



Submitted via IFAC website

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Mr. David McPeak,
Technical Manager,
International Accounting Education Standards Board,
International Federation of Accountants,
545 Fifth Avenue, 14th Floor New York,
New York, NY 100017,
United States of America.

Dear Sirs,

Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategies and Priorities

The Hong Kong Institute of Certified Public Accountants (the "Institute") is the only statutory licensing body of accountants in Hong Kong, responsible for the professional training, development and regulation of the accountancy profession. The Institute sets auditing and assurance standards, ethical standards, and financial reporting standards in Hong Kong. The Institute is committed to ensuring that education and professional development is maintained at the highest standards.

We welcome the opportunity to provide you with our comments on the IAESB consultation paper "Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities". In general, we support the establishment of high quality education standards that can raise the standards for professional competence and strengthen public confidence in the accountancy profession.

We note that over the past few years IAESB has devoted its resources to revising the entire suite of International Education Standards i.e. IESs 1-8 under the principle-based framework and a learning outcomes approach in developing and assessing professional competence. We support the principle-based competence framework which takes in account the wide spectrum of varying degree of economic developments and different legal requirements in the jurisdictions amongst member bodies.

However, we would like to reiterate the concerns we expressed on our submissions on IES 8 which took the suite of IESs into new and difficult areas. We believe there will be significant difficulties in the implementation and, especially, the monitoring and enforcement of IES 8. The determination of competence is in practice highly judgemental. IES 8 provides a very thorough framework or checklist but is different from what we understand as professional standards.

We believe the priority for IAESB should be the adoption and implementation of the IESs rather than the development of new standards. Subject to our above comments on IES 8 we believe that the current standards are comprehensive and robust. IAESB should also ensure that its efforts in this respect are coordinated with the work of the Compliance Advisory Panel and the Professional Accounting Organisations Development Committee.

Our specific comments in response to the questions set out in the consultation paper are as follows:

Question 1

What enhancements, if any, do you feel should be made to the existing IESs?

We do not believe any enhancements should be made to the existing International Education Standards at this stage given members bodies are currently engaged in the adoption and implementation of the IESs. Ample time should be allowed for a proper completion of the implementation stage and collection of feedback before undertaking a post-implementation review for any proposed revisions to the existing IESs.

Question 2

How can the requirements of IES 7, *Continuing Professional Development (2014)* support the learning outcomes approach of the other IESs, including IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*?

We believe there is no need to change the current IES 7 as it already supports a learning outcomes approach, an input approach and a combination approach, which recognises the diversity of practice across member bodies and in different jurisdictions. This should allow member bodies to formulate their approach to CPD which fits their particular education and learning environment.

Question 3

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

In the consultation document the IAESB acknowledges that the exercise of professional scepticism and professional judgment are already well covered in other standards such as International Auditing Standards and IFAC Code of Ethics. The IAESB will also be aware that the Boards responsible for those standards, the IAASB and the IESBA, are currently working on the topics, as are many IFAC member bodies and regulators worldwide. We believe that this is the correct approach. More standards are not the answer to improving professional judgement and scepticism as there needs to be practical, on the ground implementation assistance. IAESB may work closer with other standard setting boards such as IESBA and IAASB in promulgating professional scepticism and professional judgment particularly in the area of audit and quality assurance but does not need to develop initiatives of its own.

Question 4

What new IESs, if any, do you suggest to be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants?

We do not believe there are any new IES that need to be developed to deal with emerging matters such as IT innovation. It may be more effective to leave the market forces in the local jurisdiction to address those emerging matters instead of IAESB developing a global set of IESs with the ambition of a one size fits all.

In general we take the same view as expressed in answering Question 3. This is not a matter of developing new standards to address emerging issues. The issues may vary in nature and intensity from market to market and IFAC and member bodies are best placed to identify emerging issues and to respond appropriately. IAESB may have a role in assisting with the response but should not prioritise this as its own initiative.

Question 5

What other activities, if any, do you suggest the IAESB prioritize for the period 2017-2021?

We support IAESB in its current work on the implementation of the revised IESs. IAESB should work with the IFAC Professional Accountancy Organization Development Committee in identifying areas where assistance may be required and providing the implementation assistance to those professional accountancy organizations in need.

We trust that our comments are of assistance to you. If you require any clarification on our comments, please do not hesitate to contact me by email (chris@hki CPA.org.hk) or telephone (direct line: 852 2287 7372).

Yours faithfully,

Chris Joy
Executive Director

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