



23 February 2016

Mr. David McPeak  
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International Accounting Education  
Standards Board  
529 Fifth Avenue, 6th Floor  
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by electronic submission through the IAESB website

Dear David

**Meeting Future Expectations of Professional Competence:  
A Consultation on the IAESB's Future Strategy and Priorities**

The Steering Group of the Common Content Project would like to thank you for the opportunity to provide the International Accounting Education Standards Board (IAESB) with our comments on the consultation paper "Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities" (hereinafter referred to as "the consultation paper").

The Common Content Project seeks to further internationalise and harmonise the high quality educational outcomes for relevant skills of professional accountants, of premier accountancy bodies, that are subject to globalisation and changing public expectations, while retaining the strengths of local educational structures, qualifications and designations.

The 12 leading accountancy bodies from 9 major EU member states now are:

|                 |   |
|-----------------|---|
| Belgium         | Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises                                   |
| France          | Compagnie Nationale des Commissaires aux Comptes<br>Ordre des Experts-Comptables                          |
| Germany         | Institut der Wirtschaftsprüfer<br>Wirtschaftsprüferkammer   |
| Ireland         | Chartered Accountants Ireland   |
| Italy           | Consiglio Nazionale dei Dottori Commercialisti e degli Esperti<br>Contabili                               |
| The Netherlands | Koninklijke Nederlandse Beroepsorganisatie van Accountants  |
| Poland          | Krajowa Izba Biegłych Rewidentów (associate member)   |
| Romania         | Camera Auditorilor Financiari din România (associate member)  |
| United Kingdom  | Institute of Chartered Accountants in England and Wales<br>Institute of Chartered Accountants of Scotland |

The Common Content Project constitutes the single biggest group of IAESB stakeholders that implement its International Education Standards (IESs). We are also very pleased to report that we have recently completed implementing all of the revised IESs into our Common Content education requirements.

In this letter we first include general comments and then respond in the attached appendix to the individual questions raised in the exposure draft.

### **General comments**

We agree that high quality international standards are essential for both the pre- and post-qualification education of professional accountants. Hence, we also support the work the Board has recently completed in revising its suite of International Education Standards (IESs).

However, the IAESB itself recognizes that time is needed for IFAC member bodies to implement revised IESs prior to evaluating whether the aims of the revised IESs are being achieved. We agree with this statement, and also agree that this should form the basis for the IAESB's intention to set its strategy and priorities for a period of five years instead of a shorter period.

Furthermore, in view of the need for an implementation period, we do not believe that now is the appropriate time for the Board to be asking respondents to provide their views as to the need for enhancements. We suggest instead that the Board consider whether a thorough implementation monitoring exercise needs to be conducted to establish where those who have sought to apply its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others, such as our Project) or have faced difficulties in complying with or understanding the standards. This does not imply that the IAESB is the appropriate body to perform such an implementation monitoring: the IFAC Compliance Committee and PAO Committee (or a joint effort of these two committees) may be better placed to actually monitor implementation and report back to the IAESB. In this case, it would not be appropriate for the IAESB to duplicate these efforts: the IAESB should generally limit its role to standards setting. In this respect, the IFAC Compliance Committee and the PAO Committee would likely focus in providing support to those member bodies in need in developing nations, rather than focusing on those bodies that have little difficulty in implementing the new IESs.

Such implementation monitoring would provide a good basis to identify whether any enhancements in specific areas in the longer term are needed, and in particular to inform the Board as to how it could best consider aligning IES 7 to its other standards. For these reasons, we do not support the development of any new standards or the revision of existing standards for the short or medium term. In this context, the IAESB may need to consider reducing the intensity and scope of its operations until standards setting is needed in the longer term.

We hope that our comments are helpful and would be pleased to be able to discuss these with you.

Yours sincerely



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## APPENDIX 1:

### Responses to Request for Specific Comments

#### Questions

**1. *What enhancements, if any, do you feel should be made to the existing International Education Standards (IESs)?***

We are not aware of any compelling need to enhance the existing IESs at this time. Rather than asking this question specifically within its consultation on future strategy and priorities, we suggest the IAESB seek to have a thorough implementation monitoring exercise conducted to establish where those who have experience in applying its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others, such as our Project) have faced difficulties in complying with or understanding the standards. It is likely that such an implementation monitoring exercise could be performed better by the IFAC Compliance and PAO Committees. These committees should focus on those member bodies in need – rather than those that have little difficulty in implementing the new IESs.

The results of implementation monitoring should then guide the Board in determining whether there is a need for additional clarification or changes to its current requirements in the longer term.

We note that the IAASB recently performed its own implementation monitoring of its suite of ISAs that were issued in 2008, which revealed issues the Board intends to address on a standard by standard basis. Such an exercise would be the most appropriate way to inform the Board as to its future work program in terms of the standards. We note that the IAASB commenced new standards setting initiatives based on this implementation monitoring in 2015 – that is, seven years after the issuance of the clarity ISAs. Given the fact that the educational pipeline after general schooling for professional accountants may be six years or often even more, it would be sensible to permit those implementing the standards some time before seeking to change the standards again.

On this basis, we would not support initiatives to develop new standards or revise existing standards at the present time. This may imply that the IAESB consider reducing the extent of its operation in short and medium term.

**2. *How can the IAESB align the requirements of IES 7, Continuing Professional Development (2014) to support the learning outcomes approach of the other IESs, including IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)?***

Professional accountants have different needs for professional development, which may evolve and change over their individual professional lifetimes. We believe this is likely to hold true in most jurisdictions in which IFAC has members.

Consequently, we believe it would be impossible for the IAESB to define sets of learning outcomes for the many different roles accountants perform. The individual professional

accountant, or perhaps his or her employing organization, would generally be in a better position to determine the specific CPD needs.

IFAC members are in the best position to react to new developments, such as the introduction of new accounting standards in a particular sector and to decide which of their members require CPD in response. In our view, the IES 7 is sufficiently principles-based such that different IFAC members around the world have flexibility in designing their CPD requirements.

Hence, before seeking to change individual standards, the IAESB should seek to have a thorough implementation monitoring exercise performed.

For these reasons, we would not support the establishment of a requirement for a learning-outcomes based approach or only an output approach to IES 7 at this time.

**3. *What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?***

In our view, the IAESB should limit its activities to having implementation monitoring performed. However, we recognize that professional skepticism and professional judgment are areas that the other standard setters under the auspices of IFAC are currently looking to address in their respective standards.

If, despite our view that the IAESB should not undertake initiatives in this area at this time, the IAESB chooses to commence work in these areas, the IAESB should coordinate such an approach with other standard setters, because it is imperative that the IAESB ensures that its treatment of professional skepticism and professional judgment is aligned with the treatment of these matters by the IAASB.

**4. *What new IESs, if any, do you suggest be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants?***

We do not believe it would be appropriate for the IAESB to establish new IESs at this time, but refer to our response to Question 1.

**5. *What other activities, if any, do you suggest the IAESB prioritize for the period 2017-2021 (for example, implementation support; guidance; communications; thought leadership publications)?***

In our view, a thorough implementation monitoring exercise should be the main focus for the immediate future; however, the IAESB may not be the appropriate body to carry this out. Only once the results of such monitoring have been obtained and analyzed should the IAESB add specific projects to enhance existing standards or develop new standards to its work plan. We refer to our response to Question 1.