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Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West
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Dear Mr. McPeak

We appreciate this opportunity to comment on the Exposure Draft of the Proposed Revised International Education Standard 2 Initial Professional Development – Technical Competence, (IES 2). 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 2 to date.

General Comments

We appreciate the Board’s approach of exposing IES 2 and IES 3 together, and alongside the re-exposure of IES 4 and the exposure of IES 8. This approach enables better understanding of the Board’s approach to improving consistency among IESs 2, 3, 4, and 8 to support the adoption the learning outcomes approach across those standards. We fully support the Board in this drive to ensure consistency across these related standards and believe this will aid understanding and implementation.

We do, however, believe this also highlights a missed opportunity for the Board to consolidate and therefore rationalize the body of standards. We note there is now a significant degree of consistency in the requirements and explanatory material presented across the exposure drafts for IESs 2, 3 and 4, with the main content difference being the learning outcomes presented. In our view this demonstrates that consolidation of these three standards into a single standard setting out the learning outcomes required for IPD would now be relatively easy to achieve. A consolidated standard would provide IFAC member bodies with a clearer, more streamlined approach to identifying and understanding the requirements for professional accounting education in IPD. It is disappointing that the Board has not taken advantage of this opportunity.

Specific Questions

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

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, the competence areas listed in Paragraph 7 are appropriate and capture the breadth of technical competence required of aspiring professional accountants.

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, in general we agree that the learning outcomes listed capture adequately the minimum levels of proficiency, however we have the following specific observations and suggestions related to specific items within Table A:

- The verb ‘analyze is used for a number of learning outcomes but it is not clear what is intended in terms of behaviour. We assume that this means demonstrating the ability to assess and apply concepts/understanding to other situations, circumstances and entities, and recommend clarifying this.
- Financial accounting and reporting:
 - We question whether the minimum level of proficiency of “advanced” for financial accounting and reporting is appropriate for or applicable to non-audit or non-financial accounting stream professionals, such as taxation?
 - We recommend specific mention be made of financial statement disclosures by adding another learning outcome, similar to (a)(iv), as this is a common area for improvement for preparers of financial information.
- Audit and assurance:
 - We recommend including an additional learning outcome in relation to demonstrating skills in assessing the nature and objective of an engagement, determining whether it is an assurance or non-assurance engagement, and identifying the relevant standard(s) that should be applied.
- Business laws and regulations:
 - We recommend clarifying if learning outcome (g) (i) is referring only to local laws and regulations or whether this is intended to also cover other jurisdictions where an entity has overseas interests/components.
- Information technology:

- Learning outcome (h)(ii) refers to ‘general computer controls’, however auditing standards now refer to ‘general information technology controls’. We recommend using terminology consistent with the auditing standards.

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?

We believe it would improve clarity if the IAESB were to include a definition of learning outcomes in its glossary of terms.

We believe Table A provides helpful clarification for users interpreting the learning outcomes listed in Paragraph 7 of the proposed IES, however we have the following recommendations for improvement:

- Cross reference to the Appendix should be made in Table A so that it is clear to the user that further guidance on the interpretation of learning outcomes and proficiency levels is available to them.
- One characteristic of the ‘Intermediate’ level of proficiency in Table A is described as ‘Assessing, researching, and resolving complex problems with limited supervision’. Having reviewed the sort of competence areas to which ‘Intermediate’ level of proficiency is attached across IESs 2, 3 and 4 we would query if this concept of ‘limited supervision’ is generally appropriate, even at the Intermediate level. For example where the aspiring professional accountant is dealing with complex situations in an audit and assurance context, or complex situations of an ethical nature a close degree of supervision would often be expected or even required.

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 agree with the requirements set out in Paragraphs 7 and 9.

We believe the requirement in Paragraph 8 related to the review of professional accounting education programs is unclear and does not provide sufficient direction on the nature, timing and extent of the review that would be required of IFAC member bodies to meet the requirement. The Explanatory Material on this point provides no further guidance.

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)?

We believe there is likely to be an impact on the Deloitte network in some of our member firms who operate in jurisdictions where the current structure and content of IPD for aspiring professional accountants does not meet the standard required by the proposed IES 2 (revised).

The impact will be on our more junior staff levels in these jurisdictions as they are typically working with Deloitte while completing IPD. It may also impact those who are responsible for supervising their work during this time. The nature of the impact is likely to be in extended study and more specific requirements during practical experience gained during their work with Deloitte. The extent of this impact is difficult to assess since the changes to IPD will be largely driven by the relevant IFAC member body in that jurisdiction and will therefore vary considerably across our network.

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

In general we agree with the intention of the objective, but believe it could be better worded. As currently worded it suggests a passive role for the aspiring professional accountant who is ‘provided’ with technical competence by the IFAC member body. In our view the aspiring professional accountant should be positioned as more active in developing the technical competence while the role of the IFAC member body is to support and enable this process. We suggest the following wording for consideration by the Board:

“The objective of an IFAC member body is that aspiring professional accountants develop the technical competence required to perform a role as a professional accountant.”

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, we believe the criteria for requirements have been applied consistently and appropriately (although see our response to Question 4 above).

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.

As noted above, we believe it would be helpful to include further explanation for “learning outcomes”.

Other matters

- *Effective date* – the proposed timeframe for the effective date is appropriate assuming the revised standard is approved at the same time as IES 3 and IES 4.

Specific drafting points

In addition to our responses to the specific questions posed in the Explanatory Memorandum, we also provide a number of 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
Paragraph 7, Table A	<i>Apply techniques such as product costing, variance analysis, inventory management,</i>	<i>Apply techniques such as product costing, variance analysis, inventory management,</i>

Paragraph	Existing Wording	Comments/Suggestions for change
(b) (i)	<i>and budgeting and forecasting to improve the performance of an organization</i>	<i>and budgeting and forecasting <u>with the objective of</u> improving the performance of an organization.</i>
Paragraph 7, Table A (g) (iii)	<i>Identify when it is appropriate to refer matters to legal specialists for help</i>	There may be a variety of reasons to refer matters to legal specialists. Recommend rewording as follows: <i>Identify when it is appropriate to refer matters to legal specialists.</i>

Very truly yours,



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