



SAICA
THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

BY EMAIL

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(By email to Edcomments@ifac.org)

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
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Dear Sir

COMMENTS ON THE CONSULTATION PAPER ON THE REVISION OF INTERNATIONAL EDUCATION STANDARD 6: ASSESSMENT OF PROFESSIONAL COMPETENCE

1 INTRODUCTION

This comment letter has been prepared by the Professional Development Department of the South African Institute of Chartered Accountants (SAICA).

SAICA would like to thank the International Accounting Education Standards Board for affording us the opportunity to comment on the proposed International Education Standard (IES) 6.

2 GENERAL COMMENTS

While SAICA concurs with the flexibility and principle based approach demonstrated in the standard, we would like to see more emphasis being placed on some integrated, comprehensive assessment taking place at or near the end of the IPD period as SAICA is of the opinion that the assessment practices directly influence the standard of the programmes provided to prospective professional accountants entering the accounting profession (refer our comments below).

3 RESPONSE TO SPECIFIC QUESTIONS

Question 1 - Is the change in the scope of IES 6 to assessment across Initial Professional Development (IPD) and Continuing Professional Development (CPD) appropriate?

The proposed standard applies to the assessment of competence in both the IPD and CPD. We are of the view that output measures are the most appropriate approach for the assessment of learning and development in the case of IPD (see point 2.2). We recognise, however, that other measures are also appropriate, and in some cases may be more appropriate, in the case of CPD.

We find that the proposed IES 6 is not helpful with regard to assessment of CPD. We do not argue that the principles of assessment apply to both IPD and CPD, but hold the view that the application of the principles in circumstances which could be vastly different, could result in difficulties of interpretation of the proposed standard.

We note that those who drafted the proposed standard experienced these difficulties. For example:

- Paragraph 8 refers to 'monitor' rather than 'assess' (in the context of CPD).
- Paragraph A3 refers only to IPD.
- Paragraph A4 refers to both IPD and CPD, yet includes no examples of an input approach to assessment despite the fact that the input approach is widely used in CPD.
- Paragraph A5 refers to both IPD and CPD and while its relevance to IPD is clear, this is not so in the case of CPD.
- Paragraph A6 appears to indicate that reference should be made to IES 7 for assessment of CPD, implying that IES 6 is not particularly relevant to CPD.

We understand that an attempt has been made in the proposed IES 6 to address assessment in general and to identify the principles of assessment. **Our view, however, is that the nature of IPD and CPD, and assessment in these contexts, can be significantly different and therefore, even though common principles may apply, separation of the two with regard to assessment would aid understanding.**

Question 2 - Does this change accommodate the different approaches taken by professional accounting organizations?

This standard accommodates SAICA's approach to assessment in the IPD period. Refer above for our comments and concerns on assessment of CPD.

We are uncertain, however, of the objective of this question. If the implication is that the proposed IES 6 should accommodate the current practices of member bodies, we would argue that this may be an inappropriate focus for the standard. We believe that the requirements of the standard should focus on 'strengthening of the worldwide

accountancy profession' (IAESB mission) rather than accommodating practices which may not be appropriate.

Question 3 - Are the principles of assessment sufficient?

The principles of assessment are considered to be sufficient, except for our comment below:

- **Coverage / scope in assessment**

We are of the view that assessment in IPD should ensure sufficient coverage (scope) of competence and by implication of knowledge, skills, values, ethics and attitudes. Clearly not all competencies will be assessed nor do we believe it necessary to do so. We do believe, however, that for assessment to be valid, sufficient coverage must be achieved.

It could be argued that coverage (scope) is addressed in the guiding principles through validity (paragraphs A10–11) and sufficiency (paragraphs A17–18). However, the examples provided seem to indicate the application of these principles to elements of competence and assessment technique rather than to overall assessment during the IPD. For example, a specific written examination may be valid and sufficient insofar as these principles relate to a specific competence. It is not clear, however, whether these principles apply to the totality of assessment in IPD – for overall assessment to be valid and complete, sufficient coverage must be achieved in assessment.

We recommend that coverage (scope) be addressed directly in the proposed standard through the application of the principles of validity and sufficiency to the totality of assessment.

Question 4 - Is the objective to be achieved by a member body, stated in the proposed revised IES 6, appropriate?

- **Assessment across IPD**

Paragraph A3 makes it clear that formal evaluation of professional competence must take place by the time the IPD is completed, but that there is no requirement as to whether the assessment should take place at or near the end of the IPD period. Although the examples provided in paragraph A3 all refer to assessment at the end of the IPD, it is quite clear that assessment can take place at any time, or continuously, during the course of the IPD.

It is our view that the flexible approach adopted in the proposed standard is appropriate, but that there should **also** be a specific requirement for member bodies to undertake assessment (written or other forms) at the end of the IPD period as it is only at this time that a candidate is likely to be able to demonstrate competence in **all** the work roles of a professional accountant to the defined standard and with reference to the working environment that is appropriate in qualifying as a professional accountant. Assessment

at this point, that is, at the end of the IPD, enables comprehensive assessment with a degree of integration appropriate for the 'defined standard and with reference to the working environment'. Put differently, we believe that assessment during IPD, while appropriate, cannot address the knowledge, skills and values to a suitably integrated level. This can only be done towards the end of IPD.

We regard the proposed change to IES 6 which withdraws the requirement for some assessment at or near the end of IPD, to be inappropriate given our understanding of the nature of the overall competence that is required of a professional accountant.

We recommend, therefore, that there be a requirement for an element of integrated assessment at or near the end of the IPD.

- **Levels of professional competence**

The proposed IES 6 refers to the 'level' of professional competence. The use of 'level' is consistent with the explanation of 'competence' in the Glossary of Terms. The Glossary states that the 'level' of competence will vary, depending upon a number of factors, such as the complexity of the environment, the complexity of tasks and the required specialist knowledge. This suggests that 'levels' of competence are fully dependent on matters (variables) which may be very different in different jurisdictions and even within jurisdictions.

The proposed IES is consistent with the explanation provided in the Glossary of Terms in that it refers to 'appropriate', 'expected' and 'required' levels of confidence, thereby reinforcing the implication that 'levels' of competence may vary considerably.

We understand fully the necessity for flexibility in the standard and for the standard to accommodate different levels of competence among member bodies. We observe, however, that the proposed standard provides no guidance about the minimum expected levels of competence for a professional accountant and that member bodies seeking such guidance would have to find it elsewhere.

- **Objective (paragraph 6)**

It is not clear if this section refers to the objective of the standard, of assessment or of the member body with regard to assessment.

We agree with the gist of this paragraph but the wording should clearly identify what is meant by 'objective'.

Question 5 - 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?

The requirements (paragraphs 7–10) are straightforward and implementation by member bodies should prove to be consistent. This conclusion is drawn based upon the following reasoning:

Paragraph 7: Member bodies shall assess: Implementation of the requirement to ‘assess’ is simple. The interpretation of ‘appropriate level of competence’ will differ from member body to member body, but this will not affect consistent implementation of the principle (‘shall assess’).

Paragraph 8: Member bodies shall monitor: As in the case of paragraph 7, the principle is to ‘monitor’ but the implication is that it should be done at an appropriate ‘level’ of competence. The former (monitor) is easy to implement consistently while the interpretation of the latter (level – appropriate, relevant) is likely to differ from member body to member body.

Paragraph 9: As in the case of paragraph 7 and 8:
‘shall apply’ – this is the principle which can be consistently applied
‘principles’ – require interpretation and application, and is therefore likely to be achieved with varying degrees of success.

Paragraph 10: Implementation should be consistent.

Question 6 - Are there any terms within the proposed IES 6 which require further clarification? If so, please explain the nature of the deficiencies.

Terminology – ‘professional competence’

The proposed IES 6 refers consistently to ‘professional competence’ while the Framework refers to ‘competence’. A careful reading of the proposed standard suggests that the terms have the same meaning. It is also noted that there appears to be no intention to add the term ‘professional competence’ to the International Accounting Education Standards Board (IAESB) Glossary of Terms.

Without further clarification the use of the term ‘professional competence’ in the proposed standard may be interpreted to imply that there is a difference between ‘competence’ as defined in the Framework and ‘professional competence’ as used in the proposed IES 6.

It is our view that every effort should be made to ensure that standards are consistent with the Framework, particularly with regard to the interpretation and understanding of terminology. **It is suggested, therefore, that the Glossary of Terms be amended to replace ‘competence’ with ‘professional competence’, a term which better describes the ‘ability to perform a work role ...’.**

Terminology – ‘workplace performance’

SAICA is of the opinion that the wording “assessment of workplace performance” should be replaced with “assessment of professional competence in the workplace”.

4 OTHER SPECIFIC COMMENTS

4.1. Measurement approaches for assessment of learning and development

The Framework refers to input, process and output measures as approaches that can be employed to assess the effectiveness of learning and development. Although the proposed IES 6 makes no direct reference to these approaches, it does provide a list of assessment activities, all of which are output measures, in paragraph A4.

It is our view that output measures are generally appropriate in the case of initial professional development (IPD) and we are comfortable, therefore, with the list of assessment activities provided for in paragraph A4. **We recommend, however, that the proposed IES 6 make specific reference to the appropriateness of output measures in the case of IPD. Our view is that output measures should predominate in the assessment of IPD.**

4.2 Paragraph A4

We suggest that an additional example of assessment be provided:

- Completion of assignments/projects. This is a widely used method of assessment.

Note also the editorial error in the last line of paragraph A4.

4.3 Paragraph A7

The meaning of ‘... and to the broader assessment processes of IPD and CPD’ is not clear. What are the ‘broader processes’? If this addresses the point raised by SAICA in section 2.6 it should to be clarified.

4.5 Paragraph A11

Suggested wording change:

‘... have greater predictive validity in assessing competence ...’.

Thank you again for providing us with this opportunity to comment

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