

## ICAI's Comments on Proposed IES 3 Exposure Draft (July 2012)

### Initial Professional Development - Professional Skills

#### 1. *Do you support the definition of professional skills?*

*Professional skills is proposed to be defined as the intellectual, personal, interpersonal, communication and **organisational skills** that a professional integrates with technical competence and professional values, ethics and attitudes to demonstrate professional competence.*

The different components of professional skills, namely, intellectual, personal, interpersonal, communication and organisational, constitute the competence areas, in respect of which learning outcomes have been specified. Since the intellectual skills, personal skills, interpersonal and communication skills of an aspiring professional accountant have to be ultimately oriented towards achieving the organisational goals, , in effect, the organisational skills are embedded in the other components of professional skills. Therefore, there is no need for "Organisational skills" to be included separately in the definition of "professional skills". This will also help avoid overlapping of learning outcomes listed under "Organisational" skills with learning outcomes listed under the other components of professional skills.

#### 2. *Do you support the removal of General Education from this IES?*

Attention is invited to the Framework for International Education Standards for Professional Accountants (2009), which establishes the concepts that the IAESB uses in its publications. The IAESB has to apply the concepts set out in the Framework when developing IESs.

Para 23 of the Framework clarifies that IPD includes **general education, professional accounting education, and assessment**. **General education** is the broad based education to develop the skills necessary as a foundation for coping with the demands of the professional accounting education and practical experience. **Professional Accounting Education** is the education and training that builds on general education, and imparts (a) professional knowledge, (b) professional skills and (c) professional values, ethics and attitudes. **Assessment** is the measurement of professional competence developed through learning and development.

All the above components of IPD, except general education, are dealt with in the proposed IESs. IES 2 deals with professional knowledge, IES 3 with professional skills, IES 4 with professional values, ethics and attitudes and IES 6 with assessment. However, General education which has been described in the framework as fundamental for coping with the demands of professional accounting education and practical experience has not been dealt with in any of the standards.

General education is very significant since it, no doubt, forms the base or foundation on which the professional skills are to be developed. Though general education may

not specifically relate to accounting profession, it contributes significantly to acquisition of professional skills, whether it be intellectual skills or personal skills or interpersonal or communication skills of an aspiring professional accountant. In fact, intellectual skills are largely related to the quality of general education.

**Therefore, in our opinion, the specific components of general education which are likely to have an impact on the level of professional competence of an aspiring professional accountant (for example, values, ethics and relationship management, quantitative aptitude, the ability to conduct enquiry carrying out logical thinking and understand critical thinking,) should form part of either IES 3 (Professional Skills) or IES 5 (Practical Experience Requirements for Aspiring Professional Accountants).**

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

*As per para 6 of proposed IES 3 “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.”*

Professional skills, encompasses within its definition, in addition to other skills, personal skills and interpersonal and communication skills.

Para A3 describes personal skills as relating to the personal attitudes and behaviour of a professional accountant. Therefore, personal skills are the intrinsic skills unique to each individual. This is also evident from the learning outcomes required to be demonstrated under this competence area, for example, openness to new ideas and opportunities or setting high personal standards of delivery. These skills are inherent skills which cannot be “*provided*” by any external source or body. Therefore, the requirement in the objective of this standard to “*provide*” aspiring professional accountants with personal skills does not seem to be appropriate. Likewise, even interpersonal and communication skills cannot be provided; They can only be developed.

Therefore, it would be more appropriate if the objective is redrafted in the following manner -

**“The objective of an IFAC member body is to have aspiring professional accountants develop the professional skills required to perform a role of a professional accountant.**

**4. *Do you agree with the adoption of learning outcomes approach?***

The classification of the different constituents of professional skills, namely intellectual skills, personal skills, interpersonal and communication skills, as competence areas, the specification of learning outcomes thereunder to demonstrate such skills and stipulation of minimum level of proficiency in respect of each competence area, in our opinion, reflects the professional competence requirements expected of an aspiring

professional accountant by the end of IPD more appropriately and clearly, in comparison to the topic-wise listing of skills in the extant IES 3.

The learning outcomes to be demonstrated would reflect the level of competence of the aspiring professional accountant in each competence area. The measurement of these learning outcomes would reflect the relative strength or weakness of the aspiring professional accountant in each competence area. For instance, an aspiring professional accountant may be intelligent and meticulous, but may lack good communication skills. Therefore, “interpersonal and communication” is the competence area he has to focus on and improve his skills.

The learning outcomes approach would, therefore, help in better assessment of the different professional skills of an aspiring professional accountant. However, in order to facilitate effective assessment, it is necessary that the learning outcomes to be demonstrated are objective in nature and hence, capable of measurement.

**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?**

*One of the learning outcomes under Competence Area “Organisational Skills” is to deliver work assignments of a high standard, in accordance with established methodologies and within the prescribed deadlines.*

Another learning outcome which can be considered for inclusion, ideally under Competence Area “Intellectual Skills”, is to **explore new ways of delivering work assignments of a high standard more effectively within the prescribed deadlines**. An intermediate level of proficiency can be prescribed for this learning outcome.

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

*(i) The learning outcome described under competence area “Interpersonal and communication” in Sl. No. (c)(vii) of Table A under para 7 is to present ideas and persuade others to provide support and commitment.*

**It would be more appropriate to use the word “convince” instead of “persuade”, since convince is to make believe by reasoning, whereas persuade may also involve urging others to provide support and commitment.**

*(ii) Para 9 of Proposed IES 3 requires assessment of achievement of professional skills of aspiring professional accountants, for which purpose, it is necessary that the learning outcomes be measurable. Proposed IES 6 defines “assessment” as the **measurement** of professional competence developed through learning and development. Therefore, from a combined reading of Para 9 of Proposed IES 3 with the definition of “assessment” under Proposed IES 6, it is clear that learning outcomes must be measurable.*

**Some of the learning outcomes indicated in Table A of Proposed IES 3 are too subjective, consequent to which it may be difficult to ensure their measurability. For example, the learning outcome listed in b(i) under “Personal” skills is to *apply the principles of lifelong learning*. There is an element of subjectivity as to what exactly are the principles of lifelong learning which are to be applied by an aspiring professional accountant. Even though Para A4 of Explanatory Material forming part of IES 7 Continuing Professional Education (Redrafted) has clarified that lifelong learning represents all learning and development activity, formal or informal, undertaken with the aim of enhancing knowledge, skills, values, ethics, and attitudes from personal, civic, social, and employment-related perspectives, it is very difficult to construe “what are” and “how to apply” the principles of informal learning and development activity.**

In the Extant IES 3, lifelong learning had been associated with general education. It provided that a broad general education can encourage lifelong learning and provide a foundation on which to build professional and accounting studies. If general education ultimately does not form part of the Proposed IES 3 or its Explanatory Material, lifelong learning should also not be described as a learning outcome under Proposed IES 3.

In any case, if this learning outcome is required to be demonstrated, then, the principles of lifelong learning should be exemplified for clarity and aiding measurement.

**Another example of a learning outcome which may be difficult to measure is the learning outcome described in (c)(vi) of Table A of Proposed IES 3, i.e., *display sensitivity to cultural and language differences in all communication*.**

- (iii) *As per Para A3 of the Explanatory Material forming part of Proposed IES 3, the professional skills are categorised into four areas, namely, personal skills, interpersonal and communication skills, organisational skills and intellectual skills. Accordingly, these skills are depicted as Competence Areas under Table A of Para 7 of Proposed IES 3 and learning outcomes have been described for each Competence Area.*

**Some of the learning outcomes, however, seem to lap over more than one Competence Area.**

For example, the learning outcome “*Promote co-operation and team work, working towards organisational goals*” under Competence Area “*Interpersonal and communication skills*” would also be an appropriate learning outcome under Competence Area “*Organisational skills*”.

Likewise, the learning outcome “*Use of effective people management skills to motivate and develop others*” under Competence Area “*Organisational skills*” would also be an appropriate learning outcome under Competence Area “*Interpersonal and Communication skills*”.

Similarly, the learning outcome “*Demonstrate effective leadership skills*” under Competence Area “*Organisational skills*” would also be an appropriate learning outcome under Competence Area “*Personal skills*”, since leadership is generally considered as a personal trait.

**As it can be seen from the above examples, there is an overlapping of learning outcomes under “Organisational skills” with the learning outcomes under other Competence Areas. Since the personal skills, interpersonal and communication skills and intellectual skills of an aspiring professional accountant have to be ultimately oriented towards achieving the organisational goals, there is no need to have a separate category as “Organisational skills”. This will also help avoid significant overlapping.**

**This would also be a consequent parallel amendment which would be necessitated if the definition of “professional skills” is amended to omit the reference to “organisational skills”, as suggested in our response to Q.1.**

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

- (i) The intermediate level of proficiency requirement stated in Table A under para 7 of Proposed IES 3 in respect of learning outcome listed under (b)(iv), namely, proactively anticipate challenges and plan potential solutions, does not appear to be *in sync* with the description of the intermediate level of proficiency for learning outcomes as per classification developed by IAESB for learning outcomes, in Appendix 1 read with para A8 of the Explanatory Material forming part of Proposed IES 3. According to the said classification, this is a learning outcome at the advanced level, since it focuses on anticipating problems and issues and planning appropriate solutions, which is a work situation characterised by high levels of ambiguity, complexity and uncertainty.
- (ii) **It may be noted that many of the verbs used to describe the learning outcomes in Table A do not find place in the indicative verbs as per the classification of proficiency levels for learning outcomes developed by IAESB in Appendix 1.** For example, the verbs - use, set, display, promote, communicate, review etc. used to describe the learning outcomes in Table A are not included in the list of indicative verbs used to describe various proficiency levels in Appendix 1.

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

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

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

In our opinion, the definition and objective of Proposed IES 3 requires modification due to the reasons mentioned in our response to Q.1 and Q.3, respectively.

The competence areas and learning outcomes also require certain changes on account of the grounds mentioned in our reply to Q.5 and Q.6.

Subject to the above changes that we consider are essential, the requirements appear to be clear and appropriate.

***9 & 11. Do you anticipate any impact or implications for your organisation or organisations with which you are familiar, in implementing the new requirements included in this Proposed IES-3 (Revised)?***

***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?***

**(i) Element of subjectivity in learning outcomes – Consequent difficulty in assessment**

The requirement of assessment of professional skills may pose problems, even if IFAC professional accounting bodies design their assessment activities in the manner suggested in para A15 to address the challenges of assessing professional skills. In addition to the challenges in achieving reliability, validity, equity, transparency etc., there is an element of subjectivity in some of the learning outcomes to be demonstrated, which can impede effective assessment, on account of difficulty in measurement of such learning outcomes, for example, application of principles of lifelong learning and display of sensitivity to cultural and language differences in all forms of communication.

**(ii) Ensuring consistency between assessors – A difficult task**

One of the suggestions in para A15 to address the challenges of assessing professional skills is to provide training to workplace assessors to achieve consistency between assessors. In practice, this may be a difficult exercise, especially in India, considering that the assessors may range from small firms and individual practitioners to big multinational firms with large overseas clientele. While the range of professional skills that can be demonstrated by an aspiring professional accountant undertaking practical training in small firms and individual practitioners may be restricted, there would be ample scope for an aspiring professional accountant who is working with a multinational firm to demonstrate a variety of professional skills. For example, the demonstration of intellectual skills in case of the former may be restricted to interpretation and application of knowledge of domestic laws, whereas in case of the latter, it would be wide ranging involving interpretation and application of both domestic as well as international laws, double taxation avoidance agreements, International Financial Reporting Standards etc.

Therefore, since there would always be an expectation gap in the professional skills required to be demonstrated depending on the size of the firms and the nature of work assignments handled, it would be a herculean task to achieve consistency between assessors.

**(iii) Workplace assessments – Sole determinants for assessing personal and interpersonal skills**

Para A15 also suggests that professional skills may be assessed, wherever possible, by written examinations. It is noteworthy that only intellectual and written communication skills can be assessed by way of written examinations. Personal and Interpersonal skills can be assessed only by way of workplace assessments and not written examinations. Therefore, assessment of these skills are subject to the shortcomings associated with workplace assessments, for example, availability of opportunities to demonstrate such skills, possibility of bias and prejudice influencing effective assessment, subjectivity of learning outcomes to be demonstrated etc.