standard are appropriately implemented.

CPA-Australia

CPA Australia believes the stated criteria for determining the requirements of a Standard are met in the case of the proposed requirement.

CPA-Ireland

Please see response to question 5
CSOEC-CNCC
CSOEC and CNCC share IAESB’s concern related to promoting training for future professionals which integrates professional values, ethics and attitude to a large extent. The recommendation made by the IAESB to rely upon practical cases in order to develop reflective activities upon such themes is particularly positive. The French professional Bodies cannot agree more with views in this direction and are open for a dialogue with the other member bodies in order to determine the most realistic form adapted to foster the implementation of this requirement.

DTT
Yes, we believe the criteria for requirements have been applied consistently and appropriately.

EFAA
We believe that the criteria have been applied appropriately and consistently and should therefore promote consistency in implementation by member bodies.

EY
Yes. By stating the expected outcomes using words such as “explain, compare, apply”, the Standard clarifies what the development activities should provide and does this much better than by merely providing long lists of topics, avoiding unnecessary details and esoteric vocabulary. The sentences are clear and short and provide enough direction without requiring too many detailed procedures. It makes the result of the development activities around the topics of Values, Ethics and Attitudes concrete and easy to figure out and as such will certainly result in much more consistent results across member bodies.

FEE
It would be useful to expand the requirements on the form of assessment, in the second sentence of Paragraph A19, (“In determining the most appropriate forms of assessment, IFAC member bodies, educators, and other stakeholders are advised to consider an appropriate mix based on input, output, and process measures.”). This sentence provides minimum requirements which are not sufficiently self explanatory and may raise implementation issues. It would be helpful for the Board to decide whether it is appropriate to expand those requirements in the current revision of IES 4 or in the revision of IES 6.

HKICPA
One of the criteria identified by the IAESB for determining the requirements of a Standard is that the requirement is necessary to achieve the objective stated in the Standard.

The requirement in paragraph 11 of the ED, depending on the interpretation of the wordings, may not be
necessary to achieve the objective of the proposed revised IES 4.

Paragraph 11 of the ED is as follows:
VAC member bodies shall design learning and development for aspiring professional accountants to include reflective activity that is formalised and documented in relation to lessons learned from ethical dilemmas,

Paragraph A18 of the Explanatory Materials further elaborate on paragraph 11 as follows:

"The most realistic experience on which professional accountants reflect may occur in the workplace. Simulations of "real life" experiences may also offer suitable alternative".

Based on the above, it would appear that it is a requirement of the proposed ED that the student must reflect and document on actual experience from the workplace or from simulations of "real life" experience.

As explained in the specific comments in response to question 2 (above), there may be practical difficulties in documenting actual experience and it is unclear how the simulations should be carried out, in order to satisfy the requirements of paragraph 11.

It is suggested that paragraph A18 should be expanded to include the discussion of disciplinary pronouncements as an acceptable alternative to satisfy the requirements of paragraph 11.

IBR-IRE
Yes, we believe so.

ICAEW
Yes, we agree they have.

ICAS
It appears that the criteria have been applied appropriately and the requirements have been clearly set out. The inclusion of specified learning outcomes at paragraph 10 is a useful addition to the proposed IES 4.

ICPAS
We are of the view that the learning outcomes in relation to PVEA education as stated in paragraph 10 are clear
and comprehensive, with appropriate mix of fundamental concepts and issues relating to applications of PVEA. We believe that this requirement will promote the development of PVEA of aspiring professional accountants and more importantly, instill a sense of importance in applying PVEA in their decision making processes and exercising professional judgment.

The specific assessment requirement (paragraph 12) to measure the competence of professional accountants in relation to PVEA is appropriate and consistent with the Framework for International Education Standards for Professional Accountants. Explanatory Materials A9, A10, A11 and A13 emphasize the need to design and structure PVEA education as part of attaining practical experience or in the workplace. We believe this is the right approach as it is difficult to inculcate PVEA via purely classroom-based teaching. Overall, the requirements, as set out in the ED, should promote consistency in implementation by member bodies. There are some areas where improvements can be made and we have included suggestions on specific paragraphs in this submission, for the IAESB’s kind consideration.

IDW We limit our response to this question to instances in which we believe that a requirement does not meet the criteria for determining the requirements of a Standard (see footnote 1 to the Guide for Respondents in the Explanatory Memorandum of the Exposure Draft). Based on the criteria noted, we believe that there is a reasonable basis for each of the requirements, even though we believe that the description of the nature and extent of the requirements needs amendment as described in our comments by paragraph in the section, Other Comments of Question 5.

IRBA Response:

- It is our opinion that the criteria identified by the IAESB for determining whether a requirement should be specified, has been largely appropriately applied.

- We do not believe, however, that the requirements will result in consistency in implementation as the requirements do not speak to the quality and standard of the application nor do they offer any demonstration of standard.
JICPA
Yes, we have no objection to the criteria to determine the requirement of the Standard to being a) necessary to achieve the objective stated in the Standard, b) expected to be applicable in virtually all situations to which the Standard is relevant, and c) the objective stated in the Standard is unlikely to have been met by the requirements of other Standards. We agree that the criteria identified by the IAESB promote consistent implementation of requirements by the member bodies.

Juvenal
Depends of results of question 2 for criteria identified by the IAESB for determining whether requirement should be specified been applied appropriately and consistently such that the resulting requirements promote consistency in implementation by member bodies.

KPMG
We believe the criteria have been applied appropriately and consistently.

Mahadevan
Requirements in respect of Ethics have been specified.
Values and Attitudes require further elaboration in Standard and Application Paras.

MIA
Total consistency in implementation should not be the objective and it is unattainable. However, the exposure draft provides principles-based guidance that is necessary for member bodies to work on in order to achieve the stated learning outcome. Thus, it appears that the criteria have been applied appropriately in determining the requirements.

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

PWC
We believe that the requirements in the IES 4 Exposure Draft do not consistently 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.
Reflective Activities - We believe that the requirement to formalize and document reflective activities (Para 11) does not meet the first criteria above. Reflective activities can be a powerful element of learning if well designed, but this is also true of many other types of learning activities. Also, any impactful learning experience will foster reflection. It is also true that any learning activities, including formalized and documented reflective activities, can have minimal learning impact if poorly designed. Accordingly, a requirement to formalize and document reflective activities is not necessary to achieve the objective of the standard.

The IESBA Code - We believe that the requirements to, “integrate the IESBA Code, including any additional local requirements, into learning and development activities” (Para 8) and to, “establish that the learning and development...includes developing the ability to...apply the IESBA Code to professional behaviour...” (Para 10, last bullet) do not meet the first criteria above. These requirements appear to require that the IESBA Code be the primary reference for standards about ethics in learning and development activities and that local codes be referenced only where they contain additional requirements.

Learning impact increases with personal relevance which for aspiring professional accountants rests in the codes of ethics of their local member bodies and regulatory authorities. The requirements regarding the IESBA Code in the IES 4 exposure draft could therefore actually interfere with achieving the objective of the standard by decreasing potential interest in and learning about applicable codes. We recommend that the requirement in IES 4 revert to a requirement similar to Para 14 of the extant IES 4 which refers to local codes, possibly requiring add-ons from the IESBA Code if the local code is deficient.

We note here the IAASB’s approach in the ISAs. ISA 200 Para 14 requires that, “The auditor shall comply with relevant ethical requirements ...”. The accompanying explanatory material (Para A14) says, “Relevant ethical requirements ordinarily comprise Parts A and B of the International Federation of Accountants Code of Ethics for Professional Accountants (the IFAC Code) related to the audit of financial statements together with national requirements that are more restrictive.” We do not believe that the IAESB standards should require a more strict reference to the IESBA Code than the IAASB standards.

Assessment - IES 6 in both the extant and redrafted versions requires assessment of IPD while IPD includes the requirements of IES 4. Therefore a separate requirement in IES 4 for an assessment of professional
values, ethics and attitudes appears to overlap with the requirements of IES 6. We believe that the third criteria above should apply here and that requirements for assessment should be left in IES 6 to avoid overlap between IESs. This is not a significant issue from our perspective in terms of clarity but rather a matter of fidelity to the IAESB’s criteria for requirements in a standard.

SAICA  No comment.

SAIPA  The criteria are quite specific and should result in consistency in implementation by member bodies.

SKAU  We think yes

**Question 5: Are there any terms within the proposed IES 4 which require further clarification? If so, please explain the nature of the deficiencies**

AAT  We have not identified any such terms within the proposed IES 4.

ACCA  Member bodies may have difficulty with the implementation of various types of reflective activities and knowing how to verify and document reflection. For example, CIR and other documentary evidence involve quite complex methods of assessment and these may need further explanation. It may be useful to include an appendix showing examples of good practice.

In principle, ACCA supports the introduction of the new term ‘an aspiring professional accountant’. However, we are concerned that this may lead to unforeseen difficulties at a later date given that the definition of a professional accountant is still under review.

AIA  Explanatory material A5 states

*In setting the learning and development for aspiring professional accountants, IFAC member bodies, educators, and other stakeholders are advised to consider how to integrate the IESBA Code with local regulations and requirements. (Ref: Para. 8)*
It may be useful for IAESB to define more precisely what they mean by ‘integrate’ and the affect this may have on any assessment.

AICPA-PcEEC

- We are not clear as to what is meant by the term “compare” in paragraph 10 or the objective of the comparison if that is literally what is intended.
- The definition of the term formalized in paragraph 11 is unclear.
- The definition of reflective activity which is to be added to the Glossary is not clear as presently worded.
- We find particularly cogent and useful the items suggested in paragraphs A4, A10, A12, and A14 in the Explanatory Materials section.

BDO

We note that certain phrases are potentially subject to diverse interpretation, such as:

- ‘appropriate assessment processes’ in paragraph 12; and
- ‘an appropriate mix based on input, output, and process measures’ in paragraph A19.

What is ‘appropriate’ to one individual may not be ‘appropriate’ to another and therefore we recommend that further guidance is provided in the explanatory materials to ensure there is consistent application by member bodies.

We believe it may not be clear to readers what is meant by ‘technical standards’ referred to in the last bullet point of paragraph 10. This could refer to accounting standards, auditing standards, review standards, ethical standards, other standards, etc., or some combination thereof. We recommend that consideration is given to including a definition in the IAESB Glossary of Terms to clarify what is meant by ‘technical standards’.

The definition of ‘reflective activity’ proposed in the conforming amendments to the IAESB Glossary of Terms
appears to be a combination of a definition and guidance rather than a pure definition. We recommend that the guidance element (‘can be used by professional accountants at all stages of their careers’) is removed from the definition and only included in the explanatory materials. In addition it is not clear whether an aspiring professional accountant would be considered to be included within the meaning of ‘professional accountants at all stages of their careers’. We recommend that paragraph A16 is amended as follows:

**Reflective activity**

The practice of documenting experiences and considering what approach may be taken in the future in similar circumstances and can be used by professional accountants, *including aspiring professional accountants* at all stages of their career.

We note that paragraph A1 appears to simply repeat the glossary definition of an aspiring professional accountant. We believe a more helpful alternative would be for the paragraph to expand on the definition, including an explanation of the distinction between an aspiring professional accountant and a professional accountant.

Other comments

**Scope**

We believe it will be helpful to clarify that although IES 4 is concerned principally with initial professional development (IPD), inevitably these founding principles will continue into continuing professional development (CPD). A suggested addition to the Scope section is:

> Although learning and development continue throughout the career of a professional accountant, this IES is focused on the IPD phase of an aspiring professional accountant. The professional values, ethics, and attitudes achieved during IPD will inevitably be relevant to CPD as the professional accountant’s career changes and he or she gains exposure to a wider range of ethical issues or situations.

**Paragraph A7**

We believe that this paragraph could be read to imply that the public interest is being served due to the
contribution to trust in capital markets. We find it somewhat restrictive to focus only on ‘capital markets’ as there is a role for professional accountants working to safeguard the public interest whilst operating in privately owned businesses, public corporations, and other public interest entities who, whilst not holding debt on capital markets, do have a role in providing goods and services to society, employing individuals, and contributing to tax revenues within their jurisdictions.

**Paragraph A6**
We recommend that the meaning of ‘everything’ within this paragraph is clarified such that there is no question as to whether it represents everything, both inside and outside the workplace, versus everything in professional accountants’ role as professional accountants. Otherwise it will not be clear whether the intent is that all of non-work life is to be governed by the same set of professional values, ethics, and attitudes.

CAI

- In Paragraph 10 the use of the verb “compare” is questioned as the learning outcome does not indicate what this should be compared to. It is suggested that the verb “explain” or equivalent might be used.
- In relation to Paragraph 11 the matter of maintenance of confidentiality should be stated.
- In Paragraph A7 it states that “Learning and development may address (a) particular issues faced by all professional accountants, and also (b) those ethical issues more likely to be encountered by professional accountants in the workplace”. It is suggested that additional wording might be added (to item (b)) which clarifies that this is in reference to those members interacting with capital markets.
- In paragraph A8 it indicates a desire to distinguish between ethical education and the development of an appropriate ethical environment. This does not distinguish who is responsible for the latter and what actions or responsibilities are expected. Some additional clarification would assist this.
- In Paragraph A15 reference is made to “a variety of approaches”, presumably the list in Paragraph A14 addresses what is envisaged. A cross reference to this would clarify expectations.
- The term “critical incident diary” is not explained nor are the expectations around who might have access to this.

CGA-Canada

The Explanatory Material that forms a preamble to the Exposure Draft includes discussion of the Significant Issue Assessment of a Program Containing Ethics Values and Attitudes. Reference is made to the decision to include all assessment requirement in IES 4. The discussion refers to the “assessment of the program of
professional education”. It also refers to "assessment as a measure of the effectiveness of learning and development by a professional accountant" being consistent with the IAESB's Framework for International Education Standards for Professional Accountants.

It would be helpful if the IES and the related material clarified whether the assessment requirement refers to assessment of the program of studies or assessment of the aspiring professional accountant who is a student of the program of studies.

Other comments

Paragraph A7 refers to the role of accountants in contributing to the public's confidence and trust in capital markets. This is appropriate. CGA-Canada recommends that reference also be made to the contribution of professional accountants in the public and the not-for-profit sectors in creating trust and confidence in the institutions of government and the third sector.

CICA The definition of “reflective activity” was questioned by our reviewers. As drafted, it is defined as “the practice of documenting experiences relating to lessons learned from ethical dilemmas...” Our reviewers believed this wording to be a more narrow definition of reflective activity than necessary or implied by the recently released Framework For International Education Standards For Professional Accountants (“the Framework”).

Reflection (and reflective activity) is included in the Framework as a general learning and development activity – applicable to, but not exclusive to, lessons learned from ethical dilemmas. The proposed definition seems to suggest that reflection is an activity related only to ethical dilemmas.

In addition, the proposed definition places emphasis on the practice of documentation. Reflection should be more than documentation. It includes activities such as those referred to in Paragraphs A9 and A10 of the revised IES 4, e.g. identifying any apparent ethical implications and conflicts in their work, forming views on such occurrences and discussing them with supervisors. It was pointed out by one reviewer that reflection may or may not need to be documented to achieve the expected learning outcomes.
For consideration:

Reflective Activity:
“The practice of considering lessons learned from experiences and what approach may be taken in the future in similar circumstances. “

Other Comments:

Paragraph 12 - Requirement of a Member Body for Ethics CPD

There is some confusion as to what is meant by requiring Member Bodies to “establish appropriate processes that measure the competence of professional accountants”.

Some reviewers read Paragraph 12 as a new requirement for Member Bodies, requiring them to establish ongoing ethics education/assessment of professional accountants.

Others interpreted Paragraph 12 as similar to the redrafted IES 7 – “to monitor and enforce a systematic process to ensure that their members meet the requirements” of the revised IES 4. However, there is no reference in the Explanatory Materials to potential monitoring and enforcement approaches available to Member Bodies, as there was in the redrafted IES 7.

It would be a significant change for an IFAC Member Body to require continuing ethics education for professional accountants as part of their CPD program. If this is the intent of the IAESB, it should be made clear.

If the intention of the IAESB is the latter interpretation, that too could be made clearer.

Paragraph 10 - Learning Outcomes for Aspiring Professional Accountants

The level of proficiency in the bullets (except for the last two bullets) is generally “explain” or “compare”. At first
glance, these proposed skill levels appear low for an aspiring professional accountant. For example, *IEPS 1: Approaches to Developing And Maintaining Professional Values, Ethics and Attitudes* suggests that integration of ethical issues across functional disciplines should be a part of initial professional development (IEPS 1: Paragraphs 37-38). We would agree.

Paragraph 10 presents a very detailed and specific list of ethics topics – more so than in other IESs. The IAESB should ensure that the approach, terminology and the cognitive skill levels that are used in these bullets to describe outcomes is consistent with that adopted for the revised IES 2 *Content of Professional Accounting Education Programs*.

In bullet six, what does it mean to “compare” the four concepts of objectivity, professional scepticism, accountability, and public expectations? Rather than compared, we would expect these concepts to be integrated into an aspiring professional accountant’s decision-making skills as part of initial professional development.

In bullet eight, rather than “apply the fundamental ethical principles”, we would suggest “apply the professional values, ethics and attitudes”.

Paragraph 10 has been written only for the aspiring professional accountant. Ethics competency requirements for professional accountants are not specified in the revised IES 4. If continuing professional development is intended to be within the scope of this IES, the IAESB should give consideration to providing guidance on the competency expectations for the professional accountant. Paragraph 12 refers to measuring the competence of professional accountants but does not provide a standard against which they should be measured.

**Paragraph 8 - Reference to the IESBA Code**

Paragraph 8 has been modified from the extant IES 4 to require Member Bodies to integrate the IESBA Code, including any local requirements, into learning and development activities. Most member Bodies base their programs on local requirements first, with subsequent reference to the IESBA Code. We would suggest that a slight re-wording of the extant IES 4 is more appropriate:
IFAC Member Bodies shall integrate the relevant local codes of ethics, which should be in conformity with the IESBA Code.

Paragraph A16 - Explanatory Materials

Paragraph A16 simply repeats what is currently in the definition of “reflective activity”. It appears not very explanatory.

CIMA

The terms that may provide difficulties in global translation and appreciation are as follows:

The title itself could be more focused e.g. Professional Global Business Ethics

‘Aspiring’ e.g. aspiring accountant. This term could be more specific e.g. trainee, professional student.

‘Values and attitudes’. These may have wider connotations in the global environment.

Point 11 in the standard uses ‘measure the competence’, perhaps ‘evaluate’ or ‘assess’ would be more appropriate in this broader context.

CIPFA

Although the composite term ‘professional values, ethics and attitudes’ is defined in the IAESB Glossary of Terms, and this is referenced in A2 within the standard, it may be more helpful to include the full definition within the standard. As this term is fundamental to the standard, and makes up its title, it is crucial that the meaning of the term is evident.

Other Comments

Explanatory Materials, A4

An important issue is that professional values, ethics and attitudes may be included within an education program both as a separate topic and also as a key feature of other subject areas (eg the role of an accountant). It is noted that this is highlighted in A4 within the Explanatory Materials of the standard.
This paragraph refers to the need to consider how to integrate the IESBA Code with local regulations and requirements. CIPFA agree with this point, and would suggest that this may be taken further to include integrating the Code with the environment in which their members typically work. CIPFA has produced a guide for members to address this issue: ‘Ethics and You – A Guide to the CIPFA Standard of Professional Practice on Ethics’ http://www.cipfa.org.uk/conduct/download/Ethics_and_you_SOPP_Feb2011.pdf

As well as containing reference to UK legislation, the guide contains a foreword which highlights and interprets ethical issues with particular reference to the public services context in which most CIPFA members work.

CNDCEC

A5. In relation to Paragraphs 1 and 3, CNDCEC considers it appropriate to further clarify the scope of IES4 as to trainees and professionals and their respective education, in order to avoid any overlapping and repetition of concepts.

In relation to Para. 7, pertaining “public interest”, we consider it appropriate to give a wider vision of the role of accountancy profession, considered as a profession which can contribute to the community benefit, even in the light of the recent considerations about the concept of “public interest” made by IFAC\(^2\). Thus, we believe it could be appropriate to remove from Para. A7 the reference to “capital markets”; the concept of “public interest” extends in fact beyond capital markets and also includes fairness and dynamics of transactions in the economy in general.

In relation to Para. 12, CNDCEC appreciates the introduction of an assessment process of the education program on professional values, ethics, and attitudes; nevertheless, it could be appropriate to list in Para. A19 some possible measures which professional bodies can adopt to carry out the assessment. In this regard, see also our answer to the previous question.

In relation to Para. 10, we propose to introduce in the text “the ability to explain to the client the ethical issues and implications relating to the professional practice.”

In relation to bullets 6 and 7 in Para. 10, our proposal is to replace the verb “compare” with “explain”.

\(^2\) Cf. “A Public Interest Framework for the Accountancy Profession” – Exposure Draft – IFAC, November 2010
While CPA Australia has not identified any terms that need further explanation, we wonder whether the use of ‘competence’ in paragraph 12 is appropriate. We propose that ‘understanding’ may be a better term in the context of professional values, ethics and attitude.

Other Matters:
The title of this standard may be inconsistent with the Code of Ethics for Professional Accountants, which refers to fundamental ethical principles. It is not clear whether the title refers to professional values, professional ethics and professional attitudes. Values and principles form the basis of ethics, while values and beliefs towards a particular issue form an attitude. A simpler title consistent with the Code may be preferable.

Paragraph 6 refers specifically to work roles but ethical behaviour is expected of professional accountants beyond the constraints of their work.

Paragraph 7 refers to a framework of professional values, ethics and attitudes. It is not clear whether values and ethics form a framework since values are part of ethics. Reference to ‘a clear understanding of the fundamental ethical principles and the fundamental importance to act in the public interest’ may be clearer.

Paragraph 9 states that the professional values, ethics and attitudes shall be based on ethical concepts, theories and the fundamental principles. The definition of an ethical concept is not specified; what is the difference between a concept and a theory and what is the relationship between those and the fundamental principles.

Paragraph 10, point 2, may be clearer if it mentions normative and descriptive theories of ethics instead of rules based and framework. Alternatively reference may be made to a rules based or values based approaches to ethics.

Paragraph 10, points 6 and 7, may be more effective if they refer to ‘evaluate’ and ‘analyze’ rather than compare.

A2: Professional values, ethics and attitudes are defined as the professional behaviors and characteristics. Values and attitudes do not necessarily lead to ethical behavior because ethical behavior is affected by the person (values, attitudes etc.), the environment/context and the issue.

A7: The distinction between ethical issues faced by all accountants and those encountered by accountants in
the workplace is not clear.
A10: Ethical principles is used in this paragraph. Are these the same as values and ethics? Consistent terminology may make the implementation of this standard easier.
A12: Mentions that national and cultural environment and objectives ought to be taken into account but it is not clear what objectives the reference is for.
A13: Suggests that some aspects of classroom education may be replaced by practical experience. It is not clear how measurable practical experience may be offered on ethical behavior.

CPA-Ireland
Further guidance could be provided as to what constitutes appropriate assessment processes as referred to in paragraph 12. This would promote consistency in implementation by member bodies.

CSOEC-CNCC
CSOEC and CNCC pay tribute to the work of definition led by the IAESB and have no additional request to formulate in this field.

Opinion on the comments of implementation of IES 4 “Explanatory material”

- Ref : Para A 1
The French professional Bodies CSOEC and CNCC take notice of the definition of “aspiring professional accountant”.
In France the professional Bodies mainly intervene at the level of acquisition of practice and of professional culture at the time of the training period of three years organized, supervised and endorsed by the professional institutes. Education of general culture is more of the competence of the Ministry of higher education, even if the profession participates to the definition of programs and organization of examinations.

- Ref : Para A 2-A3
CSOEC and CNCC approve this provision which they deem essential to train future competent professionals. They already provide for such a framework, as part of initial compulsory education to future professional members, experts-comptables (chartered accountants) and/or commissaries aux comptes (statutory auditors) who hold the status of trainees.
The regulation of the training period of “expertise-comptable”, as well as the regulation of the training period of “commissariat aux comptes”, established by the professional institutes, make it compulsory for each trainee to submit to a certain number of training days every year during three years:

- training period of expertise-comptable: 8 days per year, that is, a total number of 24 days over three years;
- training period of commissariat aux comptes: 5 days per year, that is, a total number of 15 days over three years.

In both cases, the training program of trainees relates to professional culture, ethics, standards of professional standards and professional liability. The main principles included in both Codes of ethics are integrated within this education program common to both training periods.

In order to ensure the proper practice of the profession, CSOEC and CNCC take care to extend such education all along the professional life of their members through the continuing education requirement (40 hours per year or 120 hours over three years). Compulsory continuing professional education of commissaires aux comptes include a required minimum of 60 hours over 3 years devoted for a part to ethics.

- Ref: Para A 4-A5

The professions of “expert-comptable” and “commissaire aux comptes” both do have a code of ethics:

- Experts-comptables: Code de déontologie set up by ministerial decree of September 12, 2007;
- Commissaires aux comptes: Code de déontologie, attached to the Livre VIII of the French Code of commerce, pursuant to Article R. 822-60 and published on November 16, 2005.

These two Codes of ethics frame the conditions of behaviour in professional engagements in terms of integrity, objectivity, competence, independence, professional secrecy and compliance with professional rules. Both Codes share the same fundamentals principles as the IESBA Code of Ethics.

The French professional Bodies have translated in the French language of the IESBA Code of Ethics dated of
August 2010.

3. Ref: Para A 6-A11
CSOEC and CNCC are convinced of the necessity to maintain lifelong learning throughout the professional life, rather than at the period of initial education only. They therefore completely adhere to the proposed coverage which they already integrate within national requirements for professional members, whether they are trainees or members in practice.
(See comments Par. A2-A3 and A4-A5).

4. Ref: Para A 12-A15
CSOEC and CNCC are favorable to the learning approach proposed by the IAESB which aims at combining the handling of theoretical concepts with illustrations together with practical cases drawn from professional experience.
The French professional institutes also take into consideration the concept of education achievements, especially at the level of their trainees' education. Basics are provided by e-learning modules while days of classroom-based education enable the trainees to work on practical cases and deepen such aspects with professional members in practice.

5. Ref: Para A 16-A18
Pursuant to the comment relating to the item above, the French professional Bodies are willing to document such practical illustrations which could serve as a basis for reflective activities.

5. Ref: Para A 19
The competences acquired throughout the initial education period covering the three-year professional training period are assessed by means of multiple-choice questions at the end of each educational session.

The diploma of “xpertise-comptable”, which leads to the profession of “expert-comptable” and is also the main way of entry to “commissariat aux comptes” includes three examinations, including one on professional regulation and ethics applying to the expert-comptable and the commissaire aux comptes. Such examination assesses the knowledge acquired in these fields prior to entry in professional life.
While in practice, “experts-comptables” and “commissaires aux comptes” will have to comply with continuing education requirements which provide that, at least for “commissaries aux comptes”, one part is devoted to ethics. Compliance with this continuing education requirement is verified as part of quality reviews undertaken by the professional institutes. A system establishing the record of the training followed enables each professional member to keep track of the training courses attended.

DTT Yes – we believe the following terms should either be explained in more detail in the standard or included in the IAESB Glossary:

- Professional values
- Ethics
- Attitudes (or Professional attitudes)
- Ethical concepts (Para 9)
- Theories (Para 9) – and see Specific drafting points below
- Social responsibilities (Paras 9 and 10)
- Framework approach (Para 10)
- Learning outcomes (A12 and A13)
- Reflective record (A17)
- Personal development portfolio (A17)
• Critical incident diary (A17)

Specific drafting points

In addition to our responses to the specific questions posed in the Explanatory Memorandum, we also provide a number of specific comments on the exposure draft together with suggestions for changes to enhance the clarity of the final standard.

We note that the approach to providing paragraph references between the main body of the standard and the Explanatory material differs from the proposed IES 7. IES 7 was easier to follow because it used subheadings together with paragraph references to provide clear linkage between the two parts of the document – we recommend that this approach is also taken for the proposed IES 4.

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<thead>
<tr>
<th>Paragraph</th>
<th>Existing Wording</th>
<th>Comments/Suggestions for change</th>
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| 1         | Footnote:  
2 The term “learning and development” is used by the IAESB to incorporate all the different processes, activities, and outcomes contributing to the achievement of competence.                                                                 | The description in the footnote for ‘learning and development’ is different the definition of this term in the IAESB Glossary. If a footnote is necessary to explain a term that is already in the Glossary we recommend consistency.                                                                                                           |
1. **This International Education Standard (IES) prescribes the professional values, ethics, and attitudes to be acquired by professional accountants through learning and development during professional accounting education undertaken as part of Initial Professional Development (IPD).**

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<thead>
<tr>
<th>Paragraph</th>
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<tr>
<td>3</td>
<td>Learning and development continue throughout the career of a professional accountant; and aspects of this IES are also relevant to Continuing Professional Development (CPD). Professional values, ethics, and attitudes achieved during IPD continue to develop as the career of the professional accountant changes, giving exposure to a wide range of ethical issues.</td>
<td>Reworded to enhance clarity of the second sentence, and to recognise that it is not just ethical situations which shape professional values and attitudes. Learning and development continue throughout the career of a professional accountant; and aspects of this IES are also relevant to Continuing Professional Development (CPD). Professional values, ethical principles, and attitudes developed during IPD continue to develop throughout the career of the professional accountant. As their career changes, professional values, ethical principles, and attitudes continue to evolve.</td>
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</table>
| 6 | **The objective of a member body is to prepare aspiring professional accountants for demonstrating the professional values, ethics, and attitudes required to perform the work roles of a professional accountant.** | We recommend deletion of the second sentence – this is not actually setting out an objective of the standard, but providing context which is already set out in paragraph 3. The language is duplicative of the first sentence. We also recommend some changes to the first sentence for clarity.

The objective of a member body is to equip aspiring professional accountants with the professional values, ethical principles, and attitudes required to perform the role of a professional accountant. |
<table>
<thead>
<tr>
<th></th>
<th>The coverage of professional values, ethics, and attitudes in the learning and development activities of the aspiring professional accountant shall be based on an understanding of (a) ethical concepts, (b) theories, and (c) the five fundamental principles of the IESBA Code, which foster a commitment to:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We recommend that the explanatory material provides more guidance on what ethical theories and concepts should be addressed.</td>
</tr>
<tr>
<td></td>
<td>We have recommended some changes for clarity:</td>
</tr>
<tr>
<td></td>
<td>The coverage of professional values, ethics, and attitudes in the learning and development activities of the aspiring professional accountant shall be based on an understanding of (a) ethical concepts, (b) ethical theories, and (c) the five fundamental principles of the IESBA Code (refer to paragraph 4), which foster a commitment to:</td>
</tr>
<tr>
<td>9</td>
<td>• compare concepts of objectivity, professional skepticism, accountability, and public expectations;</td>
</tr>
<tr>
<td></td>
<td>• compare the consequences of unethical behavior to the individual, to the profession, and to society at large;</td>
</tr>
<tr>
<td>10</td>
<td>We don’t believe that the concepts presented in each bullet are necessarily comparable concepts, and so suggest a more appropriate learning outcome would be to ‘describe’ the concepts.</td>
</tr>
<tr>
<td></td>
<td>• describe concepts of objectivity, professional skepticism, accountability, and public expectations;</td>
</tr>
<tr>
<td></td>
<td>• describe the consequences of unethical behavior to the individual,</td>
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</tr>
<tr>
<td>10</td>
<td>• apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas and their resolution; and</td>
</tr>
<tr>
<td></td>
<td>• apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas and determine an appropriate resolution; and</td>
</tr>
<tr>
<td>11</td>
<td>IFAC member bodies shall design learning and development for aspiring professional accountants to include reflective activity that is formalized and documented in relation to lessons learned from ethical dilemmas.</td>
</tr>
<tr>
<td></td>
<td>IFAC member bodies shall design learning and development for aspiring professional accountants which includes formalized and documented reflective activity to identify lessons learned from ethical dilemmas.</td>
</tr>
</tbody>
</table>
### 12

<table>
<thead>
<tr>
<th>IFAC member bodies shall establish appropriate assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reworked to enhance clarity.</td>
</tr>
<tr>
<td>IFAC member bodies shall establish appropriate assessment processes that measure the competence of professional accountants in applying professional values, ethical principles, and attitudes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Existing Wording</th>
<th>Comments/Suggestions for change</th>
</tr>
</thead>
<tbody>
<tr>
<td>A6</td>
<td>Professional values, ethics, and attitudes apply to everything that professional accountants do. Having a knowledge and understanding of ethical concepts and theories can help the aspiring professional accountant to recognize and address ethical dilemmas.</td>
<td>We believe it is important that the aspiring professional accountant not just has the knowledge, but practices application.</td>
</tr>
<tr>
<td></td>
<td>Professional values, ethics, and attitudes apply to everything that professional accountants do. Having knowledge of ethical concepts and theories and the opportunity to practice their application in a non-workplace setting can help the aspiring professional accountant to recognize and appropriately address ethical dilemmas that they encounter.</td>
<td></td>
</tr>
</tbody>
</table>
In fostering a commitment to the public interest, it is important that aspiring professional accountants understand that professional accountants contribute to confidence and trust in the capital markets. Learning and development may address (a) particular ethical issues likely to be faced by all professional accountants, and also (b) those ethical issues more likely to be encountered by professional accountants in the workplace.

We believe it is important that learning and development also addresses how to achieve appropriate responses to ethical issues.

In fostering a commitment to the public interest, it is important that aspiring professional accountants understand that professional accountants contribute to confidence and trust in the capital markets. Learning and development may address (a) particular ethical issues likely to be faced by all professional accountants, (b) those ethical issues more likely to be encountered by professional accountants in the workplace and (c) key considerations in the development of appropriate responses to such ethical issues.

An environment cannot be instilled.

...and (b) developing and maintaining an appropriate environment for ethical behavior.

We believe it is important to consider the wider work environment when identifying ethical issues, and to discuss resolutions to ethical issues.
implications and conflicts in their work, (b) to form preliminary views on such occurrences, and (c) to discuss them with their supervisors. with supervisors.

The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants (a) to identify any apparent ethical implications and conflicts in their work or work environment, (b) to form preliminary views on such occurrences, and (c) to discuss them, including an appropriate resolution, with their supervisors.

Those responsible for the design and supervision of practical experience programs are encouraged to recognize that ethical problems and potential dilemmas for the aspiring professional accountant may occur within the period of practical experience. Where there is doubt about the ethical aspects of a course of action or situation, guidance may be given to aspiring professional accountants about the need to consult employers, mentors, supervisors within their work environment or an IFAC member body, whichever is appropriate.

Reworked to refer ‘ethical issues’ rather than problems to be consistent with elsewhere in the standard. Also we feel that in such situations the idea that ‘guidance may be given’ is too weak.

Those responsible for the design and supervision of practical experience programs are encouraged to recognize that ethical issues and potential dilemmas for the aspiring professional accountant may occur within the period of practical experience and, where there is doubt about the appropriate resolution of an ethical issue, to provide guidance to aspiring professional accountants about the need to consult employers, mentors,
A12  The learning outcomes establish both the content and the depth of knowledge, understanding, and application required for each specified area. IFAC member bodies, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment and objectives.

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<tr>
<th>Paragraph</th>
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<tr>
<td>A12</td>
<td>The learning outcomes establish both the content and the depth of knowledge, understanding, and application required for each specified area. IFAC member bodies, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment and objectives.</td>
<td>This paragraph makes reference to ‘the learning outcomes’ which presumably refers to the list of bullet points in the requirement at paragraph 10, but this link is not explicit and should be made clear. Also it is not clear what the ‘objectives’ are that are referred to at the end of the paragraph – are these the same as the learning outcomes?</td>
</tr>
</tbody>
</table>

A13  In determining the approach to each of the learning outcomes, some aspects of classroom-based education may be replaced by practical experience.

Reworded to reflect the fact that structured learning activities are wider than classroom activities, and that the key is achieving the right mix.

In determining the approach to achieving the learning outcomes, the mixture of learning methods may include a combination of structured learning programs and practical experience.

A14  IFAC member bodies, educators, and other stakeholders are encouraged to use participative

Reworded to change ‘learning’ to ‘development’.

IFAC member bodies, educators, and...
<table>
<thead>
<tr>
<th>Approaches that can enhance the learning of professional values, ethics, and attitudes.</th>
<th>Other stakeholders are encouraged to use participative approaches that can enhance the development of professional values, ethical principles, and attitudes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A20</strong></td>
<td>Differing measurement approaches to assessment can be employed by IFAC member bodies, educators, and other stakeholders. In determining the most appropriate forms of assessment, IFAC member bodies, educators, and other stakeholders are advised to consider an appropriate mix based on input, output, and process measures.</td>
</tr>
<tr>
<td>This paragraph would be enhanced if it provided some examples of measurement approaches.</td>
<td></td>
</tr>
<tr>
<td><strong>IAESB Glossary of Terms</strong></td>
<td>Reflective activity</td>
</tr>
<tr>
<td>The practice of documenting experiences relating to lessons learned from ethical dilemmas and considering what approach may be taken in the future in similar circumstances can be used by professional accountants at all stages of their careers.</td>
<td></td>
</tr>
<tr>
<td>We do not believe that reflective activity by definition includes documenting, it can take many forms. If it does include documenting then the requirement in paragraph 10 is redundant. We also do not believe that the definition of reflective activity should restrict practice to situations of ethical dilemmas. The definition has not been phrased as a definition, but is instead a statement about when reflective activity can be used.</td>
<td></td>
</tr>
</tbody>
</table>
Reflective activity

The practice of reflecting on an experience to identify lessons that can be learned and approaches that can be taken in the future in similar circumstances.

EFAA

We do not believe so.

Other Comments

International Ethics Standards Board for Accountants (“IESBA”) Code of Ethics (“Code”)

EFAA accepts that the Code is a very important source of reference but we also note that this should not be viewed as the only source of reference. Country specific legislation and regulatory requirements are also of importance and accountants must always act in compliance with these requirements. This is particularly relevant to the statement in paragraph 2 – reproduced below.

In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of professional values, ethics, and attitudes.

If the IAESB’s intention is to address other stakeholders then we would suggest that it does so in the knowledge that there may be other ethical requirements that are of equal importance to that of the Code, or may indeed be more stringent than the Code, and such acknowledgement and consideration may serve the public interest.

IESBA SME / SMP Working Group (“WG”)
We note that an IESBA SME / SMP WG has been established to consider and recognise the importance of understanding the unique and challenging issues encountered by professional accountants in SMEs and professional accountants in public practice, including SMPs, providing services to SMEs when complying with the Code. We would suggest that IAESB consults with IESBA to consider whether any of the issues identified by this WG or indeed any of the WG’s recommendations would impact on this IES or would require further consideration by the IAESB.

EY

We have not identified any such terms.

Other comments

We offer the following drafting suggestions for your consideration:

- Paragraph 10: we suggest deleting the sixth bullet, because the eighth bullet is broader and encompasses the concepts outlined in the sixth bullet.
- Paragraph 12: we recognize that competence is at the heart of IESs; however, in this paragraph and as it relates to Values, Ethics and Attitudes, “…processes that measure competence ….. in relation to professional values, ethics and attitudes” does not seem right; therefore, we would suggest “… processes that measure the application of appropriate values, ethics and attitudes by professional accountants”.
- Paragraph A2: we would change “….. of a profession” to “… of the profession”.
- Paragraph A6: the first sentence indicates that professional values, ethics and attitudes are pervasive to a professional accountant’s activities, which we agree with; however, the example in the second sentence of the paragraph does not clearly illustrate that point and we suggest that another example be provided, for example, in respect of other team members, client interviewing, or other such activities.
- Paragraph A11: In the second and third line, we suggest the following change: …and potential dilemmas for the aspiring professional accountants

FEE

It could be helpful for the Board to verify that there is no duplication of concepts in the integration of the IESBA code into professional accounting education.
In some countries, regulations might provide some ethical requirements which are not completely in line with the IESBA code. To take this situation into account we suggest deleting the word “additional” in paragraph 8. Furthermore paragraph A5 should be amended to recognize that local regulations can include some additional or different requirements.

The structure of the listed commitments in the second part of paragraph 9 is unclear and unparallel, covering different topics with different nature. For example, it is not clear how the concept of lifelong learning and Continuing Professional Development is linked with the learning activities of the aspiring professional accountant. In this regard, although an explanation is provided in paragraph A8, it might be helpful to include some explanation in paragraph 9.

In addition, it is not clear how different topics have been grouped in different bullet points, e.g. what is the reason of linking together reliability, responsibility, timeliness and courtesy and have on a different line quality or the public interest and sensitivity to social responsibilities.

Reference to capital markets, in the first sentence of paragraph A7, narrows significantly the contribution and the commitment of professional accountants to the public interest. Public interest is more than trust in capital markets. The responsibilities of the profession might impact every aspect of society: consumers, suppliers, taxpayers. We suggest to remove the reference to capital markets to consider the broader contribution provided by professional accountants. The explanatory paragraph A17 ought to reflect the wide variety of activities of a professional accountant. This is especially relevant in a period when Integrating Reporting is developing.

In the second sentence of paragraph 2, “In addition, this IES will be helpful to…and any other stakeholders who support the learning and development of professional values, ethics, and attitudes…”, we question whether this standard is useful for such large range of stakeholders. IAESB needs to avoid drafting standards which would go beyond its responsibility. Therefore, we suggest to amend the sentence as follows: “However, this IES might be helpful to educational organizations, employers, regulators and government authorities”. Similarly, in other paragraphs, i.e. A14 and A19, the reference to other stakeholders is even less relevant and should be deleted.

HKICPA

As mentioned in the specific comments to question 4 (above), further clarification can be provided on the meaning of “Simulation” in paragraph A18 of the Explanatory Materials.
In addition, it would be helpful to clarify whether the evidence of reflective activity as provided in paragraph A17 of the Explanatory Materials are required to be submitted for assessment under the proposed revised IES 4. If so, the concerns raised in the specific comments in response to question ‘2 (above) may need to be addressed.

IBR-IRE

No.

ICAEW

There are three points that we would like to make.

Firstly, regarding the documentation of reflection and “lessons learned” (e.g. A16 – A18), we think it would be helpful to further expand the illustrative examples, for instance making clear that web-based learning products are acceptable. We also think it is important for it to be made clear that in relation to these paragraphs, and also to A7, a member body may accredit another party to provide the learning and development activities provided they accord with the member body’s criteria and IES 4. The aspiring accountant’s employer would be a typical example here.

Secondly, and as mentioned in answer to question 2, we think an effective date for the standard needs to allow more time for implementation. The proposed 12 – 15 month lead time is too tight and we think at least 18 months should be allowed.

Thirdly, and regarding paragraph 19, it would be helpful to have certain acceptable assessment activities mentioned, for instance examinations.

ICAS

In paragraph 11 the standard refers to the reflective activity being ‘formalized and documented’. As mentioned in the response to Q2, it may be helpful to consider issuing an Information Paper on the introduction of reflective activity.

ICPAS

We appreciate that IAESB permits the use of different measurement approaches based on input, output and
process measures in determining the most appropriate forms of assessment (A19). However, there could be different assessment criteria adopted to assess the reflective activity or the competence in relation to the PVEA. Therefore, it would provide more clarity if more specific guidance in terms of the assessment criteria can be provided in the Explanatory Materials, rather than opening up the measurement approaches as proposed.

The Explanatory Material A14 provides examples of activities that can enhance the learning of PVEA. We would like to suggest including the use of online forums or social media to discuss PVEA issues, given the popularity of social media. We do appreciate that the difficulty of managing content, however, if managed carefully and accompanied by proper guidance, this could be a useful and effective channel, particularly for today’s techno-savvy young aspiring professional accountants to contribute and share their learning experiences regarding the subject matter. It would also be helpful to include mentoring and coaching while gaining practical experience as an example of reflective activity.

IDW

It is unclear to us what the term “a framework” signifies in paragraph 7 of the draft. In our comments on paragraph 7 below (“Other Comments”), we note that it appears to us to be an unnecessary concept and would reword that paragraph without it as shown.

Paragraph 9 refers to ethical “concepts and theories” and at the same time refers to the fundamental principles of the IESBA Code. Does this mean that the IAESB is requiring IFAC member bodies to have professional accountants be able to understand metaethics? What level of discourse is the IAESB seeking to require in relation to ethical concepts? In relation to ethical theories, does the IAESB expect member bodies to require professional accountants to be able to understand ethical theories (i.e., understand the various theories categorized by branches of ethics (e.g., metaethics, normative ethics, applied ethics, etc.)? It is unclear what breadth and depth of understanding the IAESB contemplates. We suggest that if the reference to ethical concepts and theories is retained, then the explanatory material needs to provide considerable further explanation as to the nature and extent of understanding sought.

Other Comments

1. As we noted in this section, it is not possible to design education programs to internalize professional values, ethics and attitudes by means of socialization. We therefore suggest that the first part of this sentence be changed to read “…prescribes the competencies, in professional values, ethics and attitudes, required of professional accountants through learning …”.
The use of the footnote is not in line with the IAASB clarity conventions, which use footnotes when referring to particular sources. Therefore, the sentence should be included at the end of this paragraph with a footnote reference to the glossary.

3. In line with our comment to paragraph 1 above, we suggest that the beginning of the second sentence read “Competency achieved in the professional values, ethics and attitudes during IPD continue…”.

4. The nature of the reference to the IESBA Code of Ethics (hereinafter referred to as “the Code”) in this paragraph and in paragraphs 8, 10 and A3 appears to us not to be appropriate because it is not consistent with paragraphs 4 and 5 of SMO 4— that is, member bodies are not required to integrate the Code into the education programs. To resolve this issue, we suggest that the IAESB draw on the solution used in both ISQC 1 and ISA 220, in which reference is made to “relevant ethical requirements”, rather than to the Code, and “relevant ethical requirements” is a term defined in the definitions section. Amended for IES purposes, the definition of “relevant ethical requirements” would be:

   “Ethical requirements to which professional accountants are subject, which ordinarily comprise the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with national requirements that are more restrictive.”

Paragraph 4 should consequently be changed to read:

   “This IES integrates relevant ethical requirements into professional accountancy education. Relevant ethical requirements ordinarily set out five fundamental principles…”

5. We refer to our comments in response to Question 8 in this section.

6. We refer to our comments in response to Question 3 in this section. In the second sentence, it is unclear to what the word “This” refers.

7. We note our previous comments on the use of the term “framework” and question whether the only “professional judgment” is to be exercised in the public interest, but also other activities of a professional accountant not requiring public interest. For this reason, we suggest amending the wording of this paragraph to read:

   “IFAC member bodies shall provide learning and development activities such that professional accountants obtain the competencies in professional values, ethics and attitudes needed to exercise their profession in the public interest.”

As a separate matter, we note that there are no subheadings grouping the requirements. It seems to us that paragraph 7 deals with the general requirement, paragraphs 8 and 9 deal with coverage, paragraph
10 with the required competencies, and paragraphs 11 and 12 with assessment. Subheadings denoting this may be useful.

8. In line with our comment on paragraph 4, we suggest that this paragraph be amended to read:
   “IFAC member bodies shall integrate relevant ethical requirements into learning and development activities”.

9. We refer to our response to question 5 in Appendix 1. The use of the word “which” near the end of the introductory sentence is ambiguous: does this mean that only those ethical concepts, theories and principles that foster a commitment to the items mentioned in the bullet points should be covered, or that there is a presumption that the concepts, theories and principles cover the items in the bullet points?
   Either way, we note that social responsibilities, lifelong learning and CPD (as opposed to maintaining professional competence), quality, reliability, responsibility, timeliness, courtesy, and respect of local societal norms are not covered in the Code. By including these matters, the IAESB is in fact setting standards for professional values, ethics and attitudes, not just for education. We do not suggest that some these matters may not be important, but the IAESB needs to recognize the nature of the requirements that it is setting.
   However, if these additional standards of conduct beyond the Code are included, then the IAESB will need to consider if they are in fact appropriate, and if so, define what they mean. In relation to the former, it is unclear to us whether “sensitivity to social issues” is appropriate given prior reference to public interest. Furthermore, “respect of … local societal norms” may in fact be counterproductive from an ethical point of view in the context of societies in which acceptance of corruption is the social norm. We therefore suggest that the IAESB liaise with IFAC staff responsible for working on the project dealing with the “public interest” to obtain further clarification of these two matters. In relation to the latter, it is unclear to us what the IAESB means by “quality”, “reliability” and “responsibility” without further description, explanation or definition.

   As an editorial matter, under the clarity conventions used by the IAASB, lists of items that are considered complete should use alphanumeric indicators rather than bullet points to indicate that the list is complete. Furthermore, the requirement in paragraph 9 should commence with “In their learning and development activities, IFAC member bodies shall professional values…”.

10. Paragraph 7 refers to the “provision” of learning and development activities through member bodies; consistent wording should be used in this paragraph. This would cause this paragraph to read as follows:
“IFAC member bodies shall provide learning and development activities of aspiring professional accountants to include developing the ability to:…”

We refer to the use of alphanumeric indicators rather than bullet points for complete lists as noted in our comments to paragraph 9. Furthermore, nine bullet points without some structure or use of subheadings suggests that more thought may need to be given to how the learning outcomes are structured.

In the first to fifth bullet points, we suggest that the term “professional” be inserted prior to the word “ethics”, since we presume that “ethics” in philosophical sense is not the issue of concern.

Professional skepticism is only required for assurance engagements – not for related services engagements or by professional accountants in business. For this reason, we suggest that the term be deleted from the sixth bullet point and be given a separate bullet point that states “explain the concept of professional skepticism in relation to assurance engagements”.

In line with our previous comments, in the last bullet point we suggest that reference to the IESBA Code be changed to “relevant ethical requirements”.

11. We refer to our response to question 2 in this section.

12. If paragraph 7 speaks of provide, paragraph 8 of cover, and paragraph 10 of “provide”, we suggest that this paragraph commence as follows: “IFAC member bodies shall assess the competence…”.

Explanatory Materials

Our comments to the explanatory material only address issues that would not be covered by amendments arising from the comments we have made to the introduction, objective and requirements. As a general matter, we suggest that subheadings be used as we proposed for the requirements (see comments on paragraph 1). We also note a number of instances in which the paragraph references to the requirements do not appear to be appropriate.

A1. This paragraph refers to the definition proposed for the glossary and is therefore superfluous; it is unclear why a reference is made to paragraph 6 (the objective). If the definitions are needed for an understanding of a standard, then they should be included in a definitions section of that standard.

A2. The comments as made to A1 apply to this paragraph.

A3. What is the purpose of this sentence and why is it referenced to paragraph 7, which is the general requirement?
A5. We do not believe that the verb “are advised” is appropriate because it suggests some form of obligation, even if not a requirement. We suggest replacing the term used with “may consider”.

A7. The phrase “it is important that” suggests a light form of obligation. We suggest rephrasing this sentence as follows: “One of the matters conducive to fostering a commitment to the public interest is that aspiring professional accountants understand that they contribute…”.

A8. We suggest replacing “are encouraged to distinguish”, which is a weak form of obligation, to “may consider distinguishing”. The reference to paragraph 9 does not appear appropriate, since paragraph 9 deals with coverage, whereas this A8 deals with the general requirements (paragraph 8).

A9. The paragraph reference should be to paragraph 8 (general requirement), rather than to paragraph 9 (coverage).

A10. Reference is made to “supervisors”. Who are they in the context of this IES? The paragraph reference should be made to paragraph 8 (general requirement) or paragraph 12 (assessment), rather than to paragraph 9 (coverage).

A11. The words “are encouraged to recognize” should be replaced with “may consider recognizing” to eliminate the intimation of obligation. The paragraph reference should be made to paragraph 12 (assessment), rather than to paragraph 9 (coverage).

A12. Reference is made to “learning outcomes”, which are covered in the bullet points of paragraph 10. However, no reference is made in paragraph 10 to the fact that these are learning outcomes.

A13. We are not convinced that, other than the learning outcomes in the last two bullet points, practical experience can replace other formal education. We suggest that the term “classroom-based education” be replaced with “theoretical education” because “classroom-based education” precludes self-study and other forms of learning outside a classroom. Furthermore, even those last two bullet points can be assessed by means of formal examination.

A14. The words “are encouraged to use” should be replaced with “may consider using” to eliminate the intimation of obligation.

A15. The last sentence adds no value and can be deleted.

A19. We suggest that the words “are advised to consider” be replaced with “may consider” to eliminate the obligation.
IRBA  
**Response:**

- Explanatory Materials, Para A8 requires further explanation. It is firstly, unclear as to why a distinction is encouraged or sought and secondly, the concept of an appropriate environment for ethical behavior is not clear. Is it referring to the economy as a whole or just the learning environment? Further clarity on this paragraph is required.

JICPA  
There are no terms that need further clarification.

Juvenal  
The terms within the proposed IES 4 which require further clarification explain the nature of the deficiencies, I think that function of IFAC-IES isn’t this, the principal objective is observed the application for used integrated, clarified with high quality of standards and have certainly of success of the used of this international standards.

KPMG  
Paragraph A4 refers to professional values, ethics and attitudes first being treated as a separate subject and as a professional accountant progresses through their career/training then these topics would be integrated with other subject matter. However, we believe that they should be integrated from the start of professional accountants career/training to enable them to relate to it with their on-the-job experiences and understand the relevance to the role they are performing.

Paragraph A14 lists a number of participative approaches that can be used. However, this list may not be exhaustive. Accordingly, we would recommend the following is added “but is not restricted to” after “These may include”.

Current guidance under paragraph A19 refers to “differing measurement approaches to assessment ….and other stakeholders”. We recommend more guidance be provided in relation to the “most appropriate forms of assessment” and provide examples of “input, output and process measures”. In addition, these types of “measures” should be defined in the “Glossary”.

Mahadevan  
Learning Outcome Approach term should be used
In A19 instead of output- Replace with Outcome.
Para 10 should cover values and attitudes
Para A1 mentions IPD and Para 6 is referred.- In Para 6 professional accounting education as part of IPD does not find a place. Hence as part of IPD in A1 can be deleted.
Para A3- individual client or employer—After individual-a comma is required.
Para A10 Should mention ethical dilemmas instead of only implications and conflicts.
Para A 13
Classroom education may be supplemented and not replaced.
Para A17 should mention ethical dilemmas to which only reflective activity applies.
Para 10
Last sub para—apply the IESBA Code to
Professional-Values, ethics and attitudes rather than
Professional behaviour and compliance.

Maresca Generally, no.

MIA All terms are clear.

NZICA We consider the terms used in the proposed redrafted standard to be sufficiently explained and widely understood. We would caution the IAESB to ensure consistent use of the terms aspiring professional accountant, student, and trainee as it proceeds to revise all IESs.

Other comments
We support the IAESB’s use of learning outcomes in paragraph 10.

In addition, we support the introduction of a formal requirement for the assessment of the elements of professional values, ethics and attitudes, as specified in paragraph 12. We would recommend to the IAESB that such a requirement also be specified in other IESs to ensure consistency.

PWC (1) Redrafted IES 4 proposes that a definition be added to the IAESB Glossary for the term “reflective activities”. We have two comments on the proposed definition. First, it is written as a persuasive statement Please refer to Question 5 of this
about the ongoing utility of reflective activities rather than as a definition of a term. Second, it seems arbitrary to include a requirement for documentation in a definition as the learning industry and many stakeholders would likely define reflective activities as intellectual processes and not in terms of documentation. Should the requirement for documentation remain in the final standard, we recommend that it remain only in the requirements and not in the definition.

(2) Users of the standard may have difficulty distinguishing between the possible forms of evidence of reflective activity presented in Para A17. It would be helpful to explain how these forms differ from each other. Should the differences prove to be minor, consider whether this paragraph can be deleted.

Other Comments
We support the use of required learning outcomes in Para 10 of the redrafted standard to replace the required topics in Para 16 of extant IES 4. We commend the IAESB for preserving the substance of the topics in making this shift from topics to learning outcomes.

We note that the definition of reflective activities proposed for the IAESB glossary includes that such activities are documented. If this definition stands, which we do not recommend, then the proposed requirement that they be documented is redundant and all that is necessary is that reflective activities be required. We have commented further on the proposed definition under Question 5 above.

SAICA

Yes, there are terms in the proposed IES 4 that require further clarification.

1. Concerning page 10, item 10, first dot point: whose view of the nature of ethics is envisaged – that of western philosophy or of the various cultures, or both?
2. Again in that point 10: 2nd dot point: more is involved in ethics than just theories and framework approaches.

Sixth and seventh dot points: compare what with what?

SAIPA

We believe that the proposed IES 4 is clear, concise and consistent and we would have no problems in implementing this proposed standard.
SKAU

We think there are not any terms within the proposed IES 4 which require further clarification.

IV. Comments on Other Matters

ACCA

Translations—The term ‘reflective activity’ may pose difficulties with translation.

Effective Date—We consider an effective date of 12 – 15 months after approval of the final revised standard to be appropriate.

BDO

We would support the development of an electronically integrated set of IESs which when linked directly to the glossary would enable the user (online or offline) to navigate successfully the suite of IESs. This would remove the need for the placing of occasional definitions in the text of each IES and would also enable the user of each IES to have an immediate source of information rather than having to seek out a glossary.

With respect to translations, we would support continuing efforts to improve the availability of translations in respect of exposure drafts and final pronouncements. We have no comments in respect of developing nations other than the point raised on paragraph 11 in response to question 4. We have no specific comments on the proposed effective date.

CNDCEC

Translation

In relation to the translation of the Standard, we point out that the chosen term is not easy to grasp and could cause some difficulties for the translation into other languages.

DTT

Effective date – the proposed timeframe for the effective date is appropriate assuming the standard is issued at the same time as IES 2 and IES 3.

EFAA

Translation and adoption in all countries, including developing countries, would be assisted by the use of plain English. We have further noted some concerns with the phrase “reflective activity” above. That said, we
believe that the effective date promoted in the draft IES is reasonable.

ICAS
The comment regarding developing nations highlights that one of the key difficulties is accommodating the cultural differences which can lead to differences in societal values (and, therefore, local legislation). This can result in international organizations encountering matters perceived as ethical dilemmas at head office but which are not on the radar as such at local level.

ICPAS
We do not foresee any translation issues arising from the redrafted standard. For developing nations with limited resources, it will certainly be helpful if the IAESB can consolidate and make available or co-ordinate sharing of appropriate learning materials such as case studies, for use in adopting the participative approaches highlighted under the Explanatory Materials (A14) in the IAESB website for IFAC member bodies’ reference. As a feedback to the IAESB, the Ethics Toolkit developed by the Board is a very constructive and practical initiative of helping IFAC member bodies, especially those developing nations with resource constraints, to implement educational standards.

IDW

Translations – We have no comments on this issue at the present time.

Developing Nations – We have no comments on this issue.

Effective Date – We are of the view that the IES need to be seen as a package and that therefore all of the IES need to articulate with one another. To this effect, we note that the IAASB did not issue its suite of clarified ISAs until all of them had been completed in final form after a consistency check had been carried out at the very end of the clarity process. Consequently, we would not support issuing any of the IES separately, but only as a package at the same time after such a consistency check has been performed. We therefore disagree with the assertion in the Explanatory Memorandum that individual standards be released as soon as approved (i.e., without such a consistency check). This means that the effective date would need to be some time after the approval of all of the revised or redrafted standards subject to such a consistency check.

We would also like to point out that education standards affect a lengthy education pipeline in the various jurisdictions that can range to a minimum of some seven or eight years for those jurisdictions requiring an
university degree (of at least three or four years), a period of practical experience of at least three years, and the completion of final examinations. This means that changes to education standards cannot be implemented to affect students that have already entered the education pipeline to become a professional accountant. The effective date for education standards (with the possible exception of the IES 7 for CPD) therefore needs to clarify how the effective date is to be applied in the context of an education pipeline of several years’ length.

Once the meaning of the effective date in relation to the education pipeline issue has been resolved, we expect a 12 to 15 month effective date after the approval of all of the IES to provide adequate time for the implementation of such standards for those jurisdictions not needing to change legislation. For those jurisdictions needing to change legislation, one or two more years may be necessary, but this is resolvable through the “best endeavors” clause in paragraphs 3 and 4 of SMO 2.

Juvenal

Translations—The translations have to make for Institutes of Audit of the countries with authorization from IFAC - IES.

Developing Nations—I agree, but I think that is very important the Associations of Accountants to integrated of the opinion and send for IFAC-IES your comments about process of adopting for this issue.

Effective Date—If the effective date for IES for financial statements for periods ending on or after December 2013, I don’t know if is time for date, must be considered for observations for ethical in the education and your application for universities. I’ll send for your my comments in relation a supplement to the exposure draft.

KPMG

Countries which issue the standard in a language other than English will need to translate it into their language. Presumably they do this for all such standards, and therefore should have practices and procedures in place to accommodate this, however, when issuing a standard or exposure draft it is important to allow time for this translation to occur. We recommend that this translation time (e.g., approximately 4 weeks as is the case for Japan) is taken into account when setting the effective date of a standard and the “Request for comments date” for an exposure draft so that they can provide feedback before the comments closure date.

In addition, we note that the paragraph 3 in the Extant IES 4 referring to different cultures and regulatory requirements has been redrafted into a new paragraph 4 in Revised IES 4. We would recommend that the
wording “IFAC recognizes…..operates in environments with different cultures and regulatory requirements” is retained as this is evident in various countries. The newly released IESBA Code of Ethics which became effective from 1 January 2011 does provide consistency on Revised IES 4 “Professional values, ethics and attitudes”. However it will be important to capture the principles on translation and for developing nations that are in the process of adopting the IESs to be fully conversant with the principles.

NZICA

The Institute notes the Board’s proposed effective date to be 12-15 months after approval of the final revised standard. To provide member bodies with sufficient time to make alterations to their programs, we would urge the Board to adopt an effective date 15-18 months after approval of the final revised standard.

PWC

Developing Nations

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

Translation

The forms of evidence of reflective activity presented in Para 17 could present translation difficulties if translators are not clear on the nature of and differences between these forms.

Effective Date

If any of the revisions in draft IES 4 would require member bodies to change their syllabus of studies or their assessment requirements for aspiring professional accountants, then the proposed implementation period of 12 – 15 months may be too short. Such 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.

SAICA

Developing Nations

South Africa is a developing nation. It is also very much a multi-cultural nation with a history until very recently of discrimination and inequality stemming from imperialism, colonialism and especially apartheid. That makes it of the utmost importance that all its approaches in the accountancy profession (and indeed everywhere else) to ethics be conceived of and implemented in ways that respect, recognize and employ the ethical values of all its people, and not assume that what western moral philosophy declares about ethics is sufficient for all.
SKAU will intent to translate all IES standards

V. Comments on Proposed Conforming Amendments

IDW  

Aspiring professional accountant

We do not believe that the term “aspiring professional accountant” appropriately addresses the individuals meant to be addressed in IES 2 to 6. The term appears to be appropriate in relation to IES 1, since IES 1 relates to individuals seeking to commence professional accounting education as part of IPD. However, IES 2 to 6 relate to requirements that need to be fulfilled by aspiring professional accountants prior to their professional accountancy designation being awarded (i.e. those individuals that are completing – not just having commenced – their professional accounting education as part of IPD). For this reason, we suggest that the following term and definition be added to the IAESB Glossary of Terms:

Candidate  An aspiring professional accountant seeking to complete professional accountancy education as part of IPD to obtain a professional accountancy qualification.

Throughout the standard, the term “aspiring professional accountant” should be replaced with “candidate”. In the definition of “aspiring professional accountant”, and throughout the draft, we suggest the word “accounting” be replaced with “accountancy”, since IPD relates not only to accounting.

Reflective activity

Based on our response to Question 1 in Section 3, we do not believe that a definition of reflective activity is needed and therefore propose that it be deleted. Furthermore, we would like to point out that the definition includes the phrases “documenting” and “lessons learned”, which would cause the requirement in paragraph 11 to be circular. In any case, the phrase “can be used by professional accountants at all stages of their careers” is superfluous and does not fit into the definition grammatically and could therefore be deleted.
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<thead>
<tr>
<th>ACRONYM</th>
<th>FULL NAME OF ORGANIZATION</th>
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<tbody>
<tr>
<td>AAT</td>
<td>Association of Accounting Technicians, United Kingdom</td>
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<tr>
<td>ACCA</td>
<td>The Association of Chartered Certified Accountants, United Kingdom</td>
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<td>The Association of International Accountants</td>
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