

Mr. Peter Wolnizer, Chair
International Accounting Education
Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York 10017, USA

November 9, 2012

494/584

Dear Peter,

**Re.: Exposure Draft “Proposed International Education Standard IES 3,
Initial Professional Development –Professional Skills (Revised)”**

We would like to thank you for the opportunity to provide the International Accounting Education Standards Board (IAESB) with our comments on the Exposure Draft “Proposed International Education Standard IES 3, Initial Professional Development – Professional Skills (Revised)” (hereinafter referred to as “the draft”).

We support commencement of the clarity project for the International Education Standards (IESs) of the IAESB because it is important that the member bodies of IFAC have clarity as to what the purposes of the standards are through the expression of the objectives, what the requirements are with which member bodies must comply, and what represents additional guidance in the explanatory material beyond the specified requirements.

We have responded to the questions posed in the Explanatory Memorandum in Appendix 1 to this comment letter. Appendix 2 to this comment letter provides our detailed comments by paragraph.

We hope that our views will be helpful to the IAESB. If you have any questions relating to our comments in this letter, we would be pleased to be of further assistance.

Yours truly,



Manfred Hamannt
Executive Director



Wolfgang P. Böhm
Director Assurance Standards,
International Affairs

Institut der Wirtschaftsprüfer
in Deutschland e.V.

Wirtschaftsprüferhaus
Tersteegenstraße 14
40474 Düsseldorf
Postfach 32 05 80
40420 Düsseldorf

TELEFONZENTRALE:
+49 (0)211 / 45 61 - 0

FAX GESCHÄFTSLEITUNG:
+49 (0)211 / 454 10 97

INTERNET:
www.idw.de

E-MAIL:
info@idw.de

BANKVERBINDUNG:
Deutsche Bank AG Düsseldorf
BLZ 300 700 10
Kto.-Nr. 7480 213

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
Dr. Klaus-Peter Feld, WP StB CPA;
Manfred Hamannt, RA

APPENDIX 1: Responses to Questions Posed in the Draft

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

We agree with the definition of “professional skills”, but without an additional definition of “skills”, the definition lacks some substance and appears circular (even though it is not). Furthermore, it seems to us that skills are “domain-general”, in that they are not limited to professional skills (i.e., intellectual, personal, interpersonal, communication and organizational skills are not limited to the exercise of the roles of a professional accountant). We suggest that a definition of “skills” be included along the following lines:

“A domain-general capability to perform tasks with minimum effort or time.”

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

This is a leading question because, as a matter of principle, general education should not be covered by a standard that deals with *professional* skills – as opposed to *general* skills – but it begs the question as to where the *general* skills and knowledge required for professional accountants are covered in the suite of IESs. Since general education does not appear to be covered by IES 1 other than indirectly by means of the benchmark “a reasonable chance of success”, the removal of the requirement for general education in IES 3 means that there is no longer a requirement for general education in the suite of IESs at all. Consideration therefore needs to be given to clarifying the nature and extent of general education needed to have a “reasonable chance of success” in IES 1, or re-introducing general education into IES 3.

Question 3: Is the objective to be achieved by an IFAC member body, stated in the proposed revised IES 3, appropriate?

We believe that the objective stated in the proposed revised IES 3 is an appropriate, concise statement.

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

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We agree with the adoption of a learning outcomes approach because it permits a focus on measurable competencies. We also agree with the use of the tabular format adopted for learning outcomes because it permits the identification of competence areas, the related learning outcomes and the associated level of proficiency required in an understandable fashion. We particularly welcome the addition of the levels of proficiency to the learning outcomes, which provide an indication of the depth of competency required in relation to the learning outcome.

Question 5: Table A of the proposed IES 3 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?

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

Question 7: Are the minimum levels of proficiency included in the proposed revised IES 3 appropriate for each professional skills competence area?

Since Questions 5, 6 and 7 of the Explanatory Memorandum relate to the adequacy of the learning outcomes (that is, whether they are complete and appropriate) and the appropriateness of the related minimum levels of proficiency, we have chosen to answer these three questions together.

No mention is made of integrative or multidisciplinary skills, as a competence area, which we believe are a key component of professional skills.

We note that some of the verbs used do not match the minimum level of proficiency set forth for a particular competence area (see below). We suggest that the minimum levels of competence be differentiated by learning outcome so that these match the verbs used.

We have identified the following issues with respect to the learning outcome and minimum levels of competence:

- (a) Intellectual
 - The verbs “research” and “draw” in (i), “identify” in (ii), and “apply” in (iii), are not aligned with the advanced level of proficiency in the right-hand column based on Appendix 1
 - No mention is made of analytical abilities (i.e., breaking problems down into their component parts, identifying issues (as opposed to identifying “solutions”), using evidence to support reasoning

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- and conclusions, and assessing arguments based on evidence and set criteria)
- One of the most important intellectual abilities is to recognize when expert assistance is required due to one's own limitations – this is not addressed
 - We are not convinced that “applying *innovative* ... thinking” to solving problems is an advanced level of proficiency: it appears to us to be a master level of proficiency
 - (b) Personal
 - The verbs “set” and “monitor” in (ii), “evaluate” and “manage” in (iii), “anticipate” in (iv), and “display” in (v) are not aligned with the advanced level of proficiency in the right-hand column based on Appendix 1
 - We question how (ii) represents a measurable learning outcome, in particular in relation to reflection
 - In our view “proactively” anticipating challenges is an advanced level of proficiency – not an intermediate one
 - Displaying “openness” to new ideas and opportunities not just a virtue – it is also a vice if not accompanied by a critical mindset so that frivolous ideas and opportunities are not taken seriously. We therefore suggest that the concept of the critical mindset be incorporated in this learning outcome in some respect
 - (c) Interpersonal and communication
 - The verbs “promote” and “working” in (i), “communicate” in (ii), “display” in (vi), and “present” in (vii) are not aligned with the advanced level of proficiency in the right-hand column based on Appendix 1. In addition, the word “use” should be replaced with “apply” to align (iii), (iv), and (v) to Appendix 1
 - We do not believe (vi) to be a reasonable learning outcome for those that do not engage in activities involving contact with different languages and cultures
 - (d) Organizational
 - The verbs “undertake” in (i), “review” in (ii), and “demonstrate” in (iii), are not aligned with the advanced level of proficiency in the right-hand column based on Appendix 1. In addition, the word “use” should be replaced with “apply” to align (iii) and (iv) to Appendix 1
 - To undertake work assignments “within the prescribed deadlines” as noted in (ii) is not necessarily a virtue, depending upon the nature of the assignment (e.g., an audit, if severe problems are en-

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countered). Rather reference should be made to planning and performing work to meet prescribed deadlines

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

We believe that overall, the requirements are clear and appropriate.

Question 9: 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 revised IES 3?

We expect that those organizations in our jurisdiction responsible for the education of those seeking to become members of our profession will be affected by the new requirements. In particular, they will be affected by the following requirements engendering the need to:

- prescribe learning outcomes and levels of proficiency for professional skills (paragraph 7)
- regularly review and update the program (paragraph 8)
- establish appropriate assessment activities to assess professional skills (paragraph 9).

The first item would cause changes in the curricula of universities and for the final professional exam; the second item would cause changes to the quality control over the university programs including revision of examinations and marking schemes (output), instead of reviewing tables of content (input) and the professional examination. The last item will affect the curriculum for the final professional examination. However these items do not involve insurmountable issues.

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

In our view, no additional explanatory paragraphs are needed to better explain the requirements of IES 3.

Question 11: Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently,

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such that the resulting requirements promote consistency in implementation by member bodies?

In our view, the criteria identified by the IAESB for determining whether a requirement should be specified have been applied appropriately and consistently such that the resulting requirements promote consistency in implementation by member bodies.

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

With the exception of the term “skills” (see our response to Question 1 above), at the present time, we have not become aware of any terms that require further clarification.

Comments on Other Matters

Translations – Recognizing that many respondents intend to translate the final IESs for adoption in their own environments, the IAESB welcomes comment on potential translation issues noted in reviewing the proposed IES 3.

We have no comments on this issue at the present time.

Developing Nations – Recognizing that many developing nations have adopted are or in the process of adopting the IESs, the IAESB invites respondents from these nations to comment, in particular, on any foreseeable difficulties in applying the proposed IES 3 in a developing nation environment.

We have no comments on this issue.

Effective Date – Recognizing that proposed IES 3 is a revision of extant IES 3, the IAESB believes that an appropriate effective date for the standard would be 15-18 months after approval of the final revised standard. The IAESB welcomes comment on whether this would provide a sufficient period to support effective implementation of the final IES 3.

We are of the view that the IESs need to be seen as a package and that therefore all of the IESs need to articulate with one another. To this effect, we note that the IAASB did not issue its suite of clarified ISAs until all of them had been completed in final form after a consistency check had been carried out at the

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very end of the clarity process. Consequently, we would not support issuing any of the IESs separately, but only as a package at the same time after such a consistency check has been performed. We therefore disagree with the assertion in the Explanatory Memorandum that individual standards be released as soon as approved (i.e., without such a consistency check). This means that the effective date would need to be some time after the approval of all of the revised or redrafted standards subject to such a consistency check. Having a common effective date after January 1, 2015 would be an acceptable solution.

We would also like to point out that education standards affect a lengthy education pipeline in the various jurisdictions that can range to a minimum of some seven or eight years for those jurisdictions requiring a university degree (of at least three or four years), a period of practical experience of at least three years, and the completion of final examinations. This means that changes to education standards cannot be implemented to affect students that have already entered the education pipeline to become a professional accountant. The effective date for education standards (with the possible exception of the IES 7 for CPD) therefore needs to clarify how the effective date is to be applied in the context of an education pipeline of several years' length.

Once the meaning of the effective date in relation to the education pipeline issue has been resolved, we expect a 12 to 15 month effective date after the approval of all of the IES to provide adequate time for the implementation of such standards for those jurisdictions not needing to change legislation. For those jurisdictions needing to change legislation, one or two more years may be necessary, but this is resolvable through the "best endeavours" clause in SMO 2.

APPENDIX 2: Additional Detailed Comments By Paragraph

1. Professional skills do not “demonstrate” the professional competence: their integration with the matters noted permit aspiring professional accountants to attain professional competence. For this reason, the word “demonstrate” should be changed to “attain”.

3. In line with our comment on paragraph 1, the first sentence of this paragraph ought to be changed to read: “... learning outcomes that represent the benchmarks for the professional competence required...”

7. In line with our comments to paragraphs 1 and 3, the word “demonstrate” should be changed to “represent benchmarks for”.

Explanatory Materials

Our comments to the explanatory material only address issues that would not be covered by amendments arising from the comments we have made to the introduction, objective and requirements.

- A1. The first sentence of this paragraph seems to be a definition of an aspiring professional accountant: either this belongs in a definitions section, or, if such a section is limited to the Glossary in the framework, then the fact that this is a definition from that Glossary should be explained.

- A2. The second sentence repeats the definition of professional competence and can therefore be deleted.

- A3. We note that the items listed in (a) to (d) actually define the different types of skills for the purposes of the standard, and therefore belong in a definitions section or in the Glossary.

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A5. We refer to our comments on A1, which apply equally to the first sentence of this paragraph. The second sentence is superfluous and confusing since the required competence areas are defined IES 2 and need not be repeated here.

A14. This paragraph actually belongs in IES 6, which discusses assessment activities – not in IES 7, which defines what should be assessed and that it should be assessed.

Appendix 1

Subject to our following comments, on the whole, we believe that Appendix 1 provides adequate clarification to assist in the interpretation of the learning outcomes listed in paragraph 7.

However, we do have difficulty with the use of the following verbs in connection with the noted levels:

“define” Developing a definition of a matter that has not yet been defined is one of the most intellectually challenging activities that involves both synthesis and analysis beyond a foundation level: indeed it is a mastery level of proficiency. The word “define” should be distinguished from the activity of “reciting” or explaining an existing definition. We therefore suggest that “define” be placed in the mastery level of proficiency and that “recite” be placed in the foundation activity.

“interpret” Interpreting matters that have not yet been interpreted is also one of the most intellectually challenging activities that involves both synthesis and analysis beyond a foundation level: it is at least an advanced level of proficiency. The word “interpret” should be distinguished from the activity of “explaining” or “illustrating” existing interpretations. We therefore suggest that “interpret” be moved to the advanced level of proficiency.

“distinguish” vs. “classify” vs. “identify”

It is unclear to us what the underlying difference between “distinguish”, “classify” and “identify” is. Logically speaking, by distinguishing or identifying matters, one automati-

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cally classifies them (i.e., all three involve the attachment of predicates to antecedents). Two out of the three terms therefore ought to be deleted. The level of proficiency of the remaining term depends upon whether one is dealing with the distinguishing/classification/identification based on existing criteria (that is, the distinguishing characteristics of a matter that allow it to be identified or classified), or whether this involves developing criteria. The latter appears to be better described by the term “definition”, so we suggest that the former sense be used. This would permit the remaining term to be placed into the foundation level of proficiency.

We also note that the verb “synthesis” has not been included, which we believe ought to be placed at a mastery level of proficiency.