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1 November 2012

Mr David McPeak
Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto, Ontario
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Canada

Dear David,

**Exposure Draft (August 2012)
Proposed International Education Standard (IES) 2, Initial Professional Development –
Technical Competence (Revised)**

The Institute of Certified Public Accountants of Singapore is pleased to have the opportunity to comment on the exposure draft of IES 2 (the “IES 2 (Revised)”) and like to commend the IAESB for its efforts in redrafting the IESs in accordance with the new clarity drafting conventions and its 2009 Framework.

We appreciate the continued focus of IAESB on improving the clarity of IES 2 and for allowing member bodies of IFAC to exercise a certain degree of discretion during implementation. The proposed amendments set a good benchmark for all IFAC member bodies and associates and should provide very useful guidance for adoption in the qualification of professional accountants globally, and lead to more consistent quality.

Our comments on the proposed IES 2 (Revised) are set out in the attachment. If you require any clarification on the comments, please contact our Ms Soh Suat Lay, Deputy Head of Examinations & Qualification, at suatlay.soh@icpas.org.sg or +65 6597 5615.

Yours faithfully,

Georgina Chan
Head, Examinations and Qualification
Institute of Certified Public Accountants of Singapore

General Comments:

We strongly support the proposed amendments to IES 2 (Revised) and commend the IAESB team's efforts in improving clarity and consistency across all IESs. The IES 2 (Revised) has a clear focus and provides a comprehensive and concise presentation of the learning outcomes that will demonstrate the development of technical competence for aspiring professional accountants by the end of their Initial Professional Development (IPD).

There is a continued emphasis on the role of IPD as being important in the progressive development of professional competence for an aspiring professional accountant. The competence areas identified generally cover sufficient depth and are of appropriate levels of proficiency; however consideration can be given to some refinements we suggest in response to Question 1. We believe that the IES 2 (Revised) will ensure consistency in the quality of professional accountants while allowing flexibility for member bodies to adapt the requirements based on their needs.

Comments on Specific Questions

Question 1: Do the 11 competence areas listed in paragraph 7 of the proposed IES 2 (Revised) capture the breadth of areas over which aspiring professional accountants need to acquire technical competence? If not, what do you suggest?

Referring to Paragraph 7, we are of the view that the 11 competence areas identified are generally comprehensive. However, we would like to suggest that consideration be given to the following areas:

- a. Business laws and regulations

The proposed learning outcomes appear somewhat general. More specific elements of business laws such as tort and contract law as well as company law of the applicable jurisdiction (Foundation) could be included.

- b. Business management

We appreciate the inclusion of human resource management, project management, procurement, technology management and marketing as part of the business management's learning outcomes and strongly agreed that these are important competence areas to develop for successful professional accountants. Perhaps consideration can be given to not just 'Explain the purpose and importance' but to equip aspiring professional accountants with the basic management skills in these areas. For learning outcome (iii) 'Explain the external and internal factors that may influence the formulation of an organization's strategy', the verb "advise" would better reflect the level expected of professional accountants who are increasingly expected to be 'advisors' to business.

c. Statistics and Quantitative methods

These are foundation studies for analytical work, Finance, Financial Management, Economics and business decision-making. Suggest that they should be specified at Foundation level in IES 2 or if not, IES 3.

We are pleased to note the flexibility given to member bodies to develop additional learning outcomes that are not specified in this IES (A11). Singapore is currently developing its post-graduate professional accountancy qualification programme and with this flexibility, we could consider adding learning outcomes that are relevant to the Singapore and Asian context into the syllabuses of the Singapore Qualification Programme. For example, the proposed 11 competence areas do not cover learning outcomes relating to not-for-profit organisations., With recent concerns over the transparency for the use of charity funds and increased occurrence of scandals involving not-for-profit organisations in Singapore, we could introduce accounting and auditing topics relating to non-profit organisations in the professional programme to instil in aspiring professional accountants an appreciation for how the same concepts could work for profit driven vis-à-vis not-for-profit organisations.

Question 2: Do the learning outcomes listed in Paragraph 7 of the proposed IES 2 (Revised) capture adequately the minimum levels of proficiency to be achieved by an aspiring professional accountant by the end of IPD? If not, what changes do you suggest?

Whilst the list provides clarity in the minimum technical knowledge requirement for aspiring professional accountants, and flexibility is given to member bodies to determine their own level of proficiency according to their stages of education and economic development, we are of the view that minimum level of proficiency appear more appropriate for an accounting degree graduate and somewhat low at the point of attaining qualified professional accountant status. In Singapore, the expectations of the businesses and the Government of professional accountants are increasingly more demanding. Hence, it is expected that aspiring professional accountants are highly competent technically in the core areas of Financial Accounting and Reporting, Management Accounting, Finance & Financial Management and Audit & Assurance. Hence, we believe these core areas should be pitched at 'Advanced' level for an entry-level Professional Accountant.

For the rest of the competency areas, we consider it reasonable to expect aspiring professional accountants to achieve at least an intermediate level of proficiency. Notwithstanding this, it is expected that those who qualify through gaining relevant practical experience for the purpose of the qualification, in certain areas such as Taxation, Governance, Risk Management and Internal Control should also gain at least an "Advanced" level in their specialized area.



We believe that it is the intention of IAESB to differentiate Financial Accounting and Reporting (FAR) from the remaining modules by setting the minimum level of proficiency of FAR at advanced. This approach reinforces the importance of FAR as it is the core area for the accountancy profession and aspiring accountants are expected to be highly competent in FAR at the end of the IPD.

The proficiency levels for these learning outcomes also serve as a good benchmark such that it is reasonable to expect a qualified professional accountant to continue with his or her professional development post IPD and to strive towards advanced and mastery levels of proficiency at the workplace.

Question 3: Does the Appendix provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 7 of the proposed IES 2 (Revised)? If not, what changes do you suggest?

Yes, the Appendix has provided adequate clarification to assist in the interpretation of the learning outcomes and we greatly appreciate that the well-organised classification, which aids clarity and encourage consistent applications, with the IAESB leading by example with consistent adoption in its publications and relevant IESs.

With reference to the table within Appendix 1, given that each description begins with the wordings “Learning outcomes will focus on the ability to...” we would like to propose that verbs be used instead of continuous tense in describing the abilities under each proficiency level so as to enhance the flow of the sentences.

We note that four Levels of Proficiency (LOP) are defined and would like to suggest a 7-level framework that is a closer reflection of the current academic progression of (i) 3-4 years’ accounting degree studies or equivalent (representing achievement of LOP 1-3), (ii) 2-3 years’ of professional accounting experience alongside completion of professional examination (representing achievement of LOP 4-5 or 4-6) and (iii) post-qualification CPD or specialisation (representing achievement of LOP 6-7 or 7). If this becomes a worldwide benchmark for the accountancy profession, it would encourage clearer articulation pathways and more systematic progression of competence development from IPD to CPD, post qualification.

Question 4: Overall, are the Requirements in paragraphs 7, 8 and 9 of the proposed IES 2 (Revised) 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?

For paragraph 7, please also see our comments for Questions 1 and 2.

The Requirements in paragraphs 8 and 9 are appropriate for IFAC member bodies.

Question 5: 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 2 (Revised)?

We do not foresee any significant issues in meeting the new requirements included in the proposed IES 2 (Revised).

For the 11 competent areas, it may be useful to indicate that the competent areas listed are not a list of prescribed courses or subjects. In some cases, one competent area (e.g. FAR) may be covered across a few courses or subjects. Also, the coverage of a particular curriculum area may be integrated with other areas in various courses.

In addition, for clarity and to ensure consistency across IES 2 and IES 3 – Initial Professional Development – Professional Skills (Revised), we suggest paragraph A11 of proposed IES 3 (Revised) be included in IES 2 (Revised):

A11. Professional accounting education programs are designed to support aspiring professional accountants develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of the professional accounting education programs during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.

Question 6: Is the objective to be achieved by a member body, stated in the proposed revised IES 2, appropriate?

6. The objective of an IFAC member body is to provide aspiring professional accountants with the technical competence required to perform a role of a professional accountant.

We agree with the intent of the objective but would like to suggest amending the wording of this paragraph to 'The objective of this standard is to provide guidance on the technical competence.....accountant'.

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?

Subject to our comments in Questions 1 and 2, the criteria in general have provided a clear focus for the IAESB in determining the requirements of a standard. As such, the revised IES provides a concise overview of the learning outcomes required for IPD and aligns the expected level of proficiency of aspiring professional accountants to the expectations of the industry.

Question 8: Are there any terms within the proposed IES 2 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.

With the revisions made to the IES 2 (Revised) and our suggested revisions outlined above, we are of the view that the terms have been adequately clarified.

Comments on Other Matters

We do not foresee any translation issues arising from the redrafted standard. The proposed effective date of July 1st, 2015 is considered reasonable and we do not foresee significant difficulties for developing nations to adopt the redrafted standard. Given that this is a clarity in content of the standard, early adoption should be encouraged.

In addition, we recognise that the professional accounting education is continuously evolving to meet the changes and demands in the marketplace. It would be in the interest of member bodies and other interested stakeholders who use the IESs in developing professional accounting programs to assess the success and the relevance of their programmes. Therefore, we would like to propose that a feedback mechanism be made available for member bodies to share their development or implementation issues, including any difficulties encountered in complying with the revised standards, to facilitate the transformation of their professional accounting education that meets the objectives of the revised IESs.

Submitted by:

Examinations & Qualification Division

Institute of Certified Public Accountants of Singapore

1 November 2012