

28 July 2011

(By email to Edcomments@ifac.org)

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017
U.S.A.

Dear Sir/Madam

**COMMENTS ON THE CONSULTATION PAPER ON THE REVISION OF
INTERNATIONAL EDUCATION STANDARD 4: PROFESSIONAL VALUES, ETHICS
AND ATTITUDES**

This comment letter has been prepared by the Education Committee (EDCOM) of the Independent Regulatory Board for Auditors (IRBA) of South Africa.

The IRBA is a statutory body charged with the regulation of the audit function in South Africa in terms of the Auditing Profession Act 26 of 2005. In carrying out its duty the IRBA prescribes the education and training requirements for registration as a Registered Auditor (RA) and accredits professional bodies to conduct certain programmes relating to education, training and assessment. The IRBA retains the final test of professional competence at entry to the audit profession.

Although the IRBA is not a member body of IFAC, it is informed by the IFAC International Education Standards in determining its policies relating to education, training, development and assessment of competence. Reliance on these standards provides a point of common reference in the IRBA's relationship with accredited professional bodies.

OVERALL COMMENTS

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 programme 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.

RESPONSE TO SPECIFIC QUESTIONS

The IAESB recognises the importance of including reflective activity in relation to ethics education.

Question 1

Is the proposed requirement for reflective activity to ethics education appropriate?

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.

Question 2

Does this requirement raise implementation issues?

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.

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

Question 3

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

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.

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?

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.

Question 5

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

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 behaviour is not clear. Is it referring to the economy as a whole or just the learning environment? Further clarity on this paragraph is required.

We thank you for the opportunity to comments on IES 4.

Yours sincerely

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