



Mr David McPeak
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International Federation of Accountants

Sent by email:
davidmcpeak@ifac.org

Brussels, 29 February 2016

Subject: Meeting future expectations of professional competence: a consultation on the IAESB's future strategy and priorities

Dear Mr McPeak,

The Federation of European Accountants (the Federation) is pleased to comment on the consultation on the IAESB's future strategy and priorities.

As a general remark, we welcome the completion of the IESs revision project and we thank the IAESB for its outstanding work on this challenging task. However, we believe that the completion of the IAESB's principal mission should have an impact on its overall mandate (see our letters dated 4 October 2013 and 7 November 2014).

The Federation recognises the importance of education and will continue to engage in activities related to the skills of accountancy professionals. The Federation has recently pointed out the need to rethink the education of auditors and other assurance providers to ensure the right skillset for the future (*Pursuing a strategic debate: The future of audit and assurance*, January 2016).

Responses to the consultation questions

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

The Federation commends the IAESB for having accomplished its work as the standard setter for professional accounting education. The development and revision of IESs 1-8 has resulted in mature principles-based standards.

One of the benefits of principles-based standards like the IES is however that they do not require frequent amendments, because the principles would rather remain valid even if the environment should change.



Furthermore, the revised IESs only came into effect in the course of 2014/2015, so IFAC member bodies will still need time to make efforts regarding the implementation of the revised IESs. After the implementation, they would need again time to assess whether it works well in practice and then they could share their experience with the IAESB.

Therefore, at this point in time we consider the existing IESs as sufficient and doubt that amendments could result in enhancements before adequate feedback from IFAC member bodies is available on how the transposed standards work in practice.

- 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)?*

Overall, even if IES 7 was the first IES that was revised, it appears to match sufficiently with the other IESs. IES 7 refers to an output-based approach, which is a key element of the learning outcomes approach. IES 7 also works with IES 8, because IES 8 is about CPD.

It also appears that IFAC member bodies can foster a learning outcomes approach when developing CPD programmes without a re-alignment of IES 7 with other IESs. They might for example want to refer to the recently issued IAESB guidance on implementing a learning outcomes approach for professional accounting education.

Therefore, we consider IES 7 as it currently stands as sufficient.

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

We do not see a role for the IAESB to improve professional competence related to the appropriate exercise of professional scepticism and professional judgment.

The IAESB is a standard setter for professional accounting education; it has developed IESs which are addressed to IFAC member bodies. IESs 2, 3, 4, and 8 refer to learning outcomes regarding professional scepticism and professional judgement, both in initial education and in CPD of professional accountants.

Apart from these education-related subjects in the IESs, we doubt that the IAESB can take action to improve professional competence within its mandate. If any, it may be the IAASB which could influence professional competence via the ISAs, as far as these are used in the various countries, and it appears that the IAASB has already started an initiative in this regard.

- 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?*

Although we do not disagree that there may be potential areas of professional specialisation for professional accountants in future, we doubt that additional international CPD standards are required to address such potential developments and we are not convinced that such CPD standards should be issued by the IAESB.



Once the initial professional development, which is sufficiently covered by the existing IES, is completed, it is up to the individual professional to keep up with CPD requirements in general and to consider potential areas of specialisation. Such areas of specialisation will significantly vary across countries and regions, depending on economic and other factors in general and also depending on market needs, which are driven by clients and employers.

As mentioned in the consultation paper, innovation drives change; however, it is not a given that standards drive innovation. Rather, they set a general framework for continuous quality.

We believe that the strength of the IAESB lies in setting principles-based standards that remain relevant in a changing environment. This allows IFAC member bodies to react to emerging issues and fine-tune their education where relevant, while a fundamental and consistent level of quality is preserved. The current IESs give IFAC member bodies the flexibility to address CPD needs that may emerge in certain countries or regions.

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)?

The IAESB has delivered a comprehensive set of education standards and supporting material.

We doubt that further action is required unless IFAC member bodies should call for additional material or initiatives. The IFAC secretariat could gather recommendations from IFAC member bodies and assess the need for potential future activities. If such need was identified, the IAESB could come back into action.

In the meantime, it is no longer necessary that the IAESB remains fully operational and we suggest the IAESB pause its activities.

For further information on this letter, please contact Ms Petra Weymüller from the Federation's team (email: petra.weymuller@fee.be, Tel.: +32 2 285 40 75).

Kind regards,

On behalf of the Federation of European Accountants,

Petr Kriz
President

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