



4 October 2012

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International Federation of Accountants
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CANADA

Dear David

Re-exposed Proposed Revised IES 4, Professional Values, Ethics, and Attitudes

Thank you for the opportunity to comment on the revised and re-exposed proposed revisions to IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*.

This response builds on ICAEW's letter of 14 July 2011 in reply to the IAESB's initial exposure document on proposed revisions to this IES.

ICAEW acknowledges the central importance of the development and maintenance of appropriate values, ethics and attitude systems in accountants, set within a robust approach to IPD. Making appropriate business and personal decisions, and knowing why they are appropriate, is core to being a professional. Qualities such as professional scepticism and professional judgement underpin this and it is welcome that the IAESB is increasing the focus in these areas through this exposure draft. ICAEW continues to believe that the best way to ensure effective professional development in these areas is to embed the learning across the curriculum, both in the examinations and in the skills/attributes components of Initial Professional Development for students and Continuing Professional Development for members.

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

Yes. This is a simple and clear way for describing the expected outputs.

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?

Yes, although we acknowledge that for some member bodies these will indeed be minimum levels and that their qualifications will require aspiring professional accountants to achieve higher levels.

Question 4. Do you agree that the learning outcomes related to professional scepticism and professional judgement identified are appropriate for ethics education?

Yes, however we think this could be phrased more clearly and more strongly. For instance, there is something of a tautology in relation to the learning outcome for 'scepticism'. It might be better to draft learning outcome (i) with reference to other words, such as 'questioning' or 'challenging', in a way that does not repeat the term it is expanding upon. It would also be helpful to be more specific about how this 'mindset' manifests itself, such as by identifying what may be incorrect, risky or otherwise questionable in the data presented.

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, however we think it could provide better clarification. For instance, the Appendix is helpful in identifying the level of proficiency but some of the terms used are rather imprecise and subjective. It is perhaps too open to personal interpretation what is meant by phrases such as 'moderate levels of ambiguity, complexity, and uncertainty' or 'complex problems with limited supervision' etc. The Appendix also focuses on the level of proficiency but in our opinion could usefully add more to the understanding of the nature of the learning outcomes.

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?

There are a number of terms in the document which we think would benefit from further clarification:

- The definition on page 9 of 'Professional accounting education programs' needs to be amended to also include reference to professional educators. This should also be carried over into paragraph A28 on pages 18 – 19.
- We note the proposed implementation date of 1 July 2015. It is important that this date is revised if there is any slippage in the approvals process for the new IES 4.
- As alluded to above, the 'professional scepticism' could be better defined.
- In paragraph A8 on page 16 it seems odd to refer to 'economics' but not to refer to 'audit'.
- In paragraph A9, we think that employers also have a responsibility to ensure competence.
- In paragraph A13 on page 16, we suggest that clause (e) becomes clause (a) as respect for laws and regulations should come first.
- In paragraph A 33, we think it should say 'must' rather than 'may' when discussing member bodies' needs to take into accountant confidentiality, legal and regulatory requirements.

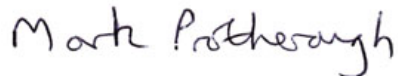
There are also a few typos in the document which you may wish to amend. For instance, the exposure draft is dated on the cover 'July 2012' but on page 9 it is dated 'June 2012'; and on page 12 there is a bracket missing as '(b' should in fact be '(b)'.

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)?

No, subject to the points made above being observed.

We hope that the above points are helpful. Please contact Jonathan Jones, Head of Policy & Strategy, on jonathan.jones@icaew.com or +44(0)1908 248 292 if you would like any further clarification or information about our views at this stage.

Yours sincerely



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