



NEW ZEALAND  
INSTITUTE OF  
CHARTERED  
ACCOUNTANTS

## SUBMISSION

to the INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD

# Exposure Draft IES 6: Assessment of Professional Competence

Prepared by the New Zealand Institute of Chartered Accountants

July 2011

5 July 2011

Technical Manager  
International Accounting Education Standards Board  
International Federation of Accountants  
277 Wellington Street West, 4<sup>th</sup> Floor  
Toronto, Ontario M5V 3H2  
CANADA

Dear David

***Submission on the Proposed Redrafted IES 6***

The New Zealand Institute of Chartered Accountants (the Institute) welcomes the opportunity to comment on the Exposure Draft (ED) of the proposed redrafted IES 6, *Assessment of Professional Competence*.

The Institute supports the aims and objectives of the International Accounting Education Standards Board (IAESB) in producing this ED. We do have some concerns that the objective set out in paragraph 6 – where the Board applies the concepts of ‘assessment’ and ‘monitoring’ to IPD and CPD respectively, is inconsistent with the Board’s intention to expand IES 6 to encompass the assessment of competence throughout the life cycle of a professional accountant. In our opinion, the wording within the proposed standard seeks to achieve a different outcome to that stated in the standard’s scope.

The Institute thanks the IAESB for the opportunity to comment on the ED. We trust our comments are of value to the IAESB’s deliberations.

Yours sincerely,



Bruce Bennett  
General Manager – CA Program & Admissions

## **1. General comments**

The Institute welcomes the opportunity to comment on the ED and supports IFAC in its endeavour to offer further clarification and elaboration to assist interpretation and enhance understanding of the work of the IAESB and the IESs. We do have some concerns that the proposed standard as exposed for comment may not achieve the Board's objectives as described in the explanatory memo: in our opinion the wording of the proposed standard falls short of prescribing requirements to achieve the Board's objectives of assessment over the life cycle of the professional accountant.

## **2. Request for Specific Comments**

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

In our opinion the proposed standard, as drafted, does not require assessment across both IPD and CPD. Paragraph 8 requires member bodies to "... monitor that professional accountants continue to maintain and develop competence relevant and appropriate to their work roles." The proposed standard makes a distinction between 'assessment' (in IPD) and 'monitoring' (in CPD). In our view, this distinction is appropriate as a change to requiring formal assessment of CPD would represent a significant shift in policy and result in another layer of potentially unnecessary administration on the part of the member body and regulatory authority.

Furthermore, the explanatory materials in the proposed standard make a distinction between assessment of competence in IPD and CPD – paragraphs A3 to A5 discuss only IPD, and paragraph A6 refers to IES 7 for a discussion on assessment/monitoring of CPD, which in our opinion is appropriate.

Therefore, we are comfortable with the approach taken in the proposed standard, as drafted; however believe this differs from the discussion of the Board's objectives presented in the explanatory memo accompanying the ED.

### ***2. Does this change accommodate the different approaches taken by professional accounting organisations?***

We have a concern that in standard setting the Board appears to have made a decision to deviate from a significant principle based only on current practice amongst member bodies. We do not believe that current practice, in itself, to be an appropriate or sufficient justification for a change on policy – in this instance the requirement of a final assessment. The Board should be focussing on prescribing 'good practice' to uphold the public interest, as opposed to reflecting current practice.

Notwithstanding that we believe there needs to be some form of final assessment prior to a student becoming a professional accountant, we acknowledge the importance of appropriate assessment throughout the qualifying programme and the need to appropriately assess the full range of competence required of a professional accountant.

The New Zealand Institute of Chartered Accountants currently operates a final integrative assessment prior to qualification as a professional accountant. We believe this is both best practice and in the best interest of the public to whom our members will be offering their services, and will continue to structure our programme in this way.

**3. Are the principles of assessment sufficient?**

We consider the principles of assessment as outlined in the proposed standard to be appropriate for IPD. While many of these principles are also relevant to CPD, we believe the wording around CPD needs to be tidied, in line with our comments relating to question 1 above.

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

We agree the objective as stated in proposed standard paragraph 6 is appropriate.

**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?**

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

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

We consider the majority of the terms used in the proposed redrafted standard to be sufficiently explained and widely understood.

We would suggest the IAESB ensures there is a definition of the term "monitor" as it is used in the proposed standard to make the distinction between monitoring and assessment.

We question the need to introduce the terms "content validity", "face validity" and "predictive validity".

**Other comments**

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 alternations to their programmes, we would urge the Board to adopt an effective date 15-18 months after approval of the final revised standard.