



Mr David McPeak
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International Federation of Accountants
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Dear David

Meeting future expectations of Professional Competence: Consultation

The Institute of Chartered Accountants of Scotland is pleased to provide comments in response to the IAESB consultation paper "Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities". ICAS has been, and continues to be, supportive of the need for high quality standards in education and professional development. Where there is a proven need for new standards, or a material change required to existing standards, ICAS supports IAESB in its activities.

The path of professional development

Standards set in Financial Reporting, Public Sector Accounting, Auditing and Assurance, and for the most part in Ethics, can be applied in a relatively short term through the next reporting cycle, and/or the audit, of organisations bound by such standards. The effect on published financial information, and of the quality of audit and assurance activities thereon, is able to be measured relatively quickly after a standard has been adopted. We do not believe this model is replicated in education and professional development.

IFAC, and not necessarily the IAESB, should be assessing through its compliance activity the implementation periods and review points for international education standard uptake before approving any short or possibly medium term strategy for change. In the international education landscape that we observe, we believe currently there is no evidence for making changes to the existing IES1-7.

The path to qualification as a member of an IFAC body will generally take a minimum of 4 years and a maximum of 7 years depending on the educational background and environment. The move to an approach requiring learning outcomes in IES2-4 requires change through this continuum. Accordingly it will be at least 4 years beyond the date of adoption and possibly as much as 6 or 7 years before a member body and its education structure (universities, colleges, assessment system, experience record system etc) can fully conclude the effects of the changes brought about by the new standards.

We consider, therefore, that the standard setting role of the IAESB should in principle continue, but we cannot see any evidence set out in the consultation which justifies the continuance of a standard-setting Board to work on either minor long-term changes, or to drift into its secondary or tertiary objectives.

Adoption and implementation

The IAESB has confirmed its existing role as supporting the implementation of the newly revised IES's (paragraph 22). We would question why this is considered a primary activity of a standard-setting board.

IFAC is set up to support its member bodies through a number of alternative channels. The Professional Accountancy Organisation Development Committee (PAODC) has, as its first objective, the support of the establishment in strengthening of professional accountancy organisations in all countries of the world. It further advocates that it will work with the IFAC member body compliance programme to respond to

development needs in the most appropriate manner through accessing resources in the IFAC membership. These expert groupings supported by the IFAC Education Secretariat would, in our view, be a more effective use of IFAC resources. Implementation assistance should be focused through the PAODC rather than a standard setting board.

Further, when one considers the role of the IFAC member body compliance programme it leads to a question of whether a standard setting board should be concerned to any significant degree with adoption. Adoption is a matter for the IFAC Compliance Advisory Panel (CAP) in its implementation of the IFAC member compliance programme. IFAC's member body compliance programme has the capacity to gather appropriate data on the adoption of the existing IES, and in partnership with the PAODC should be able to identify the areas where assistance may be required. IFAC member bodies continue to offer their assistance to other IFAC member bodies through a number of channels and IFAC requires the capacity to facilitate and encourage this outside the constraints of the standard setting board.

It is our view that a natural end point has been reached to the IAESB's activities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Allison', with a long horizontal flourish extending to the right.

Mark Allison MA CA
Executive Director
CA Education

Appendix: Response to request for specific comments

Question 1

We do not believe there should be any enhancements to the existing International Educational standards. Member bodies in both developed, and developing nations should be given the time to have the existing IES fully adopted and implemented throughout the whole qualification structure before a review is undertaken.

We have seen no evidence for the IES being revised and cannot at this stage provide any support for this course of action.

Question 2

We do not believe the IAESB needs to reopen IES7 Continuing Professional Development (2014). This standard already allows for a learning outcomes approach, an input approach and a combination approach. From our assessment of the IFAC member body returns, only a small minority of IFAC member bodies follow the output (outcomes) based approach. Those bodies that do so are coming from a particular education and learning environment. The reasons why many IFAC member bodies follow an input (or minor combination approach) relate to a regulatory environment requiring such a method.

Further IES7 is written for a very different purpose than the IPD standards (IES1-6). In IES1-6 there is an expectation of a significant element of formal final assessment. This is far less the case in IES7 and we see no demand, or push, for CPD that is regulated in the same terms of formal reassessment. There is certainly interesting developments in the medical professions in this regard, but we do not believe that there is evidence to suggest that professional accountants will benefit from a more formalised revalidation type scheme.

Question 3

The exercise of professional scepticism and professional judgement are applications of standards and skills existing in other areas of the standards map ie ISA and IFAC Code of Ethics. Whilst we consider there has been a lack of correspondence, and crossover between the standard setting boards in the past, we do not think that IAESB should become involved as a standalone authority in this area. It is our view that the IAASB and IESBA, would benefit from the expertise of an IFAC education specialist in some of their deliberations. There is no need for such a specialist to come from another standard setting board.

We see that IFAC should consider using its education expertise across the organisation rather than supporting one standalone body.

Question 4

There are no new IES that we consider need to be developed by the IAESB. In the medium term there needs to be a mechanism for re-evaluating the landscape. There are a number of alternative ways this could be carried out without a permanent standard setting board. We would be happy to provide our thoughts on such structures if required.

Question 5

Where a standard setting board reaches the end of the road in its primary objective, of setting standards, it is highly questionable whether its activities should drift into objectives. We have not seen evidence of the uptake of IFAC implementation support guidance communications and thought leadership publications in the area of education that would provide us with confidence that this is a role the Board should be undertaking in the absence of standard setting.