



November 1, 2012

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

Re: Proposed Revised International Education Standard 2: Initial Professional Development – Technical Competence (Revised)
And
Proposed Revised International Education Standard 3: Initial Professional Development— Professional Skills (Revised)

Thank you for this opportunity to comment on these two proposed revised International Education Standards.

We understand that the IAESB has adopted a learning outcome approach to describing professional competence in the proposed IES 2 and 3 (Revised), rather than prescribing a list of topic area and skill area requirements as provided in the extant IES 2 and 3. We agree that the learning outcome approach is consistent with the notion of developing principles-based standards and with the content and terminology used in the IAESB Framework (2009) document which refers to the development of competence. We support the IAESB's decision to take this principal-based learning outcomes approach.

We understand that IES 2 covers technical competence, including technical and functional skills, and that IES 3 covers non-technical, soft, and pervasive skills. We note that the same underlying principles are drawn upon with respect to the proficiency levels applied in the learning outcomes in both IES 2 and 3. IES 2 states that *“Appendix 1 will also be included in IESs 3, 4, and 8 with the aim of improving consistency when setting proficiency levels for learning outcomes across each of these IESs”*. We support the IAESB's consistent application of the same framework across all these standards. Because these standards are interrelated, this consistency of application will lead to cohesiveness in the standards themselves.

We agree with the intent of IES 2 and 3; i.e. the definition of minimum learning outcomes to be reached, as stated in both exposure drafts (excerpts just below) “by the end of IPD”. [The IES 3 exposure draft states: *“...specifies the learning outcomes that demonstrate professional skills required of aspiring professional accountants by the end of IPD”*; IES 2 exposure draft states: *“The four classifications of proficiency are Foundation, Intermediate, Advanced and Mastery. For IES 2, the first three levels of proficiency relate to minimum levels of proficiency to be achieved for technical competence by aspiring professional accountant by the end of IPD.”*] We interpret this to mean to apply to the newly certified professional accountant with two to three years of experience, in contrast to the more experienced and developed professional accountant.



We are, however, concerned about proficiency level definitions found in Appendix 1 which define the minimum learning outcomes and related proficiency levels for newly certified accountants. In particular, we are concerned that the framework being applied includes elements that may not be achievable by a newly certified professional accountant. We believe that critical thinking ability, and thus the ability to deal with ambiguity, complexity and uncertainty, are not fully developed by the end of IPD, and that the proficiency level definitions should be adjusted to reduce the expectation. It is important to note that our recommendation for a reduction in levels, or for further clarification of how complexity should be interpreted for the purposes of these IESs, is based on the assumption that the scale used for complexity is one that applies from the point of entry into IPD through to becoming a seasoned professional accountant.

Please find enclosed our detailed responses to the exposure draft questions, which include a more detailed explanation of the rationale behind our above-noted primary concern.

Sincerely,

A handwritten signature in black ink that reads 'Tashia Batstone'. The signature is written in a cursive, flowing style.

Tashia Batstone, FCA, MBA
Vice-President, Education Services
The Canadian Institute of Chartered Accountants

ADDENDUM:
IES 3- Specific Questions and our responses

Question 1: Do you support the definition of professional skills?

Yes.

[Definition: The intellectual, personal, interpersonal, communication, and organizational skills that a professional integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence]

Question 2: Do you support the removal of General Education from this IES?

We support this decision with the understanding that the IAESB will consider a project to address the need for implementation guidance on how general education can be used to develop the aspiring professional accountant in the next Strategy and Work Plan.

Question 3: Is the objective to be achieved by an IFAC member body, stated in the proposed IES 3 (Revised), appropriate?

Yes.

[The objective of an IFAC member body is to provide aspiring professional accountants with the professional skills required to perform a role of a professional accountant. The additional information in A5 is helpful.]

Question 4: Do you agree with the adoption of a learning outcomes approach?

Yes. We fully support the adoption of a learning outcomes approach, and the requirement for a “minimum standard.”

Question 5: Table A of the proposed IES 3 (Revised) provides learning outcomes for various competence areas of professional skills, are there any additional learning outcomes that you would expect from an aspiring professional accountant?

We recommend the addition of one learning outcome to the list.

Under *c) Interpersonal and Communication*, we recommend adding: “Respect all privacy and confidentiality of information requirements.” We believe that an essential part of appropriate communication includes respecting legislative and other confidentiality requirements since they have become more prevalent in today’s electronic, “open flowing information highway” environment.

Question 6: For Table A of the proposed IES 3 (Revised) are there any learning outcomes that you do not think are appropriate?

No. . We do, however, have concerns about proficiency levels. See our response to Question 7, below.

Question 7: Are the minimum levels of proficiency included in the proposed IES 3 (Revised) appropriate for each professional skills competence area?

No. We believe adjustments are required to the proposed minimum levels. [We must comment here on the fact that we are unsure of the scale that is being used. Are the learning outcomes intended to be the “bare” minimums or are they intended to be “aspirational?” Our comments assume that the minimums being set are intended to be realistically achievable by IFAC membership.]

Under Intellectual:(ii) *Identify, evaluate, and recommend solutions to unstructured, multifaceted problems*, has been set at “advanced”.

We question this level of proficiency being set as the minimum. The fact that the problems are unstructured and multifaceted is fine until the definition of “advanced” is applied with it. When layering the idea of “*Learning outcomes at the advanced level relate to work situations that are characterized by high levels of ambiguity, complexity and uncertainty*”, we question whether an aspiring professional accountant by the end of IPD would be capable of achieving this level i.e., recommending solutions in highly ambiguous, complex and uncertain circumstances. We believe this level is only achievable by highly experienced professional accountants who have developed their intellectual abilities.

Specifically:

In Section b) we wonder why the level was set at “intermediary” for the following personal learning outcomes:

(i) *Apply the principles of lifelong learning.*

(ii) *Set high personal standards of delivery and monitor personal performance, through feedback from others and through reflection.*

(iii) *Evaluate professional commitments and manage time and resources for their achievement.*

(iv) *Proactively anticipate challenges and plan potential solutions.*

(v) *Display openness to new ideas and opportunities.*

We believe an Advanced level is achievable by the end of IPD, as these personal outcomes are core to being a CPA. In our view, the level of complexity of the situation should not affect these personal qualities and therefore that the proficiency expectation should be set at the advanced level.

On the same basis, we also considered whether Section (c) Interpersonal and communication should be increased to the “Advanced” level. However, we understand that complexity would come into play when applying negotiation skills and therefore concluded an intermediate level was appropriate.

Question 8: Overall, are the requirements clear and appropriate? If not what changes would you like to see?

Note A9 (in reference to Paragraph 7)-In professional accounting education programs, an IFAC member body may choose to increase the minimum level of proficiency for some learning outcomes, and may develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant). The relative depth and weighting of the learning outcomes specified for any competence area may depend on the needs of individual IFAC member bodies and any requirements placed on them by regulatory authorities.

While we agree with the first sentence, we are unclear on the intention of the underlined second sentence. Why would a management accountant require a higher level of proficiency in professional skills than any other professional accountants? Would not all professional accountants have that in common?

A9 also appears to say essentially the same as Note A7, which we do agree with (*The learning outcomes are the minimum to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. The minimum learning outcomes are those that provide the base to enable professional accountants to develop specializations in different accounting roles, such as an audit engagement partner or taxation specialist.*)

Note A9, in our view, contradicts Note A7 and does not add value. We suggest it be deleted, as Note A7 is sufficient on its own. While we can envision the level of technical competency increasing in some industries, we believe that the professional skills defined in IES 3 would apply to all equally and at the same level. We do understand that the levels build after qualification, but at the end of IPD, we believe the level should be the same for all professional accountants, regardless of role.

Wording in the Supplement (which appears to be IES 5 not 3?) reflects what we believe to be true because the same level of proficiency is expected at the end of IPD (vs. after): “*After the completion of IPD, practical experience may be required to bring professional accountants to a level of competence needed for other roles, such as (a) that of a statutory auditor, (b) other forms of specialization, or (c) those roles that are regulated by a non-IFAC member body. In addition, all professional accountants undertake lifelong learning to continue to develop and maintain professional competence*”.

Question 9: 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 revised IES 3 (Revised)?

No. However, we do question whether all IFAC members would be able to meet some of the minimum requirements that have been established, depending on the level of complexity that is expected by the IAESB. See our comments with respect to the proficiency levels, above.).

Question 10: Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 3 (Revised)?

Yes.

A6 says *“The requirements for professional skills are set out as learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area”*

This reference describes “knowledge... for each competency area” which we believe is more appropriately commented upon in IES2. We are unsure how the statement applies to professional skills. We suggest the above be reworded to reflect the application of the categories of skill mentioned in A3 i.e. intellectual, personal and organizational.

Appendix 1- Further clarification of the expected level of “complexity” would be helpful. We get the sense that IAESB anticipates that the level of complexity dealt with may vary depending on the role played by the professional accountant. However, this does not appear to be explicitly stated.

A7 states clearly that the outcomes are the same for all, -*“The learning outcomes are the minimum to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. The minimum learning outcomes are those that provide the base to enable professional accountants to develop specializations in different accounting roles, such as an audit engagement partner or taxation specialist.”*

We believe it would be helpful to clarify the assumptions underlying “complexity.” If complexity is assumed to change with the assigned role, this should be clearly stated. We also recommend adding examples to illustrate what level of complexity of an issue might be for certain roles.

Note: Supplement to IES 3 appears to contain IES 5 and not a markup for IES 3 changes. We therefore could not assess if material removed from extant IES should remain.

Question 11: 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 12: Are there any terms within the proposed IES 3 which (Revised) require further clarification? If so, please explain the nature of the deficiencies.

Yes. We believe further clarification is required around the term “complex.”

Other comments:

Issue 1:

With respect to Appendix 1—comments: (would apply to all the IESs that use it):

The Introduction to the Appendix says “*In the present suite of IESs none of the learning outcomes are classified at Mastery level, however, this level has been included in the Classification in order to demonstrate the relative positioning of the Foundation through Advanced levels*”.

We suggest the following clarification. The intention of the comment seems to imply that the Mastery level only applies post IPD. If this is the case, we suggest stating this explicitly. If this is not the actual reason for the exclusion of Mastery, the rationale for the IAESB’s exclusion should be provided. This information would also help the reader understand where the Mastery level fits in the professional accountant’s career path (which could be relevant to IES 8).

More importantly, we believe the high end of the scale may not be achievable by the end of IPD, even with the Mastery level excluded. Much research on critical thinking models (e.g. King and Kitchener’s reflective judgment model and the work of Susan Wolcott and Cindy Lynch) suggests that the ability to handle high complexity requires many years of experience and therefore would not be a realistic expectation for an aspiring professional accountant at the end of IPD. Our analysis of these critical thinking models leads us to believe that candidates at the end of IPD are able to handle moderately complex situations at best.

We therefore believe that some of the listed elements may need to be moved down a category to reflect more realistic expectations. This comment is based on the assumption that the ability to handle increasing levels of complexity moves from lowest to highest within the entire realm of professional accounting, which therefore includes the abilities of the seasoned accountant. If the IAESB intended something different, an explanation of the intended level of complexity should be provided so that the reader can gain an understanding of the “scale” of complexity being implied. Examples would help.

Specifically, the following points raise questions for us with respect to the level realistically achievable by the end of IPD, based on our understanding of candidates’ abilities to apply critical thinking in complex settings.

At the Foundation level, there are two outcomes that in our view are beyond the foundation level, when looking at critical thinking models that are publicly used to establish norms for movement up the professional thinking scale.

They are:

Foundation level—

Performing assigned tasks by using the appropriate professional skills;

Use of the verb “performs,” although it is limited to assigned tasks, implies more than a foundational level, which is usually described as being theoretical by nature. Performing a task typically requires a greater

degree of integration and application of skill than a foundational level represents. This is described in bullet 3 of the Intermediate list of outcomes: *Combining technical competence and professional skills to complete work assignments*).

(NOTE: the above comment should be considered in the context of the Intermediate level- see below for further comment).

Solving frequently encountered problems and referring complex tasks or problems to supervisors or those with specialized expertise; and

The bullet refers to “solving problems.” Again, although limited to frequent and non-complex problems, the ability to reach a solution requires a higher level of professional skill and critical thinking ability than we would associate with the Foundation level. In our view, it is more appropriate at the Intermediate level.

We recommend either moving these elements from Foundation to Intermediate OR rewording these bullets to reflect a more “theoretical” approach to the resolution, i.e. suggest the “text book” or learned response.

Intermediate Level

Learning outcomes focus on:

- *Independently applying, comparing and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and to make decisions;*
- *Combining technical competence and professional skills to complete work assignments;*
- *Applying professional values, ethics, and attitudes to work assignments;*
- *Assessing, researching, and resolving complex problems with limited supervision; and*
- *Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders.*

Learning outcomes relate to work situations that are characterized by moderate levels of ambiguity, complexity and uncertainty.

With respect to the fourth bullet (underlined), we believe that the ability to address complex matters requires higher order thinking, and so should be considered an Advanced level.

The second bullet, *Combining technical competence and professional skills to complete work assignments*, is, we believe, appropriately included at the Intermediate level (See our comments above under Foundation Level).

At the Advanced level,

Learning outcomes focus on:

- *Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments, and to make recommendations appropriate to stakeholder needs;*

- *Integrating technical competence and professional skills to manage and lead projects and work assignments;*
- *Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes;*
- *Anticipating, consulting appropriately, and developing solutions to complex problems and issues;*
and
- *Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders*

Learning outcomes at the advanced level relate to work situations that are characterized by high levels of ambiguity, complexity, and uncertainty

Working with complex problems and limited supervision is currently listed at the Intermediate level; we believe this would be more appropriately included at the Advanced level, based on critical thinking models that we have reviewed and believe apply here. The development of solutions in complex, ambiguous and uncertain situations is more likely to be done by a seasoned professional accountant, not by one who has just completed IPD.

Issue 2:

Under Significant issues, the paragraph titled *Assessment of Technical Competence* explains the introduction of new explanatory material related to assessment:

The IAESB has also included a new requirement in the proposed IES 3 (Revised) to prescribe appropriate assessment activities for IFAC member bodies to assess the development of technical competence. New paragraphs have been added to the Explanatory Material section to (1) assist in understanding the scope and the design of assessment activities, and (2) identify some of the issues encountered in achieving high levels of reliability, validity, equity, transparency, and sufficiency when using workplace assessment

As noted in the exposure draft, the assessment of professional skills presents a challenge for some IFAC members. Defining minimum levels for the learning outcomes assists in providing a common footing for those assessments. However, the Explanatory Memo, paragraph A14 (excerpted below) provides more detail than is necessary in the context of IES 3. This degree of detail is more suitable to IES 6, since it applies to assessment in detail. When read within IES 3, the meaning is unclear and lacks sufficient context.

In addition, we disagree with the statement “professional skills typically lend themselves to workplace assessment.” We believe simulations, even written ones, can be used to assess many professional skills.

In A14- Various assessment activities can be used by IFAC member bodies and other stakeholders to assess the professional skills of aspiring professional accountants. With emphasis on behavior and practical activities, professional skills typically lend themselves to workplace assessment rather than

through written examinations. This may provide a challenge to achieving high levels of reliability, validity, equity, transparency, and sufficiency for a number of reasons, including:

- (a) The sufficiency of the assessment activities may depend on an opportunity for a particular professional skill to be demonstrated within the aspiring professional accountant's workplace;*
- (b) The reliability of the assessment activities may vary if each assessment is conducted by a different assessor; and*
- (c) The equity of assessment activities may vary since each assessment will be unique as it is defined by the particular circumstances within the workplace of the aspiring professional accountant.*

We suggest either removing A14 or rewording it to say:

Various assessment activities can be used by IFAC member bodies and other stakeholders to assess the professional skills of aspiring professional accountants. See IES 6 for more guidance.

IES 2- Specific Questions and our responses

Question1: 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?

Yes. However, we question whether quantitative methods and statistical analysis should be included on the list. We concluded they were likely excluded because they are considered general knowledge elements that they would be expected to enter the program with.

We wondered whether review engagements and other related services were captured in the Audit and Assurance learning outcomes. It appears that the minimum outcomes focus on the audit engagement. We presume that the member body could add the other services to their list based on the comments found in A9 and A11.

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?

We are unsure. We note that an “advanced” proficiency level is expected for Financial Accounting and Reporting. It is mentioned in the Appendix that none of the learning outcomes are classified at Mastery level, and that Mastery has been included in the Classification in order to demonstrate the relative positioning of the Foundation through Advanced levels. If “Advanced” is the highest level in the suite (which presumably includes IES 8) then Advanced appears to be high for the newly qualified professional accountant. Based on the statement that the Mastery level is never used, it does not leave room for further growth; this is unrealistic, since development will certainly continue post qualification.

Within Financial Reporting, we questioned the appropriateness of setting “*vi) Interpret specialized reports including sustainability reports and integrated reports*” at the Advanced level. Bearing in mind that Advanced suggests situations with high complexity, uncertainty and ambiguity, we believe it is not realistic to expect an aspiring accountant at the end of IPD to be able to interpret these specialized reports. At best, the Intermediate level would be appropriate. However, we wonder if these types of specialized reports should be included at all, since more experienced accountant would be more likely to be dealing with such reports. We recommend removing the specific report names, and instead describing dealing with specialized reporting in a more general way.

Under Management Accounting: *(ii) Analyze and integrate financial and nonfinancial data to provide relevant information for managerial decision making.* Our issue with this is whether this is in fact a “technical” competency or a skill. A8 states “*The requirements for technical competence are set out as learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area*”. We are not sure the description given of the competency conforms with A8; it does not provide a sense of the content or knowledge that is required. We suggest rewording this to reflect the expected content (we are unsure what that is).

We did consider whether an “intermediate” level for Audit and Assurance was appropriate; based on our comment above with respect to Financial Reporting, we believe it is appropriate to leave this level based on our discussion of Financial Reporting, above.

The remaining levels appear more reasonable to us, having been set at intermediate or foundational.

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?

See our comments under IES 3 re Appendix 1- proficiency levels.

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?

Yes. See comments earlier about paragraph 7.

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. (However, see our comments related to complexity- see IES 3)

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

Yes.

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?

Yes.

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

See comment under IES 3. Further clarification is required around the term “complexity” used in Appendix 1.

Other Comments:

See IES Other Comments re: Appendix 1.