

The Board Members
International Accounting Education Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, New York 10017 USA

11 December 2012

Dear Board Members:

Re: Comments on Proposed International Education Standard (IES) 8

Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised).

We wish to place on record our sincere admiration for the hard work done by the Board for the cause of education of accountants. We regard you as architects of the professional accountants.

We are also pleased to convey our impression of the proposed standard. Our comments are in two parts: responses to specific questions raised in the explanatory memorandum and recommended specific changes to wordings.

[Abbreviations: p. = para in the proposed IES 8 followed by number (capital "A" with number refers to the para in the "Explanatory Material"), IES=IES8 = proposed IES8, Board =IAESB International Accounting Education Standards Board, IFAC= International Federation of Accountants]

1. Specific Comments on Questions raised in the Explanatory Memorandum:

Q1: *Does the proposed change to focus on the engagement partner provide greater clarity, improve the effectiveness and implementation of the proposed IES 8 (Revised)? If not, explain the nature of any deficiencies?*

- 1.1. Yes. The focus of the IES on engagement partner provides greater clarity.
- 1.2. It is easy to relate the concept of "aspiring engagement partner" to "aspiring professional accountant". However, splitting the engagement partner in two further terms - "newly appointed" and "serving" causes confusion.
- 1.3. Our initial understanding is that an aspiring engagement partner becomes a serving engagement partner on qualifying "authorization criteria". What confuses us is the use of terms "aspiring" and "newly appointed" engagement partner together. We took them as two different entities, not the same.

- 1.4. Hence, it is not clear whether the requirements for professional development are to be attained before being appointed as an engagement partner or afterwards. We recommend some clarity on this matter.
- 1.5. Furthermore, coming to the effectiveness and implementation aspects, the IES being a statement of principles yields to so much interpretation. Also, the IES provides for no mechanism for IFAC to check and monitor the implementation of this IES by the IFAC member bodies.
- 1.6. In conclusion, the use of engagement partner provides clarity to the contents of the IES but the same cannot be said about its effectiveness and even less so for its implementation as no implementation guidance is a part of this IES.

Q2: *Does Table A of the proposed IES 8 (Revised) on learning outcomes provide clarity with respect to the competence areas and levels of proficiency you would expect to see of a newly appointed engagement partner? Are there any learning outcomes you would expect to see included or eliminated?*

- 2.1. We recommend the use of “aspiring” and “serving” engagement partners only¹. Table A is titled “Learning outcomes for a Newly Appointed Engagement Partner”. We recommend the term “Newly Appointed” is replaced by “Aspiring Engagement Partner”
- 2.2. Coming now to the contents of Table A, we notice that the number of learning outcomes and the amount of text devoted to the learning outcomes of “technical competence” is the most, followed by “professional skills”, and thereafter by “professional values, ethics, attitude”.
- 2.3. Against 33 learning outcomes for technical competence mentioned, there are only ten for skills and seven for professional ethics. So the ratio is 33:10: 7. This disproportionate array raises a few obvious matters.
- 2.4. The IES conveys the impression that the sequence in which components² of professional competence are listed imply a diminishing level of importance that is to be attached to each one of them. In other words, is the IES inadvertently

¹ In line with Para 1 of the IES8:

² The IES also uses the word “area” (para A16) but we will use the term “component” only for consistency.

conveying that the component devoted most text is the fundamental of these three? If that is not the case, is it because of the nature of subject area which makes it difficult to come up with learning outcomes about the other two?

- 2.5. The IES should clearly convey to the IFAC member bodies that a learning outcome is the starting point for designing appropriate learning contents and assessment strategy. This is nowhere so expressed in the IES.
- 2.6. Table A gives an impression as if a “collective” proficiency level is applicable to all the learning outcomes in that competence area. Whereas each learning outcome in a competence area is subject to its own proficiency level which may be at variance with others in the same group. For example, for a competence area say “A”, whose minimum level of proficiency is “intermediate”, a learning outcome (ii) may be assigned an “advance” level of proficiency by an IFAC member body. The fact that proficiency level applies to learning outcomes individually which may be at variance with other in the same group should be made clear by assigning proficiency to each learning outcome in Table A³.
- 2.7. The IFAC member bodies are not bound to assess each of the learning outcomes. How the IES would ensure that each of the three components gets a proportionate and equitable assessment opportunity?
- 2.8. If assessment of an individual aspiring to be an engagement partner requires further development, the action of the IFAC member body should be included in the main body of the IES⁴, and not in the explanatory material.
- 2.9. In conclusion⁵, inter-comparison of the learning outcomes shows those of “technical competence” to be well developed but the same cannot be said for the other two components: professional skills and professional values, ethics and attitudes. We would surely like to see the other two components to be as rigorous as the technical competence.

³ See A21. It states: “Each learning outcome has been assigned a minimum level of proficiency”. Table A shows a single proficiency assigned to each competence area.

⁴ See A33

⁵ Also, clarify the significance of the sequence of components of professional competence. Why technical competence is placed before the other two?

Q3: *Does Appendix 1 of the proposed IES 8 (Revised) Exposure Draft provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 13 of the proposed IES 8 (Revised)? If not, what changes do you suggest?*

- 3.1. It is difficult (and perhaps not appropriate) to come up with a categorical yes or no answer to your query.
- 3.2. Prima facie, so much of room for interpretation in this IES has been provided that the IFAC member bodies are with a free hand in filling up the specific contents of each learning outcomes in virtually every aspect of this IES.
- 3.3. For example, the IFAC member bodies have been provided undue leverage in deciding upon the assessment activities. "This may include written examination and workplace assessment"⁶. Similarly, flexibility has been provided in adding to the learning outcome and assigning it a level of proficiency.
- 3.4. Whereas, we understand that the task of IEASB has been difficult one and you have done the best that was possible in the circumstances, given the involvement of so many other stakeholders other than an IFAC member body in a jurisdiction. However, we must also be aware that trying to reconcile so many diversified environments internationally will leave so much of the subject matter open to interpretation that it can so easily be manipulated to suit certain interests.

Q4: *Do the revised requirements in respect of more complex audits provide greater clarity and assist with implementation of the proposed IES 8 (Revised)?*

- 4.1. Yes. Also, mention in the main body of the IES the response of IFAC member body if EP do not undertake CPD appropriate to their responsibilities⁷.
- 4.2. Designing such CPD activities for serving engagement partners is a weak area of most IFAC member bodies. Cost of cpd programs is also a concern for smp.

⁶ See A34

⁷ See A41

Q5: *Does the inclusion of a number of references to Small and Medium Practitioner ('SMP') engagement partners and their context provide appropriate coverage of their professional development needs? Do you have any further recommendations in respect of how the proposed IES 8 (Revised) could be more aligned toward the needs of SMPs?*

5.1. We appreciate the attention of the Board to this aspect. However, in our opinion, much has been left to the IFAC member bodies to do, which usually doesn't get done. In short, you have done your job well, but IFAC member bodies will struggle to shape what you have asked for.

5.2. The Board must be mindful that the majority of our members are not in practice. Infact, 80% of our members here in Pakistan work outside practice and out of the 20% in practice about half work in small and medium sized practices.

Q6: *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 8 (Revised)?*

6.1. This IES will have a major impact on the profession of Pakistan. Given a negative (but prevailing) mindset, its extensive requirements to qualify as an engagement partner are likely to be seen as creating another super barrier to entry and yet another attempt by big firms to discourage opening of sole practitioners and for retaining their employees for a long-term. It is likely to be thought of as extending the monopoly of big firms.

6.2. Another reservation may question the priority of the Board. It is so easy to ask as to why engagement partners are subjected to such extensive requirements when they hardly form one-fifth of the total membership? Whereas the priority should have been the 80% members who work outside practices.

6.3. Let us now devote some space to the provision of effective CPD activities for serving engagement partners.

6.4. On positive side, our dear and progressive Council of the Institute of Chartered Accountants of Pakistan took a decision to video record all cpd activities and

to make it accessible to our members by posting it on its web site free of cost. Furthermore, the scope of cpd earning activities and events was considerably enhanced by the revised policy. Most sensibly, e-learning portal has been initiative and is expected to be operational soon.

- 6.5. On the other hand, way back, without an effective formal oversight, our Council handed over holding of cpd activities to the Regional Committees. Result? The Council has no formal influence over the topics and its quality; irrelevant, uninteresting topics; the quality of program is largely an individual speaker's voluntary effort⁸ as most come as unpaid guest speakers. 70% of the participant fee pays for the dinner; and no formal participant assessment⁹.
- 6.6. In conclusion, this IES will have a major impact on the profession in Pakistan. To soften its impact, we expect that many of its potentially fine requirements will be neutralized by way of its interpretation to make it palatable to a vociferous minority in local membership. It will dampen the spirit of many who would like to practice.

Q7: *If the IAESB was to issue implementation guidance together with this IES (Revised), what would you envisage the guidance look like?*

- 7.1 Implementation Guidance should be an integral part of any standard, including this IES. There is no point in having a lofty standard that cannot be implemented but for such guidance. The Board must play an active role in implementing and monitoring the IFAC member bodies. We expect such measures to be a part of IFAC implementation monitoring and assistance mechanism.
- 7.2 We would expect such guidance to deal with all the aspects mentioned in the IES, starting from taking Table A as the starting step and developing content and assessment activities for each of the learning outcome.

⁸ Most speaker are unpaid.

⁹ Sometime ago, I wrote a letter on this topic which can be accessed at http://www.altafnoorali.com/index_files/144_cpd_comments.htm

7.3 We would also expect the contents of CPD and guidance on complex audits¹⁰ for serving engagement partners in it.

7.4 We would envisage such guide to provide extensive guidance for aspiring engagement partners in the small and medium sized practices.

Q8: *In respect of your jurisdiction, in which areas of the proposed IES 8 (Revised) would you consider it useful to have implementation guidance to help you meet the requirements of this IES?*

Streamlining CPD activities and handling complex audit training would be the first priority, followed by building up an e-portal with all the contents and assessment activities for each of the minimum 50 learning outcomes.

Q9: *Would you consider examples of current practice in developing competency models useful in helping you meet the requirements of the proposed IES 8 (Revised)?*

Sure; we welcome and laud your thinking. We would propose an IFAC member body Task Force as a formal forum to oversee the implementation of this IES, drawn internationally, based on the principle of mutual exchange of ideas and learning.

Q10: *Is the objective to be achieved by a member body, stated in the proposed revised IES 8, appropriate?*

We recommend as follow:

Para 12: "The objective of an IFAC member body is to protect public interest by ensuring that those serving and aspiring to be engagement partners in its jurisdiction maintain appropriate levels of professional competency to perform their role".

Q11: *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?*

¹⁰ See A40

The IES is a statement of principles. The IES is open to a wide interpretation¹¹ in the presence of which we do not consider that it would promote consistency in implementation by member bodies. There are many areas which have been left at the discretion of the IFAC member bodies to fill in the details. For example in case of assessment activities for aspiring engagement partners, it has been left to the IFAC member bodies to decide about the assessment activities. It may include written examination and workplace assessment or it may not.

Q12: *Are there any terms within the proposed IES 8 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.*

The term “newly appointed” engagement partner requires some explanation.

2. Suggested Specific Wording:

Para 1-9 General Note: We find that the most of what is mentioned in first 9 paras may be relegated to the explanatory material. We find most of what is mentioned as distracting and out of proportion. For example, we consider the assessment as the most important part of this IES to which are devoted only three rows of text¹². It is not even a requirement for an IFAC member body to ensure that all of the learning outcomes in Table A are assessed in a balanced manner. On the other hand, reference to the other IES¹³ takes more than twelve rows and that too towards the beginning where one find it most irrelevant.

Para 1: “This International Education Standard (IES) prescribes for the International Federation of Accountants (IFAC) member bodies the professional development requirements in terms of professional competence for aspiring engagement partners (para 13 through 17) and serving engagement partners (para 18 and 19), who are responsible for audits of financial statements. ”

Relegate second sentence to the explanatory material¹⁴ .

¹¹ See para A22

¹² See para 17

¹³ See para 9

¹⁴ It reads as: “This IES does not specify professional development for other roles that a professional accountant plays in relation to other assurance and related services”.

Para 2: Relegate text after the first sentence to the explanatory material¹⁵.

The second sentence conveys incomplete sense¹⁶.

Instead: “The IFAC member bodies are responsible for prescribing professional development requirements in terms of professional competence for individuals who wish to assume the role of an engagement partner.”

Consider adding: “Professional competence is the ability to perform a role of a professional accountant to a standard prescribed by an IFAC member body.

Professional competence consists of technical competence, professional skills, and professional values, ethics, and attitudes. Each component of professional competence is then further described by a set of learning outcomes in this IES.”

Para 3: “The IES prescribes for the IFAC member bodies the authorisation criteria to be achieved before being appointed as an engagement partner in terms of minimum competence area, learning outcomes, level of proficiency, and the methodology as technical competence, professional skills, and professional values, ethics and attitudes (para 13 through 17). It also prescribes the professional development requirements for serving engagement partners (para 17 and 18)”.

Delete or relegate the rest of the text of this para to the explanatory material.

Para 4: We do not see any point in repeating separately what is already mentioned in para 1. Consider deleting.

Para 5: Relegate to the explanatory material. Assumptions not clearly stated.

Revise as: “This IES is based on four assumptions: (a) That the Continuing Professional Development (CPD) requirements go on to develop professional competence developed and assessed during Initial Professional Development (IPD) required for a professional accountant for assuming and discharging the role of an engagement partner; (b) That those assuming the role of engagement partners will not be called upon to handle complex audits without further professional development, as the requirements laid out here are not geared for it; (c) That the engagement partners progressively develop their professional competence by

¹⁵ It reads as: “This IES is addressed to IFAC member bodies.”

¹⁶ The second sentence conveys incomplete sense. It reads as: “IFAC member bodies have responsibility for the professional development necessary to become an engagement partner”.

undertaking CPD appropriate to the complexity of the audit entities they serve. (d) That aspiring engagement partners operate within an engagement team.”

Para 6: We do not find schedule 1 to be conveying what is required.

Schedule 1: Its middle column headed “Applicable IESs” refers to incorrect paras for a serving and aspiring engagement partner.

Para A36 rightly states that para 18 and 19 outline requirements for serving engagement partners (and not para 16) and that “the requirements in paragraph 13 through 17 only apply to aspiring... engagement partners” (and not para 13-15).

Correct Schedule 1 as suggested.

Also, add accompanying text stating: “Serving engagement partners are required to undertake CPD appropriate to their responsibilities (para 17) and for audits involving complex industries, operations, and reporting requirements (para 18).

Also, mention IES 5¹⁷ and 6¹⁸ with 7 and 8 under the dotted row as it “provides guidance for the assessment of professional competency required in this IES.”

Para 7: The first sentence repeats¹⁹ what is already mentioned in para 3²⁰. We recommend all that is outside the scope of this IES is gathered and placed in a single para in the explanatory material.

The second sentence²¹ is a statement of practice and can be relegated to the explanatory material.

Para 8: First sentence²² repeats para 1.

We find the second sentence²³ of this para to be in negation of what is mentioned in para 1²⁴. Relegate to the explanatory text. One finds this state to be highly confusing.

¹⁷ See A29: It states: “The principles of IES 5 provide useful guidance to IFAC member bodies...regarding the role of practical experience supervisors”.

¹⁸ See A33, *ibid*.

¹⁹ “The responsibilities of individual professional accountants, employers, business entities, and regulators in enabling, assuming or assigning the role of an engagement partner, are not within the scope of this standard.”

²⁰ “Licensing regimes, as well as the internal policies of firms, may set additional partner authorization criteria. These criteria are outside the scope of this IES.”

²¹ Many stakeholders and factors determine partner authorization criteria and whether a professional accountant can assume the role of an engagement partner.

²² This IES sets professional development requirements for engagement partners providing assurance services for audits of financial statements.

Para 9: Given that the IES is likely to be translated to other languages, we point out that this IES “prescribes”²⁵, “specifies”²⁶ and “sets”²⁷. These terms do not exactly hold the same meaning in English and other languages. Restricting use to one of these terms will add value to the translations as well.

Also, relegate the whole para as the explanatory material.

Para 10. Use of separate heading: “Definition (Ref: para A1 and Table B)”, is recommended.

Objective(Ref: Para A15)

Para 12: “The objective of an IFAC member body is to ensure that those serving and aspiring to be engagement partners in its jurisdiction maintain professional competence to perform their role and protect public interest”.

Requirements

Professional Accountants who are aspiring to be, or are newly appointed to the role of, Engagement Partner (Ref: Para A6 to A26)²⁸

Para 13.

Table A – Learning Outcomes for a Newly Appointed Engagement Partner

We find the text devoted to the three components of professional competence areas to be out of proportion with each other. Technical competence= 10 competence areas and 33 learning outcomes; professional skills = 4 competence areas and 10 learning outcomes; professional values, ethics and attitudes = 3 competence areas and 7 learning outcomes.

Assessment (Ref: Para A33-35)

Para 17: Revise: “The IFAC member bodies shall establish appropriate assessment mechanisms to assess the professional competence of aspiring engagement partners”.

²³ IFAC member bodies or other stakeholders may choose to apply the requirements of this IES to non-audit types of engagements (such as other assurance and related services).....”

²⁴ This IES does not specify professional development for other roles that professional accountant plays in relation to other assurance and related services.

²⁵ Para 1, ibid

²⁶ Para 3, ibid; Para 9

²⁷ Para 8, ibid

²⁸ We find this heading to be highly confusing. This should read as: For Professional Accountants aspiring to be Engagement Partners (Ref: Para A16 to A35).

Insert new para 17A: Add: “A positive result from the assessment required means that a professional accountant has satisfied the professional competency requirements of this IES. If the assessment of an aspiring engagement partner indicates that further professional development is necessary, then the IFAC member body may provide specific suggestion, as to how, where, and when the aspiring engagement partner can access the profession development sufficient to address the shortfall.”

CPD for those Serving as Engagement Partners (Ref: Para A36-A41)²⁹

Para 18: Its vague. It requires serving engagement partners to undertake CPD in audits involving complex industries, operations, and reporting requirements without being specific. It does not say what would happen if the engagement partners fail to undertake CPD appropriate to their responsibilities.

Para 19: As it is.

Insert new para 20: Add: “If engagement partners do not undertake CPD appropriate to their responsibilities and/or in respect of their more complex audit engagements, the IFAC member body may refer IES 7 Continuing Professional Development.”³⁰

Explanatory Material

A1: “This IES focuses on the development of professional competency required for one particular role of a professional accountant as an engagement partner responsible for audits of financial statements”.

Insert new para A1A: “Some of the terms used in this IES are defined in the IAASB Glossary of Terms and IAASB pronouncements are shown as Table B³¹”.

Table B – IAASB definitions adopted in this IES

Modify first colulmn to read “Defined Term and where used in this IES”. Indicate below the term its location by para in the IES.

²⁹ We find this heading to be highly in appropriate. It should read as “CPD requirements for Serving Engagement Partners”.

³⁰ This is so stated in A41 and we recommend its inclusion in the main body of the IES.

³¹ We recommend placement of Table as appendix 2, towards the end of the IES.

Also include the definition of “Component auditors” as defined in ISA 600³².

Towards the end of the Table B, simply state: “Source: 2012 IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Announcements issued by the International Auditing and Accounting Standards Board (IAASB)”.

A2: Consider revising with: “An engagement partner is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, among others. Satisfactory attainment of the requirements of this IES demonstrates the professional competence required for an engagement partner.”

A3: Revise: “Professional competency is the ability to perform a role to a standard defined by a IFAC member body.”³³

A4: Delete.

A5: We find the first sentence³⁴ to be without reference to the professional values, ethics and attitudes. We also find it difficult to relate to another sentence³⁵.

Recommend its deletion.

We do not agree with your description of “usual path”³⁶. For us, it is “one way” (but obviously not the only one).

A6: “The IFAC member body may consider a different set of professional competence requirements for newly appointed and serving engagement partners within small- or medium-sized practices (SMPs) while recognizing that there may be limited opportunities for a professional accountant to assume the role of an engagement partner after going through supervisory or managerial roles.”³⁷

Partner Authorization Criteria

³² See para A40

³³ Delete second sentence, It repeats the contents of A4.

³⁴ “Only those professional accountants with a wide range of technical competence and professional skills will be able to deal with the complex situations that engagement partners may face during their careers.”

³⁵ “These (supervisory and managerial) roles may be performed before, during, or after meeting requirements in para 13-17 of this IES.”

³⁶ “This progression through interesting levels of responsibility is the usual path by which a professional accountant prepares to assume the role of an engagement partner.”

³⁷ We politely protest the contents of A5 and A6. The fact that small and medium-sized firms are common in almost all the jurisdictions has been ignored. I restrain myself from quoting any figures here which remains well-documented.

A7: Insert “(b)” before “Role of firms”

A7-9: The contents of these paras add nothing to understanding. Delete.

Engagement Partners, Audit Teams and Sole Practitioners

A10-11: The contents of these paras add nothing to understanding. Delete.

Responsibilities of IFAC member bodies

A12-13: The contents of these paras add nothing to understanding. Delete.

Audit of Financial Statements and Other Assurance Engagements

A14: Delete second and last sentence³⁸. What is stated therein is clear negation of para 1³⁹.

Objective (Ref: Para 12)

A15: Status quo

Professional Accountants Aspiring, or Newly Appointed, to the role of Engagement Partner (Ref: Para 13⁴⁰)

Developing Learning Outcomes⁴¹

A16: We find the description here to be relevant for IES rather than explanatory material, modified as follows and recommended as para 2 of the IES.

“Professional competence is the ability to perform a role of a professional accountant to a standard prescribed by an IFAC member body. Professional competence consists of technical competence, professional skills, and professional values, ethics, and attitudes. Each component of professional competence is then further described by a set of learning outcomes in this IES.”

A17: “A competence area is a category for which a set of related learning outcomes can be specified.”

A18: Insert last sentence in A23.

³⁸ Para 14 second sentence: “Although this IES applies to audits of financial statements, the prescribed learning outcomes may also be helpful when performing...other types of assurance and related services “
Para A14 last sentence: “Similarly, many of the learning outcomes required for an audit of financial statements may be relevant to those engagement partners responsible for assurance engagements...”

³⁹ Para 1: “This IES does not specify professional development for other roles that a professional accountant plays in relation to other assurance and related services.”

⁴⁰ The cross-reference to this heading should be with the para in the IES (para 13) and not explanatory material (Para A16-.A35). Please correct.

⁴¹ “Developing Learning Outcomes” is an out-of-sky heading that looks so out of place. Learning outcomes is a part of Table A. We suggest this heading to be “Table A – Learning Outcomes for a Newly Appointed Engagement Partner”

A19-20: Status quo.

A21: Delete second sentence.

A22: Status quo.

A23: Related to A18 above. Delete last sentence as it is repetition of A18, Professional judgement and professional skepticism⁴²

A24-25: Delete. We find these explanations to be more relevant for a technical than an education standard.

A26: "Planning effective CPD in any of the competence area requires due care and may need innovative methods in which mentoring, reflection, time, and experience often play a key role."

Review of Professional Development Program (Ref: Para 14)⁴³

A27: Revise: "Each IFAC member body should decide upon the frequency as a formal policy to revise and update the learning outcomes. Such policy should reflect the rapidly changing complex environment within which engagement partners operate".

Practical Experience (Ref: Para 15 and 16)⁴⁴

A28: Status quo.

A29: "Practical experience gained during IPD by an aspiring professional accountant, within the audit of financial statements, may also count, in whole or in part, as an appropriate practical experience."

A30: Status quo.

Appropriate Environments for obtaining Practical Experience (Ref: Para A26(b))⁴⁵

⁴² This relates to competence area (p) in para 10. This is the only competence area with further explanation. Suggest that you cross-reference the heading properly with competence area as (Ref: Competence Area para 10 (p)).

⁴³ Refer to heading above para 14 of the IES. The given heading over para A27 is "Review of Learning Outcomes" (without any reference to para). Kindly make correction. Use consistent font for heading as in previous ones.

⁴⁴ Use proper font in the heading and cross-reference it with the relevant para in the IES.

⁴⁵ Kindly insert the suitable cross-reference, as mentioned.

A31: It is not clear how “private firms, governmental and other audit organisations” may provide suitable experience of audit of financial statements. These entities appears to be out of scope of the definition of firm⁴⁶.

Practical Experience: Small- and Medium-Sized Entities

A32: We recommend upgrading this text to the IES as a separate para 16.

Assessment (Ref: Para 17)⁴⁷

A33: Revise: “IFAC member are encouraged to take facilitative approach to assessment*. This approach may be most useful to professional accountants in smaller firms.

(*See IES 6 Initial Professional Development – Assessment of Professional Competence)

A34: This should be in place of A33.

Revise: “The IFAC member bodies may use various assessment activities to assess the professional competence of aspiring engagement partners. This may include written examination and workplace assessment”.

It has been left at the discretion of the IFAC member bodies to have include written examination and workplace assessment to assess the professional competence of the aspiring engagement partner.

A35: The contents of this para are common to aspiring and serving engagement partners. Recommend this to be placed in the range of A36-41.

Insert: “The competence area, learning outcomes, levels of proficiency and practical experience prescribed in paras 13 through 17 will usually not be sufficient for serving as engagement partner on more complex audit.”⁴⁸

CPD for those Serving as Engagement Partners (Ref: Para 18 and 19)⁴⁹

Audit Professional competence for More Complex Audits⁵⁰

⁴⁶ ISA 220 Paragraph 7 (b) defines a firm as ‘a sole practitioner, partnership or corporation or other entity of professional accountants.’

⁴⁷ The heading above para A33 is “Assessment of Professional Competence” (no reference stated, font not consistent). Correction suggested: use same heading as in IES, insert cross-reference, use consistent font.

⁴⁸ Modified from second sentence in A38.

⁴⁹ Insert correct cross-reference and let the heading state: “CPD for Serving Engagement Partners”.

⁵⁰ The use of term “Audit Professional” may be easily confused with the noun “audit professionals” as used in the extant IES. Suggest you delete the first word “Audit” from the heading.

A36: The contents of this para should be placed in the body of the standard. The reader should be made aware of the fact instantly that paras 13 through 17 are applicable to the aspiring engagement partners, whereas para 18 and 19 are applicable to the serving engagement partners.

A37: The first sentence sounds similar to A40. Check and Edit.

A37: Revise the last sentence as: "The engagement partners undertake appropriate CPD activities to enhance professional competence to integrate diverse professional competence and skills within the engagement team."

A38: Revise as: "Audits of entities within some specific industries or financial environments are ordinarily deemed to be more complex. An engagement partner assuming responsibility for such audits is expected to have attained higher levels of proficiency, such as greater levels of professional judgement or professional skepticism,"

This para talks about more important learning outcomes whereas none stated. So what it all means? Have I missed out on something?

Achieving Learning Outcome for More Complex audits

A39: Status quo

A40: Restates the first sentence of A37. Status quo.

A41: Place the contents as proposed new para 20 of the IES with modification.

End of Comments.

Sincerely,

Altaf Noor Ali.