



Private & Confidential

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto Ontario
Canada M5V 3H2

7 March 2016

Dear Sir,

IFAC International Accounting Education Standards Board (IAESB) – Future Expectations of Professional Competence: A Consultation on the IAESB’s Future Strategy and Priorities.

We appreciate the opportunity to respond to the December 2015 IAESB’s Consultation Paper on the Professional Competence: Future Strategy and Priorities. This response is made on behalf of PwC. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

General Comments

We support the consideration of how the IESs may be updated to keep pace with the changes in the profession. However, we caution against tackling individual specific areas or specialisations with additional Standards – given the pace of change, there is a risk that the volume of IESs will become unmanageable to either maintain or implement.

We highlight the underlying premise of Continuing Professional Development (CPD) – namely the responsibility of the professional accountant to maintain and develop competence to perform their role. The changing nature of their role does not change this requirement, and while we appreciate the efforts of the IAESB to support the understanding of those changing roles, consideration will be needed to avoid outcomes being too prescriptive and outdated before they are published.

We encourage a focus on:

- Broad implementation of the recently revised Standards, supporting those doing so with implementation guidance where demand is identified, and
- Evaluating the existing learning outcomes in the current suite of Standards to identify gaps relative to the known changes in the expected skill sets of the professional accountant, or the skill sets necessary to accommodate change.

We also encourage increased sharing and dialogue amongst impacted parties on the emerging issues for the education of professional accountants, including not only technical areas, but also learning trends, preferences and innovation. For example, encouraging member bodies and their accountants to engage in a dialogue about potential development opportunities and evaluation, as well as the evolving role of the professional accountant.

Our responses below answer the specific questions raised in the Request for Comments section of the Consultation Paper.



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

We support the proposal to address compatibility of IES 7 and IES 8. Further specifics are captured in our response to question 2.

In addition we encourage the evaluation of the existing learning outcomes in the current suite of Standards, assessing whether:

- There is a need for a focus on skills such as the ability to adapt to and accommodate change, irrespective of its nature; and
- The learning outcomes in the IESs are sufficiently broad to capture the expected skill sets in the changing profession. Identified gaps may need to be filled with additional learning outcomes and evaluated whether additional standards are needed. In addition, information papers may suffice in certain instances to articulate the relevance of the learning outcome in specific circumstances.

We encourage and recommend that any work undertaken should be done using existing research or studies, and through ongoing connectivity with those leading the change agenda.

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)?

Consistent with our comment letters on the IES 8 Exposure Drafts, we recommend aligning the principles of the two CPD Standards as closely as possible. This is an important step to eliminate confusion on the implementation of IES 8. Our original suggestion was that IES 8 would be an appendix to IES 7 – simply prescribing the competence expected to be maintained and developed by those performing the specific role within the profession -namely the engagement partner on financial statement audits - as part of their program of CPD.

We also recommend reflecting a learning outcomes approach to IES 7 which includes requiring professional accountants to identify desired/necessary capabilities and competencies, to seek out development opportunities to maintain or build them, and then to demonstrate the achievement of them.

We recommend the removal of an input only measurement approach from IES 7. We are supportive of an output only approach; however, we also believe there exists a reasoned approach that combines both input and output measures to achieve the ultimate objective of demonstrating what has been learned. We encourage the IAESB to evaluate the requirement for a combined measurement approach, reflecting on the appropriate balance of both input and output measures and providing guidance on how to achieve that balance.

Recognising that as part of CPD, practical experience is a substantial contributor to growth and development, further exploration in the area of “Learning at Work” or “On the job Learning” would be welcomed, together with thought leadership and examples on the practical demonstration of capabilities gained in the course of professional work.



3) What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?

We support the cross Standard Setting Board project on professional scepticism, but would caution against taking responsive actions without further study or collation of existing research.

We recommend that any actions taken need to be based on understanding of true root causes of lack of professional scepticism or poor application/documentation of professional judgement in order to have impact.

We believe that training on “how to be professionally sceptical” of “applying professional judgment” will have limited impact.

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?

The determination of new IESs would result from the evaluation of the underlying skills needed by a professional accountant. We do not recommend a topic based approach, but rather the identification of those skills that contribute to the accounting profession of the future.

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)?

We recommend the prioritisation of implementation support, where areas are unclear, including detailed and practical examples and encouraging increased sharing between member bodies.

We also recommend that the Board encourage a dialogue amongst the impacted parties on the emerging issues for the education of professional accountants, including not only technical areas, but also learning trends, learner preferences and innovation.

We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Laurie Jeppesen, Global Assurance Learning and Education Leader at +1 416 365 8230, or Susan Gore, Global Assurance Learning and Education Partner at +1 646- 471-1029.

Yours sincerely,

A handwritten signature in cursive script that reads 'Susan Gore'.