

October 6, 2011

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto
Ontario
Canada
M5V 3H2

Dear Sir or Madam

We appreciate this opportunity to comment on the Exposure Draft of the Proposed Redrafted International Education Standard 5 Practical Experience Requirements for Aspiring Professional Accountants (IES5). We fully support the objectives of the IAESB's project to improve the clarity of its Standards, of which this Exposure Draft is a part, and we commend the IAESB in the work they have done on IES 5 to date.

Specific Questions

With respect to the specific questions outlined in the Explanatory Memorandum to the Exposure Draft our comments are as follows:

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?

We believe that the increased flexibility offered by the proposed IES of output, input and combination approaches is appropriate and an improvement on the current IES 5. We note however that Paragraph 10 states that 'IFAC member bodies shall require that practical experience is of sufficient duration....' and Paragraph A9 of the redrafted standard states that "there is typically an expectation by the public that a professional accountant has completed a minimum combined period of education and practical experience" which suggest that a 'pure' output-based approach is unlikely to be appropriate in practice.

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?

We agree with this definition, with the exception that we believe the supervisor should specifically be an 'experienced professional accountant'. We believe this is important otherwise the standard leaves open the possibility that aspiring professional accountants would be supervised by individuals who had only recently themselves completed IPD – we do not believe this would represent appropriate supervision and are sure this is not the Board's intention. If the concept of an 'experienced professional accountant' is introduced, then this would need to be clearly defined.

We note that the definition of 'supervisor' is identical to that of a 'mentor' (as per the IAESB Glossary of Terms), and that throughout the proposed IES the term 'mentor' is used interchangeably with the term 'supervisor'. Whilst, within the context of IES 5 the role of the supervisor and mentor may be similar in practice we would expect a mentor to play a wider pastoral and developmental role for the aspiring professional accountant when compared to a supervisor. In the Explanatory Memorandum to the Exposure Draft the section on page 5 under 'Role of the Supervisor' suggests that the Board also sees the role of mentors and supervisors as being different. We therefore recommend that the Board revisit the existing definition of a 'mentor' and distinguishes it from that of a supervisor.

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

Yes, we believe the requirements of IES 5 are clear for IFAC member bodies.

We do note that in moving to a principle based standard from a existing standard that had a very specific input measure (i.e. the existing requirement that the period of practical experience should be a minimum of three years), the Board has taken a different to approach to the one it took in IES 7. Similar to IES 5, IES 7 offers a choice of input, output and combination approaches to setting requirements and measuring CPD, however the input based measure of 120 hours of CPD over a three year period was retained in the redrafted standard. Given that the Board is seeking to move to greater consistency across the body of IESs with this redrafting project it seems odd to have eliminated one specific input measure, but not the other.

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

Yes, we believe the examples and explanation in the Explanatory Materials are sufficient in explaining the requirements of the Standard.

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

We recommend that the objective be reworded to reflect the fact that individuals may assume a variety of roles as professional accountants; this would be consistent with paragraph 22 of the IAESB's Framework. We also recommend that the objective paragraph be restructured to place the primary focus on the concept of developing competence. We therefore suggest that the objective paragraph be reworded as follows:

The objective of an IFAC member body is to ensure that aspiring professional accountants develop competence by undertaking appropriate and sufficient practical experience before assuming a role as a professional accountant.

We also note that the approach to drafting the objective for IES 5 (positioning the objective as ‘the objective of an IFAC member body is to...’) returns to the format that taken for the recent exposures of IES 4 and IES 6, but is not consistent with the Board’s other recently exposed standard IES 1. Given the Board’s aim of achieving consistency and clarity across the body of IESs, and the fact that the objective paragraph is an integral part of each standard, we recommend the Board adopts a consistent approach to the drafting of objective paragraphs across all IESs.

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, we believe the criteria for requirements have been applied consistently and appropriately. However we observe that the requirements of the proposed IES intentionally offer IFAC member bodies more flexibility in the approaches to setting practical experience requirements than the current standards. It is therefore it is hard to comment on the extent to which these will drive consistency of implementation by member bodies.

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

With the exception of the terms notes in our response to Question 2 above there are no terms which we have identified which require further clarification.

Specific drafting points

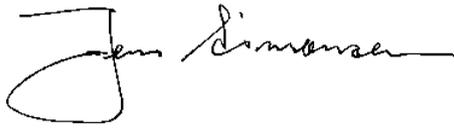
In addition to our responses to the specific questions posed in the Explanatory Memorandum, we also provide some specific comments on the exposure draft together with suggestions for changes to enhance the clarity of the final standard.

Paragraph	Existing Wording	Comments/Suggestions for change
3	<p><i>Practical experience is a component of IPD. IPD is learning and development through which individuals first develop competence in their ability to perform the role of a professional accountant. Practical experience refers to workplace and other activities that are relevant to developing competence.</i></p>	<p>Consistent with our comments regarding the objective paragraph, we believe that there are a wide variety of different roles that professional accountants can play, we therefore propose that this paragraph is reworded as follows:</p> <p><i>Practical experience is a component of IPD. IPD is learning and development through which individuals first develop competence in their ability to perform a role as a professional accountant. Practical experience refers to workplace and other activities that are relevant to developing competence.</i></p>
5	<p><i>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 (see IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence).</i></p>	<p>We believe the Board should clarify if this additional practical experience referred to in this paragraph is in the scope of the proposed IES 5 or not. Currently this is unclear.</p>

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Deloitte Touche Tohmatsu Limited
October 6, 2011

We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please contact Jens Simonsen on +45 36103781.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jens L. Simonsen". The signature is written in a cursive style with a large, stylized initial "J".

Jens L Simonsen
Managing Director
Global Audit Services
Deloitte Touche Tohmatsu Limited

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