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By email

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IFAC

ACCA's response to the consultation paper on the revision of IES 8

### **A Consultation Paper on the Revision of International Education Standard 8: Competence Requirements for Audit Professionals**

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above. ACCA is the largest and fastest-growing global body for professional accountants with over 140,000 members and 404,000 students in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

#### **General comment**

ACCA welcomes the IAESB's strategy to revise all IESs to ensure consistency of approach and terminology throughout together with its intention that these should be principles-based standards. This review raises important initial questions and ACCA looks forward to engaging further in this discussion on future drafts.

#### **Specific Questions**

*Question A: Do you consider that the IAESB has identified the critical issues in respect of "whom" the IES 8 requirements are aimed at?*

It is not clear at whom IES 8 is aimed. As this IES is not aimed solely at member bodies there is lack of clarity around where responsibilities lie. ACCA

would like to see IES 8 aimed specifically at member bodies, in line with other IESs.

*Question B: Would expansion of the “Audit Professional” definition cause concern, or would you broadly support this approach? Are there any additional factors that you think the IAESB should consider including as part of this definition?*

ACCA broadly supports this approach to offer increased clarity within the standard in order to:

- Differentiate between the terms statutory auditor and trainee auditor;
- Clarify which members of an audit engagement team are to be regarded as ‘professional’;
- Bring IES 8 in line with the 8<sup>th</sup> directive.

IAESB should take into account local and national considerations when defining this term in order to ensure that it can be applied globally.

*Question C: Do you agree that any revision of IES 8 necessitates consideration of the use of the term “significant judgment”? If so, what advice would you give the IAESB on this matter?*

ACCA agrees that the term ‘significant judgment’ requires consideration within this review and that a clearer definition of this term should be included.

IAESB should consider all members who contribute to the wider audit team, including trainee auditors, when considering the term ‘significant judgement’.

*Question D: Are there any additional considerations that you would like the IAESB to consider when clarifying guidance on shared responsibilities among the stakeholders identified above?*

IAESB should take on board local considerations and national recognition considerations when clarifying guidance on shared responsibilities. For example,

countries where only a national and/or nationally-qualified auditor can sign off accounts.

*Question E: In considering the question of “advanced level” competences, do you believe that the IAESB has identified an area that requires further clarification? If so, how would you advise the IAESB to approach this matter?*

Advanced level competences do need clarification. In addition as audit work is carried out in teams, which can include unqualified trainee accountants, there is a need to identify competence required at all levels. Competences should be identified for both technical and non-technical skills and should include interpersonal skills.

*Question F: How would you guide the IAESB during its consideration of appropriate types and levels of competences?*

IAESB must consider local differences which considering competences in order to develop a standard which can be implemented globally and at all levels (including technical and non-technical) as referenced in answer to Question E..

*Question G: Do you believe that the IAESB should address competences for different types of audit engagements? If so, what types of audit engagement should the IAESB consider? Should these examples be limited to transnational and specialized engagements?*

IAESB should address competences for different types of audit engagement and these should not be restricted to transnational and specialised audits. Other types of engagement which could be considered are group structures, organisations with multiple branches or where complex tax or VAT issues are inherent in an organisation.

*Question H: Are there any other definitional inconsistencies that you would like the IAESB to consider?*

No.

*Question I: Do you agree with the IAESB's approach to eliminating inconsistencies?*

ACCA agrees fully with IAESB's approach to eliminate inconsistencies across all IESs and other IFAC pronouncements.

*Question J: Are there any other areas you consider to be specific issues that you would like the IAESB to consider as part of its revision of IES 8?*

It is important to ensure that the revised standard can be implemented globally.

*Question K: Finally, do you foresee any impact on your organization or the wider profession of the IAESB's proposed changes to IES 8?*

The proposed changes should enable a more easily understood and deliverable standard to be developed for global implementation. A clarification of responsibilities will enable member bodies to offer effective guidance and advice to its members.