



Private & Confidential

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto Ontario Canada M5V 3H2

10 October 2012

Dear Sir/Madam

IFAC International Accounting Education Standards Board (IAESB) – Proposed International Education Standard (IES) 4, *Professional Values, Ethics and Attitudes* (revised and redrafted)

We appreciate the opportunity to respond to the IAESB's Exposure Draft on the proposed changes to IES 4: Professional Values, Ethics and Attitudes. This response is made on behalf of PwC. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We recognise that IES 4 is intended to serve the public interest in establishing standards to better ensure the competence of professional accountants. We welcome the redrafting of this standard as part of the IAESB project to revise and redraft the International Education Standards, building on the concepts and principles of the *Framework for International Education Standards for Professional Accountants* (the *Framework*) and the *IAESB Drafting Conventions* (the *Drafting Conventions*). We support the aim to ensure consistent application by reducing ambiguity about the requirements imposed on an IFAC member body. We also recognise that in redrafting the standards the IAESB intends to clarify issues arising from changes in the environment of accounting education and the experience gained from implementation of the IESs by IFAC member bodies.

We believe that the redrafted IES4 appropriately focuses on the responsibilities of IFAC member bodies and that the requirements in the Exposure Draft will promote consistency in implementation by IFAC member bodies subject to our comments below. We commend the IAESB in that the redrafted IES 4 is shorter than the extant standard while preserving the spirit of the current requirements.

Our response below covers both a general comment following on from our response to the previous Exposure Draft (March 2011) and specifically to answer the questions raised in the Request for Comments section of the Exposure Draft. All paragraph references (Para XX) are to the IES 4 Exposure Draft unless otherwise indicated.

As per our comment letter on the previous Exposure Draft (March 2011), we support a requirement that programs on professional values, ethics and attitudes contain reflective activities. However, we do not support a requirement that the learning design of reflective activities be "formalized and documented". While this aspect of the proposed new requirement is intended to ensure a certain level of learning effectiveness in program design, we believe that it unnecessarily interferes with program design and the selection of activities which result in the most effective learning experience. Further,

PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester M2 3PW
T: +44 (0) 161 245 2000, F: +44 (0) 161 245 2904, www.pwc.co.uk



because this recommendation deals with a detail of program design, it departs from the IAESB's understood intention to be more principles-based in redrafting the IESs.

Our response to the questions posed in the Request for Specific Comments section of the Exposure Draft

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

We support the use of required learning outcomes in Para 11 and the tabular format adopted. This clearly sets out the minimum level of learning outcomes expected for IFAC bodies.

Question 2: Do you agree with the competence areas identified for ethics education?

We agree that the three competency areas of 'Professional scepticism and judgement', 'Ethical principles' and 'Commitment to the public interest' are the right areas for ethics education.

It is assumed areas such as accountability, whistle-blowing, conflicts of interest, ethical dilemmas and their resolution are included within 'Commitment to the public interest' although this is not explicit or clear from the current wording. We believe that these need to be included within the ethics education.

Question 3: Do you agree with the minimum levels of proficiency as identified for each competence area?

We agree with the minimum levels of proficiency for each identified competency area. We would expect that aspiring professional accountants would be at the Intermediate level for each competence area at the end of their IPD.

There may be some confusion with whether the minimum level of proficiency should be met for each competency area or for each learning outcome. As the learning outcomes are written it would appear that some are Foundation level e.g. (b) (ii) Explain the nature of ethics, however in the explanatory materials A17 states that each learning outcome has been assigned a minimum level of proficiency, which would be Intermediate as per the table in Para 11.

Question 4: Do you agree that the learning outcomes related to professional skepticism and professional judgment identified are appropriate for ethics education?

We agree with the two learning outcomes included in the area of 'Professional scepticism and judgement' but do not believe that these encompass everything that we would expect in this area.

We believe that the learning outcomes should also include:

- Explain the concept of professional scepticism and professional judgement and what is required of an aspiring professional accountant



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?

Appendix 1 clearly sets out the classification of the proficiency levels included within various education standards. The description of the type of work situations to which the levels apply and the indicative verbs are helpful in providing clarification for those developing learning outcomes.

We do not propose any changes to this Appendix.

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?

We appreciate how a definition for reflective activity and further guidance has been provided within the Explanatory material. We still do not believe that a requirement for the documentation of reflective activity should be formalised as per Para 13 as many stakeholders would define reflective activity as an intellectual process and not in terms of documentation.

It is not clear what the differences are between the four types of documentation of reflective activity. It would be helpful to explain how these forms differ from each other and what the standard is looking for.

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)?

We agree that formalising and documenting reflective activities can contribute to learning. Requiring that reflective activities be formalised and documented by learners creates a potentially onerous monitoring responsibility for IFAC member bodies which would not be the best use of their time and resources.

Rather than requiring documentation of reflective activities it would be more in keeping with the IAESB's focus on outputs to require that the assessment of professional values, ethics and attitudes be done in a way that students demonstrate appropriate professional judgement which is the intended result of reflective activities.

We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Christine Adshead, Global Assurance Learning and Education Partner on (44(0) 161 245 2529).

Yours sincerely

Christine Adshead