



5 March 2019

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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

Exposure Draft: Proposed Revisions to IES 2, 3, 4 & 8 – Information & Communications Technologies & Professional Skepticism

The Steering Group of the Common Content Project welcomes the opportunity to comment on the IAESB's Exposure Draft: Proposed Revisions to IES 2, 3, 4 & 8 – Information & Communications Technologies & Professional Skepticism.

Background

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 15 leading accountancy bodies from 11 major EU member states now are:

Austria	Institut Österreichischer Wirtschaftsprüfer (associate member) Kammer der Steuerberater und Wirtschaftsprüfer (associate member)
Belgium	Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises
France	Compagnie Nationale des Commissaires aux Comptes Ordre des Experts-Comptables
Germany	Institut der Wirtschaftsprüfer Wirtschaftsprüferkammer
Ireland	Chartered Accountants Ireland
Italy	Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili
The Netherlands	Koninklijke Nederlandse Beroepsorganisatie van Accountants
Poland	Polska Izba Biegłych Rewidentów (associate member)
Romania	Camera Auditorilor Financiari din România

Spain	Instituto de Censores Jurados de Cuentas de Espana (associate member)
United Kingdom	Institute of Chartered Accountants in England and Wales 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).

General Comments

In the last Steering Group meeting, we had agreed that we would have overall comments that we disagreed with the IAESB seeking to issue new IESs at this stage so close to the restructuring of the IAESB and so soon after the new IESs were effective. The affected IESs were not effective until 2015 (IES 8: 2016), which means that many jurisdictions did not implement them until then or shortly thereafter. The education pipeline means that many of these changes will require at least two or three years to flow through the education programs. This implies that in many cases, the effect on syllabuses did not take place until 2017 or 2018. It is too early to tell whether changes are needed at this stage without having undertaken a survey of how the new standards have been implemented in practice. We, therefore, disagree with the IAESB making changes at this stage.

Given this overall view, we take the following views on each of the individual questions:

Question 1

As set out in the General Comments above, the Common Content Project does not support the revision of the IES requirements at this time. However, it is recognised that these revised requirements are likely to be implemented and we have therefore provided comments to improve the changes being proposed.

On an overall basis, we can support the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT). However, we do not support the changes to professional scepticism because they do not reflect that latest work done by the IAASB (three agenda papers on fundamental issues) and IESBA (project on role and mindset of professional accountants). In particular, the project at IESBA limits professional scepticism to assurance engagements and deals with role and mindset issues separately from professional scepticism. The IAESB should not be issuing standards that are fundamentally at variance with those of the IAASB and IESBA. Defining when professional scepticism applies is properly within the province of IESBA and the IAASB and is, therefore, beyond the mandate of the IAESB.

We have the following issues with the detailed learning outcomes:

P 14 IES2 Audit and Assurance (e) (vi). In line with the terminology used at the IAASB, auditors shall “conclude” (not “assess” the sufficiency and appropriateness of the audit evidence obtained) whether sufficient appropriate audit evidence has been obtained (see ISA 330.26 first sentence). The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same.

General comment on IES 3 and 4: Unless used in an audit or assurance context, the term “professional scepticism” should no longer be used to describe the role and mindset of professional accountants (see general response to Question 1 above). For this reason, no reference should be made to professional scepticism in the learning outcome on P 24 IES 4 paragraph 9 (and in (a) thereof) and to paragraph A1.

P14 IES2 Management Accounting b)iii) suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

P15 & 16 IES2 Information & Communications Technologies h i), ii) & iii) The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.

P16 IES2 Information & Communications Technologies h vi) This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement

P17 IES2 Information & Communications Technologies h ii) the rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain”

P19 IES3 a) Intellectual ii) It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.

P19 & 20 IES 3 The five outcomes under Intellectual at 7A contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at intermediate) and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.

P20 IES 3 c) Personal ii) Suggest replacing “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES4.

P20 & P21 a) v), and b) ii) & vii) these learning outcomes need a business context as are too general as currently drafted

P24 IES 4 Professional Skepticism & Professional Judgement a) ii) Should this be “intellectual” curiosity and this learning outcome needs a business context.

P24 IES 4 Professional Skepticism & Professional Judgment: See comment on paragraph 9, 9 (a), and A1 above.

P24 IES 4 Professional Skepticism & Professional Judgment, paragraph A1: The definition of professional judgment is not in line with that of the IAASB and IESBA (see response to Question 3 below) and needs to be changed in line with our response to Question 3 below.

P33 IES 8, paragraph 9 (m) professional skepticism and professional judgment:

(i) the words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence.

(ii) Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”.

(iii) The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one has reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”.

Question 2

We are supportive of the introduction of learning outcomes in the areas of Data and bias, however, we note the absence of broad learning outcomes on quantitative skills. It is recognised that the scope of work undertaken was on ICT and Professional Skepticism, however, the research undertaken in this area suggests the ability to understand the data output and its limitations requires an intermediate level of quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.

We appreciate the clarity of using ICT as a broad definition within the revised IESs but might have expected to see the mention of digital, cyber, AI and other digital and technology changes in the new information age. The proposed definition appears to have a heavy focus on data.

Given the fast-moving nature of technological changes, we would have expected to see a learning outcome within IES3 which emphasised the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

Question 3

Yes, we agree with the proposed definition for Intellectual Agility, however, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies.

We do not agree with the definition of professional judgment, which aligns with neither the IAASB nor the IESBA definition. Both the IAASB and the IESBA definitions link the need to exercise professional judgment to making informed decisions about courses of action. This is the characteristic that distinguishes professional judgment from mere human or technical judgment. We therefore strongly recommend that the words "in making informed decisions about courses of action that are appropriate in the circumstances" be reinserted. We believe that it is beyond the mandate of the IAESB to define professional judgment beyond that defined by IESBA and the IAASB.

Question 4

No changes required for other terms.

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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Chair, Steering Group



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