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Dear Sir,

Proposed Revised International Education Standard (IES) 5, Practical Experience Requirements for Aspiring Professional Accountants

BDO is pleased to have the opportunity to comment on the above exposure draft issued by the International Accounting Education Standards Board (IAESB). We set out below our responses to the IAESB's questions in the explanatory memorandum accompanying the exposure draft.

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.

Responses to Specific Questions

- 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, we find that the three approaches offer sufficient alternatives. However, we recommend that paragraphs 12 through 14 and the portion of paragraph 11 addressing the three approaches be moved to the explanatory materials section as application guidance. We consider this change would result in the requirements section of the standard being more principles based whilst not removing entirely from the standard the useful material currently contained within paragraphs 11 through 14.

We also recommend that paragraph 5 of the exposure draft of IES 7 is revised in a similar way.

- 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 this definition?**

In general, we agree with this definition. However, for clarity, we recommend that paragraph 15 is expanded to include that the 'mentor or supervisor who is a professional accountant' possesses certain attributes, such as competence, being in good standing, and having experience relevant to that of the desired field of accounting of the aspiring professional accountant. We also recommend that paragraph A12 clarify that although

'others' may assist the IFAC member body mentors or supervisors in performing the mentoring function, the final responsibility for such mentoring resides with the IFAC member body mentor or supervisor. Additionally, we would recommend that that IAESB consider providing examples of who the 'others' might be, including their role or the characteristics that make them appropriate for this mentoring or supervisory role.

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

Subject to other comments contained within this letter, we believe the requirements of IES 5 are clear for IFAC member bodies.

4. Are the Explanatory Materials sufficiently clear and comprehensive? If not, what changes do you suggest?

In respect of the explanatory materials we have the following comments:

Paragraph A1(d)

We recommend that 'applying' replace 'developing' because we believe that aspiring professional accountant develop competence by *applying* appropriate professional values, ethics and attitudes in practical, real-life situations.

Paragraph A3(b)

We recommend the following amendment to the last sentence (additions are shown in bold italics):

Experience gained at work equips aspiring professional accountants with many of the practical skills *needed to become professional accountants—for example, practical application of accounting theory.*

Paragraph A4(b)

The paragraph states that 'in setting the approach and requirements for practical experience, IFAC member bodies may consider the public interest, including knowledge of the local environment, public expectations, and any relevant regulatory requirements.' We believe the paragraph is unclear as to whose knowledge is to be considered and what is meant by 'the local environment'. We recommend that it is made clear as to whether or not the knowledge is that of the IFAC member body and what would be included in 'the local environment' (i.e. is this referring to the academic, commerce or governmental environments or some combination).

Paragraph A7

We believe there could be unintended consequences from using workplace diaries and work logs when they are used as a way of recording and measuring IPD. For example, these documents could contain sensitive and confidential data obtained as a result of documenting matters relating to the development of competence in professional values, skills and attitudes. As noted in our comment letter on the exposure draft on IES 4, there may also be associated legal issues such as whether any such documentation would belong strictly to the aspiring professional accountant or to the employer. 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 measurement evidence.

Paragraph A8

We believe that this explanatory material may inadvertently suggest that possession of a Master's degree in Accounting would in general allow for a one-year reduction in a practical experience requirement. While we understand that in some jurisdictions

obtaining such a Masters degree includes a practical experience component, this is not the case for all jurisdictions, and therefore we recommend the sentence be amended as follows:

...such as a Master's degree in Accounting *which is obtained in conjunction with a program of relevant practical experience.*

Paragraph A14(c)

We believe that the standard should provide further guidance regarding an IFAC member body's monitoring and assessment of the competence of member firms that provide the practical experiences for aspiring professional accountants. We recommend that paragraph A14(c) be expanded as follows:

Establish a mechanism for approving the suitability of employers to provide the appropriate practical experience for aspiring professional accountants *and to measure learning outcomes such as those achieved in accordance with a competency map as discussed in paragraph A5;*

5. **Is the objective to be achieved by a member body, stated in the proposed revised IES 1, appropriate?**

We believe the objective to be achieved by a member body, as stated in paragraph 8, to be appropriate.

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?**

Other than our recommendation in our response to question 1, we believe that the criteria have been applied appropriately and consistently.

7. **Are there any terms within the proposed IES 1 which require further clarification? If so, please explain the nature of the deficiencies.**

We believe that the term 'intensity' in paragraph 10, as a characteristic of practical experience, is subject to diversity in interpretation and recommend that it be clarified (or replaced).

As noted in our comment letter on the exposure draft of IES 4, we 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. Again, this would remove the need for the placing of certain 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. We believe this would prove especially helpful for the terms 'appropriate' and 'sufficient' in the objective in paragraph 8 of the revised IES 1, as such links may lessen the tendency of some readers to consider that such 'familiar' terms do not have or would not need to have glossary definitions for purposes of the standard.

Comments on other matters

As noted in our responses to the other recently exposed IAESB standards, we support all efforts to improve the availability of translations in respect of exposure drafts and final pronouncements.

We have no comments in respect of developing nations or the proposed effective date.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Wayne Kolins
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