



中国注册会计师协会

The Chinese Institute of Certified Public Accountants

Building B, No. 16, Xisihuanzhonglu, Haidian District, Beijing, P. R. China
100039

Tel:(8610)88250000
Email:intl@cicpa.org.cn

Fax:(8610)88250099

<http://www.cicpa.org.cn>

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

December 27, 2012

To whom it may concern,

Re: CICPA's Comments on *IES2, IES3, IES4, and IES8*

CICPA received the exposure draft of *IES2, IES3, IES4, and IES8*. After consideration, we would like to submit comments on it as follows:

Basically, CICPA supports and agrees with IFAC's revision and redraft work of IESs, especially the clarification of the scope and audience of IESs' focus, as well as summarizing competence area, learning outcomes, and minimum levels of proficiency in forms of table in *IES2, IES3, IES4, and IES8's* exposure drafts. This will be helpful for IFAC member bodies to understand IESs and consistent with IAESB's purpose of setting principle-based standards. And, it's also of great help to assist professional accountants' professional development and to protect public interest. We would like to submit detailed comments of the four exposure drafts as follows:

I) IES 2: Initial Professional Development – Technical Competence (revised)

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?

Yes. The competence areas capture most of the areas that aspiring professional accountants are expected to acquire.

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?

Yes. We suggest minimize the level of proficiency for most of the competency areas, because we would not expect that aspiring professional accountants would be able to reach the Intermediate even Advanced level by the end of their Initial Professional Development. We do agree that set most of the competency areas to Foundation and Intermediate level may be more appropriate.

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?

Yes. The indicative verbs are helpful in providing clarification for those developing learning outcomes.

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. As to assessment of technical competence, it would be helpful to provide more guidelines on using electronic platform in assessing the accountants' technical knowledge.

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)?

As with any major change, we believe there could be inherent difficulties in implementing this standard across different organizations of varying sizes, maturity and culture. We recommend additional implementation guidance be provided on this point, perhaps with examples for entities of different size, maturity and cultures.

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

We have a concern regarding the way this paragraph is worded, particularly the use of the word 'provide'. Considering the situation of different jurisdictions, we would suggest rewording to the objective of an IFAC member body is to establish a framework and requirements for aspiring professional accountants to maintain and develop the technical competence.

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.

It would be beneficial for the term in Paragraph 7 - “regularly review” to be clarified and some additional explanatory guidance.

II) IES 3: Initial Professional Development – Professional Skills (revised)

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

The way of defining professional skills by listing competence is not consistent with the way defining technical competence in IES2. We suggest the definition of professional skill relates to perform the role of professional accountants.

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

Yes.

Questions 3: Is the objective to be achieved by an IFAC member body, stated in the proposed IES3 (Revised), appropriate?

Yes. We have similar suggestion as Question 6 in IES2.

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

We support the use of learning outcomes.

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?

No.

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

No.

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

Yes. We have similar suggestion as Question 2 in IES2.

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

Overall requirements are clear and appropriate. However, it may be challenging to assess an accountant's achievement of each professional skill.

Question 9: Do you anticipate any impact or implication for your organization, or organisations with which you are familiar, in implementing the new requirements included in the proposed revised IES 3(Revised)?

We have similar suggestion as Question 5 in IES2.

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

We have similar suggestion as Question 8 in IES2.

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 promoted consistency in implementation by member bodies?

Yes.

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

No.

III) IES 4: Initial Professional Development – professional values, ethics and attitudes(revised)

Question 1: Do you agree with the tabular format adopted for learning outcomes?

We agree with this format as in IES2, 3, and 8.

Question 2: Do you agree with the competence areas identified for ethics education?

Yes.

Question 3: Do you agree with the minimum levels of proficiency as identified for each competence area?

Minimum levels of proficiency of professional values, ethics and attitudes should be set at "Advanced" as a result of high expectation from the public society.

Question 4: Do you agree that the learning outcomes related to professional skepticism and professional judgment identified are appropriate for ethics education?

Yes, we believe they are appropriate for ethics education, however we also believe professional judgement refers to a professional skill.

Question 5: Does Appendix 1 of the proposed IES 4 Exposure Draft (June 2012) provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 11 of the proposed IES 4 Exposure Draft (June 2012)? If not, what changes do you suggest?

Yes.

Question 6: Are there any terms within the proposed IES 4 Exposure Draft (June 2012) which require further clarification? If so, please explain the

nature of the deficiencies?

No.

Question 7: 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 4 Exposure Draft (June 2012)?

We have similar suggestion as Question 5 in IES2.

IV) IES 8: Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised)

Question1: Does the proposed change to focus on the engagement partner provide greater clarity; improve the effectiveness and implementation of the proposed IES 8 (Revised)? If not, explain the nature of any deficiencies?

Yes. We believe focusing on engagement partner could increase IES8's effectiveness and clarity.

Question 2: Does Table A of the proposed IES 8 (Revised) on learning outcomes provide clarity with respect to the competence areas and levels of proficiency you would expect to see of a newly appointed engagement partner? Are there any learning outcomes you would expect to see included or eliminated?

Broadly we agree with the learning outcomes listed in Table A. We find that the learning outcome in Table A (p)(iii) "Act as a role model to aspiring engagement partners" involves subjective judgement and is difficult to be consistently applied across IFAC bodies or other stakeholders.

Question 3: Does Appendix 1 of the proposed IES 8 (Revised) Exposure Draft provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 13 of the proposed IES 8 (Revised)? If not, what changes do you suggest?

Yes.

Question 4: Do the revised requirements in respect of more complex audits provide greater clarity and assist with implementation of the proposed IES 8 (Revised)?

Yes. We feel that different users of this standard could interpret the term "complex" in a number of different ways and therefore feel some examples would be useful.

Question5: Does the inclusion of a number of references to Small and Medium Practitioner ('SMP') engagement partners and their context provide appropriate

coverage of their professional development needs? Do you have any further recommendations in respect of how the proposed IES 8 (Revised) could be more aligned toward the needs of SMPs?

Yes.

Question 6: 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 8 (Revised)?

We have similar suggestion as Question 5 in IES2.

Question 7: If the IAESB was to issue implementation guidance together with this IES (Revised), what would you envisage the guidance look like?

More implementation guidance needed for SMP and more practical guidance on assessment activities.

Question 8: In respect of your jurisdiction, in which areas of the proposed IES 8 (Revised) would you consider it useful to have implementation guidance to help you meet the requirements of this IES?

Guidance on SMP, complex engagements, and assessment activities.

If you have any questions about the comments, please feel free to contact my colleague, Cong Tao via phone at +86-010-88250157, or via email at ctao@cicpa.org.cn.

Sincerely yours,

Yugui Chen
Deputy President & Secretary General
CICPA