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International Accounting Education Standards Board
International Federation of Accountants
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Dear Mr McPeak

Comments on Proposed Revised International Education Standard IES 2, Technical Competence

Chartered Accountants Ireland welcomes the opportunity to comment on the proposed changes to IES 2.

In overall terms we commend the IAESB for the proposed revision which we believe reflects the aims of the new *Framework* and the desire to apply the envisaged “clarity” approach. In terms of the questions raised we have a number of comments as follows:

Question 1: Do the 11 competence areas listed in Paragraph 7 of the proposed IES 2 (Revised) capture the breadth of areas over which aspiring professional accountants need to acquire technical competence? If not, what do you suggest?

We consider that this list is comprehensive and appropriate.

Question 2: Do the learning outcomes listed in Paragraph 7 of the proposed IES 2 (Revised) capture adequately the minimum levels of proficiency to be achieved by an aspiring professional accountant by the end of IPD? If not, what changes do you suggest?

As noted in our response to IES3 exposure draft we would suggest that the competency level required should be at the learning outcome level rather than at group (subject) level. The comments below are otherwise for clarification only.

In terms of the detailed learning outcomes we have the following observations and comments on the Learning Outcomes (L/O):

Financial accounting:

We consider that the identified learning outcomes in the main seem reasonable.

We would question if it is appropriate to cover all the identified L/O's at an advanced level. This is particularly relevant to L/O vi "*Interpret specialised reports including sustainability and integrated reports*". We would suggest that this should be covered at a lower level as this is an emerging topic.

Management accounting:

L/O i: We would suggest the word "forecasting" be replaced by "planning". (This is a minor point: Typically the management accountant does not forecast but draws on forecasts prepared by others).

L/O iii: We would suggest the reference to "quality control" (QC) be re-considered, unless the context of this is explained. Typically management accounting programmes do not include specific coverage of QC systems (statistical analysis).

Finance and Financial Management:

L/O i: We would suggest that the reference to "*different*" capital markets might need to be clarified;

L/O iv: We are not sure what "*evaluate the appropriateness of the components used to calculate cost of capital*" means; Should this be rephrased to state be able to calculate cost of capital and the cost of the components of the cost of capital?

Taxation:

L/O iii: "*Analyse the tax issues associated with non-complex international transactions*":

This is relatively vague and might be amplified or clarified. This might be covered at a foundation level or perhaps provide clarification as to scope on this potentially complex area.

L/O v: "*Identify when it is appropriate to refer a matter to a tax specialist*":

We support the inclusion of this but note it could be considered a skill and might be included in IES3.

Audit:

L/O v: "*Understand the key elements of assurance service engagements*":

We would consider that some additional clarification on the extent of coverage might be beneficial.

Governance, risk management and internal control:

L/O i: The reference to “transparency” requirements is not clear. The required verb “explain” appears to be a low level of coverage.

Business Laws and Regulations:

L/O iii: *“Identify when it is appropriate to refer a matter to a legal specialist”:*

See comments above under tax.

Information Technology:

We note the basic coverage required and would suggest some consideration be given to understanding how IT systems might be used by an accountant or business e.g. Knowledge Management Systems for example.

Business Organisation and Environment:

L/O iv: We would question the reference to globalisation in the absence of reference to the domestic market.

Overall this section appears to be over focused on internationalisation and is not balanced with the domestic environment. We would suggest greater emphasis on the domestic market/environment and say one L/O dealing with globalisation (at an intermediate level).

Economics:

No comments.

Business Management:

L/O iii: *Explain the internal and external factors that may influence the formulation of an organisation’s strategy:*

We would suggest that greater specificity as to the factors expected might help for clarity.

L/O v: *Compare various theories of organisational behaviour may be used to enhance the performance of the individual, teams and the organisation:*

We would suggest foundation knowledge is appropriate for this L/O.

Questions 3: Does the Appendix provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 7 of the proposed IES 2 (Revised)? If not, what changes do you suggest?

This is the same appendix that was used for IES4 and we are happy with this.

Question 4: Overall, are the Requirements paragraphs 7, 8, and 9 of the proposed IES 2 (Revised) appropriate for ensuring that aspiring professional accountants achieve the appropriate level of technical competence by the end of IPD? If not, what changes do you suggest?

We would refer to the comments above on paragraph 7. Paragraph 8 requires a periodic review of syllabus – which is something we do and have no issue with this. Paragraph 9 covers the requirement to have assessments –again we have no problem with this.

Question 5: Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the new requirements included in this proposed IES 2 (Revised)?

No problems are envisaged by us, though some minor adaptations may be needed.

Question 6: Is the objective to be achieved by a member body, stated in the proposed revised IES 2, appropriate?

This appears to be appropriate.

Question 7: 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?

We have no additions or suggestions.

Question 8: Are there any terms within the proposed IES 2 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.

We have no additions or suggestions.

We trust that these comments are helpful to you. Should you require any additional clarification or information on this please feel free to contact us.

Kind regards

Yours sincerely



**Ronan O'Loughlin
Director of Education and Training
On behalf of Chartered Accountants Ireland Education Training and Lifelong Learning Board**