

March 15, 2011

Michel Barnier
European Commissioner for Internal Market and Services
Consultation on Recognition of Professional Qualifications
European Commission
Internal Market Directorate General, Unit D-4
Rue de Spa 2
1049 Brussels, Belgium

Delivered electronically: MARKT-PQ-EVALUATION@ec.europa.eu

Dear Commissioner Barnier,

Re: European Commission's Consultation Paper, *Professional Qualifications Directive*

The International Accounting Education Standards Board (IAESB) appreciates the opportunity to comment on the European Commission's Consultation Paper entitled, *Professional Qualifications Directive*.

The International Federation of Accountants (IFAC) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 164 members and associates in 125 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce. In pursuing this mission, the IFAC Board has established the IAESB to function as an independent standard-setting body.

The IAESB develops and issues, in the public interest and under its own authority, standards, practice statements, information papers and other information documents on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession. In developing its education pronouncements the IAESB works under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAESB, and the IAESB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance.

The IAESB's most authoritative type of pronouncements is its suite of eight International Education Standards (IESs) which aims to increase the competence of the global accountancy profession, and thereby contribute to strengthened public trust. The IESs are intended to assist IFAC member bodies, but have implications for a wide range of stakeholders including: universities, employers, regulators, and other stakeholders who play a part in the design, delivery, or assessment of education programs for accountants.

The IESs address the principles of learning and development for professional accountants and prescribe good practice in learning and development for professional accountants. IFAC member bodies are obliged to incorporate these principles into their educational requirements.

The Compliance Advisory Panel (CAP) oversees IFAC's member body compliance program which requires IFAC members and associates to demonstrate how they have used best endeavors to implement the standards issued by the IAESB member bodies' obligations are set out in the IFAC Statements of Membership Obligations.

The IAESB also acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development. The IAESB's role is focused on addressing the professional knowledge, skills and professional values, ethics and attitudes of the accountancy profession to serve the overall public interest.

The IAESB has chosen to comment on only those questions that fall within the IAESB's remit of responsibility. We provide comment on the following questions.

SECTION 2 A CALL FOR SIMPLIFICATION

Question 2: Do you have any suggestions for the simplification of the current recognition procedures? If so, please provide suggestions with supporting evidence.

Regarding the accounting profession, qualification in all EU countries could be based on the standards published by the International Accounting Education Standards Board (IAESB), an independent standard-setting board that develops and issues standards and guidance on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession. The structures and processes that support the operations of IAESB are facilitated by the International Federation of Accountants (IFAC).

As set out in the introduction above, the IAESB, through the development and publication of its eight International Education Standards for professional accountants provides a platform for accountancy qualifying education and continuing professional development for the whole profession. These are subscribed to and upheld by the 164 member bodies of IFAC worldwide, including the majority of those headquartered in the European Union.

The IAESB is currently revising and redrafting its standards to make them clearer and more consistent with concepts and principles stated in its new conceptual framework. Provided that appropriate mechanisms are established to ensure minimum knowledge of local regulations requiring that countries base their qualification frameworks on these standards (and which are already adopted by the professional bodies in each country) will simplify the current recognition procedures.

Question 5: Do you support the idea of developing Europe-wide codes of conduct on aptitude tests or adaptation periods?

Common professional approaches to qualification and professional standards, such as those set out in the IESs referred to in this response letter, provide the practical basis for harmonization and clarity. Where the IESs are followed codes of conducts become

less necessary, except in cases where national laws are being tested.

A good example of this approach may be seen in the information paper recently issued by the IAESB, summarizing good practice in the organization of qualification tests, [*Development and Management of Written Examinations \(IES 6 Support Material\)*](#) .

Question 7: Do you consider it important to facilitate mobility for graduates who are not yet fully qualified professionals and who seek access to a remunerated traineeship or supervised practice in another Member State? Do you have any suggestions? Please be specific in your reasons.

Yes. The increasing globalization of capital markets and the continuing development and growth of large multinationals, plus the desire of accountants and accountancy students to develop an international resume, makes this a critical matter for the accounting profession. [*IES 5, Practical Experience Requirements*](#) sets a global standard in this respect, and is already accepted and implemented by IFAC member bodies worldwide. This standard establishes not only the scale of pre-qualification practical experience required, but also what this should contain, the role of supervisors and mentors, and the framework within which it should be achieved.

Many IFAC member bodies therefore will require a minimum of 3 years of relevant workplace experience prior to qualification. This may include any relevant experience gained in countries other than the students' country of origin. The regulation of the accounting and auditing profession, based on this standard, is an essential part of ensuring that adequate standards of competence (through attainment of professional qualifications and continual professional development) and ethics (through membership of professional bodies) are maintained. The acceptance of this standard by member bodies argues for facilitating mobility of graduates who seek access to a remunerated traineeship in another Member State.

Question 8: How should the home Member State proceed in case the professional wishes to return after a supervised practice in another Member State? Please be specific in your reasons.

The global standards [*IES 2, Content of Professional Accounting Education Programs*](#) , [*IES 3, Professional Skills and General Education*](#) , [*IES 4, Professional Values, Ethics*](#)

[and Attitudes](#), [IES 5, Practical Experience Requirements](#) and [IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence](#) followed by the accounting profession worldwide create the environment within which this may be facilitated.

Practically, the same process as that for leaving the home country and being recognized in the host country should be applied in this case. Similarly, therefore, if full qualification is achieved in the host country, this should be recognized by the home country, with the additional local regulations check that would apply to a practitioner qualified in another Member State. The overall idea is the establishment of straightforward recognition across the European Union (a 'passport to practice'), with only an additional knowledge check on specific matters relating to local regulations required when entering a new market in a member state where knowledge of that regulation is essential.

Question 10: How could the concept of "regulated education" be better used in the interest of consumers? If such education is not specifically geared to a given profession could a minimum list of relevant competences attested by a home Member State be a way forward?

In the accounting profession, the concept of "regulated education" already exists, and is widely accepted as one way to contribute to good quality service. [IES 2, Content of Professional Accounting Education Programs](#), in particular, has established the basis for this and is applied in the accounting qualification programs of IFAC member bodies worldwide. The suite of IESs, of which IES 2 is part, sets out a range of common competences to be applied by IFAC member bodies and together provide the regulatory infrastructure for accounting education. The standards themselves sit within the IAESB's new [Framework for International Education Standards for Professional Accountants](#) which sets out the educational concepts that underlie the IAESB's International Education Standards (IESs), describes the nature of IAESB publications, and affirms IFAC member bodies' obligations relating to accounting education and the application of the IESs.

We doubt that non-specific education may form a useful part of the ‘regulated education’ referred to here, including the so called “soft skills”. Indeed, these would vary significantly depending on the profession under consideration.

However, provided that accountancy education complies with the requirements set out in the IESs, there should not be any difficulty in delivering professional education across geographical boundaries. The IESs are based on observable competencies, are widely recognized, and their application therefore assist in ensuring the competence of a professional to deliver a good quality service.

3 INTEGRATING PROFESSIONALS INTO THE SINGLE MARKET

Question 15: What are your views about introducing the concept of a European curriculum – a kind of 28th regime applicable in addition to national requirements? What conditions could be foreseen for its development?

As demonstrated throughout this submission, the [Framework for International Education Standards for Professional Accountants](#), and the International Education Standards as implemented by the member bodies of IFAC already provide an international curriculum framework for accountancy, so there would appear to be no requirement to create a new or additional one.

The accountancy profession might be said to have already incorporated such a “28th curriculum” with the adoption of the International Financial Reporting Standards, which allowed the EU to adopt a common framework for financial reporting more easily.

Question 27: Do you see a need for taking more account of continuing professional development at EU level? If yes, how could this need be reflected in the Directive?

Mandatory continuing professional development (CPD) is an important element of being a professional and protecting the public interest, and should be required for all professions. While CPD should be flexible, standards must exist to ensure its relevance and assessment. We believe CPD is critical for our profession, where regulations and business practice evolve quickly and making the need to update competences critical.

[IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence](#) sets out in detail how this should work for qualified accountants, and is accepted and implemented by IFAC member bodies worldwide in respect of their members. It is suggested that the Directive refer directly to IES 7 given the importance of member bodies in facilitating and monitoring the professional accountants' commitment to developing and maintain competence.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Allison". The signature is written in a cursive style, with the first name "Mark" and the last name "Allison" clearly legible.

Professor Mark Allison
IAESB Chair
Visiting Professor at Robert Gordon University, Scotland