



20 September 2011

Michel Barnier, Commissioner
European Commission
DG Internal Market and Services, Unit E-4
“Free movement of professionals”
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Dear Commissioner Barnier

Re: Green Paper “Modernising the Professional Qualifications Directive”

As chair and secretary of the Steering Group of the Common Content Project, on behalf of the Steering Group, we would like to thank you for the opportunity to respond to the European Commission’s Green Paper “Modernising the Professional Qualifications Directive”.

The Common Content Project is a collaboration between premier accountancy bodies to develop, maintain and unify high quality professional accountancy education benchmarks, reflected in the distinct qualifications of these bodies and recognised internationally, as meeting the challenges posed by globalisation and the needs of diverse stakeholders. This objective of Common Content encompasses developing, maintaining and unifying those education benchmarks for professional accountants in the EU and worldwide.

Currently, nine leading accountancy bodies from six major EU member states are members of Common Content:

France	Compagnie Nationale des Commissaire aux Comptes (CNCC) Ordre des Experts-Comptables (OEC)
Germany	Wirtschaftsprüferkammer (WPK) Institut der Wirtschaftsprüfer (IDW)
Ireland	Chartered Accountants Ireland (CAI)
Italy	Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili (CNDCEC)
The Netherlands	Koninklijk Nederlands Instituut van Registeraccountants (NIVRA)

United Kingdom Institute of Chartered Accountants in England and Wales (ICAEW)
 Institute of Chartered Accountants of Scotland (ICAS)

Common Content seeks to internationalise and harmonise the high quality educational outcomes for relevant skills of professional accountants that are subject to globalisation and changing public expectations, while retaining the strength of local educational structures, qualifications and designations. Participation in the Project is currently open to any accountancy body, within or outside of the EU, that shares these goals and has a reasonable likelihood of meeting Common Content requirements.

Since the Common Content Project is directed at the education and training of the accountancy profession, our comments have generally been limited to that profession. However, we believe that many of the issues, and solutions, that we have identified may be relevant for other professions. Our comments concentrate on those matters that are relevant from the perspective of the Common Content Project, rather than seeking to respond to all of the matters raised in the Consultation Paper.

We believe that the single most important factor in the quality of the accountancy services provided by professional accountants is the quality of professional accountants, which depends, in the first instance, to a significant extent upon their education and training. Furthermore, one of the most important factors affecting the mobility of professional accountants within the EU is the degree of harmonisation of their education and training.

We note that the Green Paper refers to quality of education twice:

- in the first paragraph of the second page, in which it is mentioned that the rules for the recognition of professional qualifications “must ensure high quality of services without themselves becoming an obstacle to mobility”, and
- in the second paragraph of section 4.1 describing the “first phase”, in which the Commission would clarify the “minimum training periods and strengthening the measures which underpin the quality of the services offered by professionals”.

We consider this to be a slight improvement over the Consultation Paper, which mentioned quality only once as a “barrier to mobility” in section 3.3 of that paper. Nevertheless, the Commission should recognize that the reason for education and training at all in the professions is the need for quality, and therefore the policies of the Commission expressed the Directive need to reflect the central role that quality plays for the professions in the EU.

Furthermore, the Green Paper mentions harmonisation of educational qualifications twice:

- in the fourth paragraph of section 4.1, in which describes a proposed “third phase”, in which harmonisation of minimum training requirements could be further “optimised” to facilitate automatic recognition in the future, and
- in the first paragraph of section 4.2, in which it is noted that some competent authorities argue that more harmonisation of minimum training periods is necessary to strengthen automatic recognition.

In our view, this is a deterioration versus the Consultation Paper, in which harmonisation of education and training of professionals was mentioned twice as means of improving mobility

(sections 3.2 and 4.1.1.2) and once in connection with continuing professional development (section 4.2).

We recognise that the aim of the directive is not to harmonise education, but to provide a framework for recognition. However, we do believe that the Commission could do more by non-legislative means to further harmonisation (soft, as opposed to legislative initiatives) that would facilitate the operation of recognition frameworks. For this reason, like the Consultation Paper, we believe that the Green Paper places too much focus on *de jure* mobility and not enough on providing incentives that education and training of professions among member states is *de facto* harmonised, which serves to raise the confidence of authorities, and the public, that services provided by professionals from outside their home jurisdiction meet the public's quality expectations. Even if professionals from an EU member state have the right to practice in another EU member state, if the public does not have the confidence that the services are of an expected quality, such professionals will not be successful in pursuing their careers in other member states, which constitutes a real barrier to mobility. In our view, *de jure* mobility follows *de facto* harmonisation of educational content. It may be useful for the Commission to follow a holistic approach (facilitate *de facto* harmonisation together with legislative initiatives), rather than just to focus on legislation.

Common Content Project has made real progress in developing high quality benchmarks for the education and training of professional accountants, harmonising professional qualification requirements for professional accountants in the EU among the participating accountancy bodies within the major EU member states, and ensuring that the education and training for all of these professional accountants is of equivalent quality. We refer to the second section of our comment letter on the Consultation Paper, which we have attached for reference, that explains in greater detail how the Common Content Project is organised, how its high quality qualification benchmarks are structured, and what the advantages and challenges of the Project are. Many of the comments we had made in that letter continue to apply: we have chosen not to repeat them again in this letter.

Responses to Relevant Questions Posed in the Consultation Paper

Question 2: Do you agree that a professional card could have the following effects, depending upon the card holder's objectives?

c) The card holder seeks recognition of his qualifications which are not subject to automatic recognition (the general system): presentation of the card would accelerate the recognition procedure (receiving Member State would have to take a decision within one month instead of four months).

A professional card for professional accountants must recognise that significant parts of the education and training for professional accountants (e.g., national accounting law and standards and national ethical requirements) are not yet completely harmonised, and that, for example, business law, tax law, and national business practices and customs are not harmonised at all. For this reason, for those jurisdictions participating in a common platform, the card would cover the common portion of the qualifications plus that national content obtained in the jurisdiction issuing the card.

The accountancy profession in different EU member states developed differently historically, and so, there are services that the profession traditionally provides in some EU member states but not in others or the emphasis placed within a service provided is different. The stage of development of the country, the sophistication of its education system and the proximity of the education system to the profession are all matters of difference. Hence, automatic recognition on the basis of a professional card for professional accountants without compensatory measures for national content cannot be established at an EU level in the near future. However, it is possible to establish improved comparability and mobility of the common content professional accountancy qualifications in the EU through increased harmonisation of educational content by means of Common Content, which can then be reflected in such a professional card.

Consequently, as a matter of principle, the concept of a professional card would be in line with the principles of Common Content. Essentially, when a common regime or platform such as Common Content is in operation, then such a card would necessarily contain the information about the education, training and qualifications of a professional that are common across the profession in the EU. The card would then provide a basis for the determination of access to an assessment of national content through an aptitude test in another EU member state. The card would therefore not necessarily speed up the recognition process, which would depend upon the successful completion of the assessment of national content through an aptitude test, but it may ease some of the problems that professionals have in putting together the documentation they need when moving to another EU member state and the problems that competent authorities in other EU member states may have in evaluating education, training and qualifications to determine the national content that needs to be assessed or the credit that should be given for the content that is common. Therefore, such a card may enhance confidence and forge closer cooperation between a home and host member state. The features and content of the card would very much depend upon the nature of the profession. The home member state would need to be responsible for updating the card, including any additional education, training or qualifications obtained in other member states based on information received from the competent authorities in those states.

However, a professional card cannot be issued by those jurisdictions for which a profession is completely unregulated (unless there is a list of association as in annex 1, such as for the U.K.). For this reason, a common platform would make it easier for jurisdictions to choose to regulate previously unregulated professions so that they are in a position to issue professional cards for those professions.

Question 4: Do you support lower the current threshold of two-thirds of the Member states to one-third (i.e., nine out of twenty seven Member States) as a condition for the creation of a common platform? Do you agree on the need for an Internal Market test (based on the proportionality principle) to ensure a common platform does not constitute a barrier for service providers from non-participating Member States) (Please give specific arguments for or against this approach.)

Common platforms as currently conceived have failed, primarily due to the hurdle in Article 15 that requires an inventory of the situation in at least 2/3 of all Member States. We therefore support reducing the current threshold to 1/3. However, given the fact that a large

number of EU member states are relatively small that may not have the resources to participate in common platforms in their early stages, we suggest that a population factor also be included as an additional alternative – that is, EU member states representing at least 50% of the population of the EU. Hence, a common platform could be established on the condition that least 1/3 of the member states, or member states comprising at least 50 % of the population, of the EU participate.

The advantage of common platforms or regimes when they are conceived in a manner such as Common Content is the commitment from the start to engage in a top-down process of determining the competencies needed for the profession to provide the high quality services expected by the public, rather than the “lowest common denominator”. This top down approach means that all participating member states and their professional associations need to suffer some “pain” in adjusting to the common educational benchmarks.

As a matter of principle, the requirements of Common Content represent a potential kind of “European curriculum” or “common regime” that can form the basis for a “common platform”, but Common Content recognises that such curricula or platforms cannot be entirely uniform for the accountancy profession across Europe: it can only contain common benchmarks for the common portion of education and training (e.g., financial management, IFRS, etc.), but not for national content (for example, in the accountancy profession, law and tax, etc.). Hence, compensatory measures such as an aptitude test would still remain relevant for national content, rather than becoming redundant as suggested. Some flexibility is also needed to allow national add-ons to the common portion of education and training, as long as these cannot be required in the assessment of national content (aptitude test). We suggest that the European Commission consider adopting common regimes, such as Common Content, as a basis for common platforms that harmonise the education and training of qualifications in the EU and to maintain the quality of those qualifications. To this effect, the Commission should encourage EU member states and professional associations to take part in such common regimes to form common platforms.

We do not support an “internal market test” for common platforms because there would be no incentive for non-participating Member States to improve the quality of the education to meet the requirements of the common platform. Furthermore, such an internal market test would pressure participating members of the common platform to reduce the quality of legitimate education requirements for that platform. Rather, the European Commission together with participating Member States should use a comitology procedure to vet the proportionality of the common platform for the services covered in the participating jurisdictions. This would ensure that the common platform sets a proportionate standard for those services in those jurisdictions without obligating non-participating member states or permitting non-participating members states to reduce the quality of that standard.

Question 6: *Would you support an obligation for Member States to ensure that information on the competent authorities and the required documents for the recognition of professional qualifications is available through a central on line access point in each Member State? Would you support an obligation to enable online completion of recognition procedures for all professionals? (Please give specific arguments for or against this approach).*

As a matter of principle, we would support an obligation for Member States to ensure that information on the competent authorities and the required documents for the recognition of professional qualifications is available through a central on line access point in each Member state because it is difficult for authorities and professionals to determine who the competent authorities are and the documents required without such a central access point. Subject to appropriate safeguards and controls in relation to electronic documents and communications, we would also support an obligation to enable online completion of recognition procedures for all professionals because this would increase the speed of the procedures and reduce the need for paper documentation.

Question 9: *Would you support the deletion of the classification outlined in Article 11 (including Annex II)? (Please give specific arguments for or against this approach.)*

We would not support the deletion of the classification outlined in Article 11 (including Annex II). The issue here is that the different levels in fact relate to different professions (e.g., accountancy professionals vs. accounting technicians) who provide different levels of professional skills and competencies based on those levels in their services. We agree that there is overlap with the EQF, and that the levels outlined in Article 11 may not be seamlessly reconcilable with the EQF. In our view, this is indicative of a need to revise the classification in Article 11 and perhaps the EQF so that these are reconcilable and the EQF less complex.

Question 10: *If Article 11 of the Directive is deleted, should the four steps outlined above be implemented in a modernised Directive? If you do not support the implementation of all four steps, would any of them be acceptable to you? (Please give specific arguments for or against all or each of the steps.)*

For statutory audit service providers seeking establishment in another EU member state, an aptitude test is required as a compensation measure by the Statutory Audit Directive. We have had good experience with the aptitude test as a compensation measure to ensure that candidates have mastered the national content and the local language needed to provide high quality auditing and other accountancy services in another EU member state. However, there are some difficulties with the aptitude test due to a lack of a common regime that harmonises the test. Consequently, harmonisation of certain aspects of the aptitude test, such as whether it is written or oral, its duration, timing, appeals, etc., may contribute to ensuring that the tests are proportionate. National content may need to vary from one member state to another. The establishment of a common regime, such as the Common Content Project, as a common platform provides a framework for harmonising such aptitude tests so that they are proportionate. Step 3 would therefore not be necessary for those professions that have established a common regime like Common Content as a common platform because national content and a framework for aptitude tests would be covered in the common platform.

The professional accountancy qualifications under the Common Content Project already require a minimum common duration of professional training or experience of three years based upon International Education Standard 5 (IES5) issued by the International Accounting Education Standards Board (IAESB). Hence, a three year duration of adaptation

is not relevant when a common regime such as Common Content exists for education and training. Furthermore, duration periods are not conducive to determining whether the necessary national content and language skills have been mastered. Duration periods are therefore an unnecessary barrier and should be eliminated as suggested in Steps 1 and 2.

A common regime like Common Content obviates the need for codes of conduct on aptitude tests as suggested in Step 4 because such a regime sets a framework for the content of such tests and, when relevant, specifies that they can be given in the business language of the member state in which the candidate intends to practice. A code of conduct is not necessary for adaptation periods because, as we have noted, these are not relevant for those subject to a common platform that prescribes common minimum training periods.

Question 11: *Would you support extending benefits of the Directive to graduates from academic training who wish to complete a period of remunerated supervised practical experience in the profession abroad? (Please give specific arguments for or against this approach.)*

We agree it to be important to facilitate mobility for graduates who are not yet fully qualified professionals because they have not completed their term of required professional experience and who seek to obtain such required professional experience in another EU member state. Recognition by a competent authority in an EU member state of a significant portion of practical experience obtained in another EU member state is in line with the principles of Common Content,.

Question 13: *Which of the two options outlines [sic] above do you prefer?*

As we noted in our comment letter, on the Consultation Paper, a copy of which is provided, the greatest barrier to mobility within the EU is the language barrier. It is imperative that those seeking to provide high quality services to the public in a particular member state are able to communicate adequately in the local language. However, we do not believe that separate language testing is necessary. Rather, having candidates use the local language in the aptitude test for national content suffices to demonstrate whether a candidate is able to communicate adequately in a professional environment. This is why Common Content rejects language testing beyond the assessment of national content through an aptitude test. For these reasons, neither Option 1 nor 2 is necessary for the accountancy profession.

Question 14: *Would you support a three-phase approach to modernisation of the minimum training requirements under the Directive consisting of the following phases:*

- **the first phase to review the foundations, notably the minimum training periods, and preparing the institutional framework for further adaptations, as part of the modernisation of the Directive in 2011-2012**
- **the second phase (2013-2014) to build on the reviewed foundations, including, where necessary, the revision of training subjects and initial work on adding competencies using the new institutional framework; and**

- **the third phase (post 2014) to address the issue of ECTS credits using the new institutional framework?**

We do believe that education and training requirements for many professions need modernisation, and in particular, agree that there should be a greater focus on output-based competencies. A particular advantage of the Common Content approach is the fact that it harmonises content by means of defined learning outcomes, rather than delivery and assessment mechanisms (i.e., what matters is the competencies obtained, rather than how they were obtained). However, our experience in Common Content shows that it is a combination of learning outcomes and related knowledge required to meet those learning outcomes that provides better clarity of the nature and depth of the competencies required. The ability to exercise a profession is also dependent upon interdisciplinary and other professional skills, such as cognitive skills (analytical and appreciative skills), behavioural skills (personal skills, interpersonal skills, and organisational skills), integrated and multidisciplinary skills and professional ethics, values and attitudes. Common Content underlines the importance of these professional skills in its Skills Framework. The approach to skills requirements builds on the International Education Standards (IES) 1-8 issued by the International Accounting Education Standards Board (IAESB). Hence, Common Content emphasizes those aspects of education and training of professional accountants that are central to the quality of the services provided.

On this basis, we believe that the three phase approach is not necessary for the accounting and auditing professions. Rather, Common Content should form the foundation of a common platform that already addresses the first two phases. Further work could then be undertaken to reconcile the requirements of the common platform to ECTS.

Question 15: Once professionals seek establishment in a Member State other than that in which they acquired their qualifications, they should demonstrate to the host Member State that they have the right to exercise their profession in the home Member State. This principle applies in the case of temporary mobility. Should it be extended to cases where a profession wishes to establish himself? (Please give specific arguments for or against this approach.) Is there a need for the Directive to address the question of continuing professional development more extensively?

We believe that the need to demonstrate to the host Member State that the professional has the right to exercise his or her profession in the home Member State when seeking establishment in the host Member State ought to be a requirement because it would not be in the public interest to have those not permitted to perform a regulated service in their home country then to be able to perform that regulated service in the host country.

We believe that continuing professional development is a key issue for the continuing competence of professionals so that they can provide high quality services in a changing environment. For this reason, the accountancy profession does require CPD in most member states, and Common Content requires CPD in accordance with IAESB education standards. We would therefore support the harmonisation of CPD requirements by means of a common regimes that form the basis for a potential common platform such as Common Content. However, this would not imply the development of common CPD requirements

outside of a common platform – only within that common platform for participating member states.

Question 24: Do you consider it necessary to make adjustments to the treatment of EU citizens holding third country qualifications under the Directive, for example by reducing the three years rule in Article 3 (3)? Would you welcome such an adjustment also for third country nationals, including those falling under the European Neighbourhood Policy, who benefit from an equal treatment clause under relevant European legislation? (Please give specific arguments for or against this approach.)

If an EU citizen holds a third country qualification that is recognized by an EU member state as being equivalent because the education requirements for the third country qualification are authoritatively recognized as being in line with the common platform agreed by participating Member States, then, in accordance with Common Content principles, subject to an aptitude test on national content (for the accountancy profession, primarily national tax and law), no three year rule ought to be necessary. The same adjustment should be made for third country nationals subject to other EU immigration and trade policies. However, those third country qualifications that are not authoritatively recognized as being in line with the common platform agreed by the participating member states should continue to be subject to the three year rule.

Summary of Advantages of Common Content

As noted in our previous comment letter on the Consultation Paper, the advantages of the Common Content Project as a means of harmonising a high level of education and training of professional accountants in the EU include:

- It represents a common regime as a basis for a common platform to harmonise education and training that recognises both the areas that are common and the areas that need to be different in national qualifications under application of the principle of subsidiarity, but is not a uniform qualification with uniform educational delivery systems
- The common content portion of the Project provides detailed requirements and guidance on those areas that are common (e.g. IFRS, ISAs, etc.)
- The national content portion of the Project provides a framework for considering what is national (e.g., law and tax) and provides a firm foundation for the aptitude test and therefore for portability of the qualifications of professional accountants within the EU
- The inclusion of a skills framework, which helps ensure that professional accountants are able to apply their competencies in practice and is important for the adaptability of education and training
- Through its compliance system, it ensures real harmonisation – rather than just on paper
- Through its oversight system with some independent members, there is assurance that the compliance system is applied fairly

- The educational requirements, compliance system, and oversight have been proven to work in practice through the application of compliance and oversight processes in 2008-2009
- The Project can serve as a model for the mutual recognition of professional accountants between the European Commission and countries from outside of the EU under comprehensive economic treaty and trade agreements

The Steering Group of the Common Content Project believes that the Common Content Project is a model for the development of common platforms to harmonise and maintain high quality professional qualifications of professional accountants within the EU and on a worldwide basis.

Together with other members of the Steering Group, we would be pleased to answer any further questions you may have.

Yours sincerely



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