

## CIPFA response to IAESB consultation on the IES 8 Exposure Draft

### Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) welcomes the issue of the Exposure Draft of International Education Standard 8, Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised).

### Requests for specific comments

| Question   | Comment   |
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| <p>Question 1 – Does the proposed change 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.</p>  | <p>Yes, it does.</p>  |
| <p>Question 2: 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?</p> | <p>The breadth of competence areas in Table A 7 is broadly appropriate, but the following comments are offered as possible improvements:</p> <ul style="list-style-type: none"> <li>• It would be more appropriate to have (j) Management accounting at the Advanced level rather than at the Intermediate level.</li> <li>• The use of the term 'business' in the names of competence areas (e) and (h) is understandable, but there could perhaps be some indication that all sectors are expected to be covered, rather than just commercial enterprises. The learning outcomes under (e) Business and organisational environment management, for example, could be adapted to include issues that are crucial in carrying out audit work in the public sector environment – ie issues regarding political and other forms of accountability.</li> </ul> <p>The learning outcomes in Table A provide a very clear basis on which to construct a more detailed education programme. As these are focused on minimum levels only, there is clearly considerable scope for member bodies to vary the content of their programmes by adding to the learning outcomes by increasing the range of areas covered and the level of proficiency required. Some specific comments on</p> |

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|   | <p>learning outcomes:</p> <ul style="list-style-type: none"> <li>• Internal audit may be assumed as part of (d) Internal control and (f) Governance, risk management and internal control. However, we would recommend having some specific reference to internal audit.</li> <li>• Use of the verbs 'understand' and 'consider' is not ideal in the specification of learning outcomes as these are not directly assessable.</li> </ul> |
| <p>Question 3: 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??</p>  | <p>Yes, it does.</p>   |
| <p>Question 4: Do the revised requirements in respect of more complex audits provide greater clarity and assist with implementation of the proposed IES 8 (Revised)?</p>  | <p>Yes, they do.</p>   |
| <p>Question 5: Does the inclusion of a number of references to small and medium practitioner 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?</p> | <p>Yes, it does.</p>   |
| <p>Question 6: Do you anticipate any impact or implications for your organisation or organisations with which you are familiar, in implementing the new requirements included in this proposed IES 8 (Revised)?</p>   | <p>Not directly, but the principles outlined in this Exposure Draft are useful for informing our approach to the development of relevant education programmes.</p>   |
| <p>Question 7: If the IAESB was to issue implementation guidance together with this IES 8 (Revised) would you consider it useful to have implementation guidance to help you meet the requirements of this IES?</p>   | <p>Yes</p>   |
| <p>Question 8: 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?</p>  | <p>All areas.</p>  |
| <p>Question 9: Would you consider examples of current practice in developing competency models useful in helping you</p>  | <p>Yes</p>   |

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| meet the requirements of the proposed IES 8 (Revised)?   |   |
| Question 10: Is the objective to be achieved by a member body, stated in the proposed IES 8 (Revised) appropriate?   | Yes, it is.   |
| Question 11: 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 by member bodies? | Yes, they have.   |
| Question 12: Are there any terms within the proposed IES 8 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.  | The distinction between technical competence and professional competence is not particularly clear or helpful. The definitions in the glossary are very similar, so it is not clear why there is a need to distinguish between the two terms. |