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By email

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IFAC

ACCA's response to the IAESB Exposure Draft

IAESB Exposure Draft: Proposed Revised International Education Standard IES 5, Practical Experience Requirements for Aspiring Professional Accountants

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above. ACCA is the largest and fastest-growing global body for professional accountants with over 147,000 members and 424,000 students in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

General comments

The revised standard clarifies the distinction between aspiring and fully qualified professional accountants and the new title reflects this, although it may be difficult to provide a clear definition of 'Aspiring Professional Accountant' as currently there is confusion over the definition of Professional Accountant.

ACCA welcomes the greater measure of flexibility within this standard to take into account that accountants work in many different sectors and can gain or demonstrate their competences in a variety of different ways.

The standard also reflects the need to consider both 'input' and 'output' based measures for demonstration of practical experience requirements.

Specific Comments

Question 1: Do you find that the outcome-based, input-based, and combination approaches offer sufficient alternatives for effectively meeting the standard's requirement for IFAC member bodies to establish their preferred approach to measure practical experience?

Yes, ACCA agrees that output, input and combination approaches are valid for measuring achievement of practical experience and reflects the fact that there is a great variation in the legal, regulatory and other contexts within which different member bodies have to operate.

Concerning the output-based approach, the proposed revised IES 5 requires that practical experience is "specific to role and development plan" (paragraph 12). We are not sure that this is sufficient. Some "core competences" should exist for all aspiring professionals - probably based around A1 in explanatory material or by cross-referencing explicitly to IES 2, 3 and 4.

Question 2: In considering the role of the supervisor in directing the aspiring professional accountant's practical experience, the IAESB is proposing to define a supervisor as follows: "is a professional accountant who is responsible for guiding and advising aspiring professional accountants and for assisting in the development of the aspiring professional accountant's competence." Do you agree with this definition? If not, what amendments would you propose to the definition?

The definition of supervisor seems adequate in as far as it specifies that the person should be a professional accountant who guides, advises and assists. It doesn't specify that the supervisor must work with the professional accountant or that they must be intimately acquainted with their work. This allows the flexibility for remote mentoring which may help with access to supervisors in some regions.

The definition of supervisor could usefully be expanded to include the "signing-off" function within this role.

We have assumed that the terms 'mentor' and 'supervisor' are used interchangeably in IES 5. This could be confusing. We recommend that IES 5 uses only one term for simplicity and clarity. The definition of that term should clarify

that certain other terms (with examples) may commonly be used to mean the same thing.

Question 3: Are the requirements of IES 5 clear for IFAC member bodies?

The use of the terms mentor and supervisor together is potentially confusing.

Question 4: Are the examples and explanation in Explanatory Materials section sufficient in explaining the requirements of the Standard?

The revised standard is an improvement on the previous version as it clarifies the distinction between aspiring and fully qualified professional accountants and the new title reflects this. The standard also introduces a greater measure of flexibility to take into account that accountants work in many different sectors and can gain or demonstrate their competences in a variety of different ways, which is to be welcomed.

The new style seems consistent with the new style adopted for the other revised standards and is generally more succinct in its terminology. However, sections A13 and A14 do seem to include a considerable amount of detail about mentors and mentoring, which seems a little inconsistent with the more concise and broader style used when referring to the practical experience requirements themselves in Paragraphs A2 - A10. The material in A13 and A14 may be more suitable for a Practice Statement. We would suggest that IES 5 simply states that whatever approach or combination of approaches to practical experience is adopted, these should be properly verified by a suitably qualified professional accountant.

The recognition of the clear difference between initial and continuing professional development is also to be welcomed and is consistent with the terminology used in other revised standards.

A3 c) seems to preclude pre- accounting education practical experience. The wording refers only to concurrent experience or post-accounting education experience. This appears inconsistent with an output based approach. We suggest A3 c) is deleted.

A8 suggests that input requirements can be satisfied to some extent by accounting education. The extent to which one can replace the other can be open to

interpretation and may provide implementation difficulties for some member bodies.

Question 5: Is the objective to be achieved by a member body, stated in the proposed revised IES 5, appropriate?

The objective stated in the standard is appropriate and stated clearly.

Question 6: 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?

Yes.

Question 7: Are there any terms within the proposed IES 5 which require further clarification? If so, please explain the nature of the deficiencies.

In A13 and A14 the terms 'employer' and 'approved employer' are introduced. These are not defined or explained in the text and are not referred to earlier in the standard. We suggest references to these are removed and dealt with in a Practice Statement.

Comments on Other Matters

None