



Private & Confidential

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

31 October 2012

Dear Sir/Madam

**IFAC International Accounting Education Standards Board (IAESB) – Proposed International Education Standard (IES) 3, Professional Skills (revised)**

We appreciate the opportunity to respond to the IAESB’s Exposure Draft on the proposed changes to IES3: Professional Skills. 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 3 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 IES3 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.

Our response below answers the questions raised in the Request for Comments section of the Exposure Draft and makes a few other general comments to consider in finalising the standard. All paragraph references (Para XX) are to the IES 3 Exposure Draft unless otherwise indicated.

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

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

We believe the definition of Professional Skills is appropriate as:

“The intellectual, personal, interpersonal, communication and organizational skills that a professional integrates with technical competence and professional values, ethics and attitudes to demonstrate professional competence.”

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However we feel this could be rephrased as follows to be more succinct:

“The skills that a professional integrates with technical competence; professional values; ethics and attitudes to demonstrate professional competence to perform their role in work”

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

Although we are comfortable that general education has been removed from IES3 (revised) we feel that some guidance on this topic would be valuable.

Specifically we would like to understand more about the project which is being undertaken by the IAESB to show how general education can be used to develop the aspiring professional accountant.

***Questions 3: Is the objective to be achieved by an IFAC member body, stated in the proposed IES3 (Revised), appropriate?***

We agree with the stated Objective of the standard as described in paragraph 6 of IES 3 (revised)

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

We support the use of learning outcomes. Table A in IES3 (revised) clearly sets out the minimum level of learning outcomes required of an aspiring professional accountant by the end of their IPD.

***Question 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?***

The previous list of skills in the extant IES 3 has been replaced with learning outcomes. We support this approach however it is unclear whether some learning outcomes have been renamed or deleted when the standard has been updated. We have highlighted below skills which we feel have been deleted but we consider them of value and some additional skills we would like to be included. We appreciate that as some of the learning outcomes are broad the skills highlighted below could be included within a learning outcome but this is not clear from the current standard:

**Skills in the current IES 3 to be added**

- Professional scepticism
- Professional judgement and discernment
- The ability to anticipate and adapt to change

The reference to technical skills has been removed but we are comfortable this is covered in IES 2.

**Additional skills we would like to see added**

- Ownership of their career and development
- Be curious to learn
- Build and maintain relationships
- Being resilient
- Giving feedback (not just receiving as mentioned in Personal skills section (ii))



- Being able to challenge the assumptions of management and underlying data/information
- Commerciality – at a Foundation Level.

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

We support all skills in Table A of the proposed IES 3 (Revised) however we would recommend a slight change in wording within Organizational skills point (iii) *Use effective people management skills to motivate and develop others.*

We feel the interpretation of this skill in practice could be diverse and therefore we would suggest the wording emphasises **coaching skills** at this level in a professional accountant's career. For example we would not expect an aspiring professional accountant in their initial professional development to act as an appraisal manager however we would expect them to coach more junior members of their team.

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

The minimum level of proficiency for each of the competency areas ranges from Foundation to Advanced. We would not expect that aspiring professional accountants would be able to reach the Advanced Level by the end of their Initial Professional Development. We do agree that for some competency areas we would expect them to reach an Intermediate proficiency level and for others the Foundation level.

Specifically this applies to the Intellectual competency. Whilst we would expect an aspiring professional accountant to be intellectually advanced the wording of the learning outcomes and proficiency level is above our expectations for the IPD level.

For example in skill (ii) they are required to identify; evaluate and recommend solutions to **unstructured, multifaceted** problems. At an Advanced proficiency level these problems are considered **complex** however at Intermediate they are still complex but they tackle these problems with **supervision** which is more akin to this stage in an accountant's career. We would therefore suggest changing this to Intermediate.

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

Other than the points listed above we are comfortable with the overall requirements of IES 3 (revised).

***Question 9: Do you anticipate any impact or implication for your organisation, or organisations with which you are familiar, in implementing the new requirements included in the proposed revised IES 3(Revised)?***

The impact on our organisation could potentially be high depending on what is meant by the following statements:

- A14 –We would like to understand what is classified under “various assessment activities” to understand what assessment would be needed in the workplace?



- A15 (b) – what training would be expected of work place assessors and how is consistency achieved across different organisations and nations?

The new requirement to regularly review and update professional education programmes may also be challenging for IFAC member bodies to implement depending on the definition of “regularly”.

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

It would be helpful to understand which skills are likely to be developed through professional education and which would be through practical experience. This would give us more clarity over what we need to develop internally as a firm and what will be built up through more formal education.

***Question 11: 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 promoted consistency in implementation by member bodies?***

We believe that the requirements in the IES 3 Exposure Draft do meet the three criteria specified by the IAESB for a requirement to be specified in a standard. That is, that

- The requirement is necessary to achieve the objective stated in the Standard;
- The requirement is expected to be applicable in virtually all situations to which the Standard is relevant; and
- The objective stated in the Standard is unlikely to have been met by the requirements of other Standards.

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

Other than those areas referenced above in questions 6 and 9, it would also be beneficial for the term in Explanatory Paragraph A12 - “regularly review” to be clarified and some additional explanatory guidance to be provided on the IAESB’s expectations about the minimum requirements of how often this should occur.

#### **Other areas for comment**

##### *Translations*

We have no comment on potential translation issues.

##### *Developing nations*

Professional skills are hard to monitor and assess as they are often demonstrated practically at work rather than in an examination. It is therefore harder to achieve consistency across nations and the proficiency levels may be interpreted differently. In developing countries proficiency levels may vary significantly and the level/quality of training in local language can be limited. Thus any assessment would need to consider variations between countries and may need further guidance and support in this area.



*Effective date*

There are a number of changes that the revision of IES 3 that may require member bodies to change their syllabus of studies and their assessment requirements. The proposed implementation period of approximately 15 - 18 months may be appropriate but any changes would need to be properly communicated to various stakeholders in advance of implementation. We defer to the responses of IFAC member bodies on this point.

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