

**Comments on Redrafted IES 8, Professional Competence for Engagement
Partners Responsible for Audits of Financial Statements (Revised)**

April 17, 2014

By The Institute of Chartered Accountants of Pakistan



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David McPeak
IAESB Technical Manager
International Federation of Accountants

Dear Mr. McPeak

The Institute of Chartered Accountants of Pakistan appreciates International Accounting Education Standards Board for giving it the opportunity to submit its comments on “IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)”.

The following pages contain our comments for your kind consideration.

With best regards



Omair Jamal
Director Education and Training

Background

As part of its project to improve the clarity of its standards, the IAESB has undertaken to revise and redraft all of its IESs in accordance with its new clarity drafting conventions. At its October 2009 meeting the IAESB agreed that all eight standards should be revised with the aim of:

- improving clarity;
- ensuring consistency with concepts of the revised Framework (2009) document; and
- clarifying issues resulting from changes in the environment of accounting education; and the experience gained from implementation of the Standards by IFAC member bodies.

This approach responds to the desire for all IESs to be consistently drafted, and subject to a single statement of their authority and effect. The drafting conventions used by the IAESB in revising IES 8, and the authority and obligation attaching to those conventions, are established in the Appendix of the *Framework for International Education Standards for Professional Accountants*, approved by the IAESB in October 2009.

Questions and Responses

1. Is the Objective statement (see paragraph 9) of the proposed IES 8 Exposure Draft (December 2013) appropriate and clear?
Yes
2. Is the Requirement (see paragraph 10) of the proposed IES 8 Exposure Draft (December 2013) appropriate and clear?
Yes
3. Do you agree with the proposed learning outcomes provided in Table A?
We agree.
4. Do you agree that levels of proficiency for the competence areas should not be included in Table A?
We agree.
5. Are there any additional explanatory paragraphs needed to better explain the requirement of the proposed IES 8 Exposure Draft (December 2013)?
No.
6. Does figure 1 of Explanatory Material section for the proposed IES 8 Exposure Draft (December 2013) assist in understanding which stakeholders have responsibilities that impact the professional competence of engagement partners?
Yes.

7. Are there any terms within the proposed IES 8 Exposure Draft (December 2013) which require further clarification? If so, please explain the nature of the deficiencies?
No. However, suggesting the following minor editorial corrections in Table B - IAASB definitions adopted in IES 8, para A-1, Explanatory Material, pages 16-17 (changes suggested in column “Source of Term”):

Defined Term	Source of Term	Definition in Use
Engagement Partner	ISA 220 Quality Control for an Audit of Financial Statements, Paragraph 7 (e) ISA 220, Paragraph 7 (a)	The partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal, or regulatory body.
Financial Statements	IAASB Glossary of Terms ISA 200, Paragraph 13(f)	A structured representation of historical financial information, including related notes, intended to communicate an entity’s economic resources or obligations at a point in time or of the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term “financial statements” ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial framework, but can also refer to a single financial statement.
Firm	IAASB Glossary of Terms ISA 220, Paragraph 7 (e)	A sole practitioner, partnership or corporation or other entity of professional accountants.
Engagement Team	ISA 220 Paragraph 7 (d)	All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor’s external
Professional Judgment	IAASB Glossary of Terms ISA 200, Paragraph 13 (k)	The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.
Professional Skepticism	IAASB Glossary of Terms ISA 200, Paragraph 13 (l)	An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.
Auditor’s Expert	IAASB Glossary of Terms ISA 620, Paragraph 6 (a)	An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor’s expert may be either an auditor’s internal expert (who is a partner or staff, including temporary staff, of the auditor’s firm or a network firm), or an auditor’s external expert.

8. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirement included in this proposed IES 8 Exposure Draft (December 2013)?

We do not see any significant impact or implication. However, we note that, at present, we do not see any institution or body in Pakistan specialized or focused in/on developing training of engagement partners. This situation calls for a proactive action on the part of the Institute. The Institute would need a support mechanism in place to facilitate engagement partners to undertake required CPD activities.

Before providing reasonable opportunities to engagement partners, requiring from them to undertake specific and mandatory CPD activities conforming to the requirement of IES would not be appropriate. IAESB may consider providing a transitional period for developing the required capacity within member bodies.

9. What topics or subject areas should Implementation guidance cover??

No comments