

CIPFA response to IAESB consultation on the IES 2 Exposure Draft

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) welcomes the issue of the Exposure Draft of International Education Standard 2, Initial Professional Development – Technical Competence (Revised).

Requests for specific comments

Question	Comment
<p>Question 1 – Do the 11 competence areas listed in Paragraph 7 capture the breadth of areas over which aspiring professional accountants need to acquire technical competence? If not, what do you suggest?</p>	<p>The breadth of competence areas in Paragraph 7 is broadly appropriate, but the following comments are offered as possible improvements:</p> <ul style="list-style-type: none"> • The inclusion of (h) Information technology is perhaps unnecessary as this may be regarded as a general skill rather than one that needs to be developed as part of a professional accountancy education programme. It is debatable, also, whether it deserves a higher level of proficiency than (g) Business laws and regulations – perhaps both areas should be at the Foundation level? • It would be more appropriate to have (b) Management accounting at the Advanced level of proficiency (matching that of Financial Accounting and reporting), rather than at the Intermediate level. • Marketing deserves greater prominence as an area in which financial skills are increasingly important. This could be achieved by modifying and extending some learning outcomes, probably in the (i) Economics area, but it may be worth considering a change in the naming of this competence area to include marketing. • The use of the term ‘business’ in the names of competence areas (g), (i), (k) is understandable, but there could perhaps be some indication that all sectors are expected to be covered, rather than just commercial enterprises. The learning outcomes under (k) Business management, for example, consistently refer to ‘organisations’ rather than

	business, suggesting that public sector organisations should be covered here.
Question 2: Do the learning outcomes listed in Paragraph 7 capture adequately the minimum levels of proficiency to be achieved by an aspiring professional accountant by the end of IPD? If not, what do you suggest?	<p>The learning outcomes provide a very clear basis on which to construct a more detailed education programme. As these are focused on minimum levels only, there is clearly considerable scope for member bodies to vary the content of their programmes by adding to the learning outcomes by increasing the range of areas covered and the level of proficiency required. Some specific comments on learning outcomes:</p> <ul style="list-style-type: none"> • In the extant IES 2, paragraph 23 lists 7 subject areas that should be covered, one of which is 'professional values and ethics'. This does not appear to have the same prominence in the competence areas and learning outcomes in the revised IES 2. We would recommend that reference to professional values and ethics should be added to relevant learning outcomes – eg within (a) Financial accounting and reporting and (f) Governance, risk management and internal control • Internal audit may be assumed as part of (e) Audit and assurance and (f) Governance, risk management and internal control. However, we would recommend having some specific reference to both external and internal audit. • Use of the verb 'understand' is not ideal in learning outcomes as this is not directly assessable.
Question 3: Does the Appendix provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 7? If not, what changes do you suggest?	Yes
Question 4: Overall, are the requirements paragraphs 7, 8 and 9 appropriate for ensuring that aspiring professional accountants achieve the appropriate level of technical competence by the end of IPD? If not, what changes do you suggest?	<p>Paragraph 8 would benefit from some indication of the timescales over which reviews and updates should take place. Also, there is much more volatility associated with some competence areas than others, and this should be taken into account in determining the frequency required for review and update. For example, Taxation is likely to require review and update annually, to reflect changes in national taxation rates and rules, whereas Business management is less likely to require frequent review and update.</p> <p>It may be helpful to indicate that any review</p>

	<p>and update should take account of the relative volatility in a competence area, and it is likely that while some areas require review and update annually, other areas may be addressed every two or even three years.</p> <p>A problem with reviewing and updating competence areas in isolation is that the integration of different parts of the programme may be compromised. It is therefore essential to ensure a review and update of the entire education programme every 5 to 7 years.</p>
Question 5: 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 2 (Revised)?	Not directly, but the principles outlined in this Exposure Draft are useful for informing our approach to the development of education programmes.
Question 6: Is the objective to be achieved by a member body appropriate?	Yes
Question 7: 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.	Yes
Question 8: Are there any terms which require further clarification? If so, please explain the nature of the deficiencies.	The distinction between technical competence and professional competence is not particularly clear or helpful. The definitions in the glossary are very similar, so it is not clear why there is a need to distinguish between the two terms.