

14 March 2016

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David McPeak
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Dear David,

The South African Institute of Chartered Accountants (SAICA), South Africa's pre-eminent accountancy body, is recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 40000 members who are chartered accountants [CAs(SA)] and hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in their spheres of business operation.

SAICA members operate across a wide range of areas in business, practice and the public sector. These members play a significant role in South Africa's business sector and in the broader development of the economy by uplifting the nation. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. The process of qualifying as a CA(SA) ensures our members develop competencies which help create long-term sustainable economic value.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. SAICA and its members contribute to the success of individuals, organisations, communities and economies in South Africa, Africa and internationally.

SAICA therefore welcomes the opportunity to provide comment on the future strategy of IFAC's Accounting Education Standards Board as set out in its document "Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities".



INTRODUCTION

SAICA supports the establishment of high quality standards in accountancy, and recognises that the profession is undergoing significant changes such as the globalisation of business and evolution in technology and as such accounting education must evolve to meet those trends and ensure that prospective accountants remain relevant through the competencies they acquire through their qualification process. Most importantly accountants who qualify must be lifelong learners enabling them to adapt and change to a rapidly changing environment.

SAICA is particularly focused on ensuring that the profession serves the public interest. In this regard we, in principle, support global standards that can facilitate the raising of standards for professional competence. Clearly the quality of people in the profession is of critical importance and we believe that strengthened public confidence in the accountancy profession is of the highest priority.

SAICA has supported the IAESB through participation in the formal structures in the past. Leading professional accountancy bodies can continue to work with the IAESB in the public interest, however, at the heart of our response we recommend that any further publications issued by the IAESB should only be issued where it is absolutely necessary and come in the form of principles-based guidance rather than educational requirements. We further suggest that the responsibilities and work of the IAESB may need to be redefined.

RESPONSES TO SPECIFIC QUESTIONS

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

Member bodies are currently engaged in the adoption and implementation of the IESs. We submit therefore that to make further enhancements when member bodies have not yet completed the process of implementation would be inadvisable. **We find therefore no compelling reason to enhance the existing IES's.**

We believe that before making any changes to the IES's that full and detailed monitoring of the compliance to these standards be carried out and evaluated for IFAC's member bodies. It would be useful through this exercise to establish that all member bodies have a common understanding of the reviewed principle based standards, including the learning outcomes set out in the IES's, and to identify areas where member bodies are experiencing difficulties in applying these standards. This should assist the IAESB in establishing whether there is a need for additional or further changes.

It is likely that further implementation guidance would be far more useful than revising the actual standards themselves. Care should however be taken in

developing further implementation guidance not to reverse back to a “rule-based” approach to the revised education standards.

If anything the IAESB should prepare guidance (share best practices) on how to ensure that focus is placed on the acquisition of skills through a variety of innovative teaching and learning approaches, as this is likely to serve accountant of the future better than simply learning lists of knowledge. Most critical of these skills is how to become a lifelong learner.

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)?

The IAESB may consider that the time is right to revise IES 7 in one respect alone, which is to only require an outputs-based approach to CPD requirements from all professional accountancy organisations and to abolish the options of inputs-based and combination approaches. SAICA has for some time been discussing the in-effectiveness and pitfalls an input based measurement approach has in driving actual learning and development in its members.

However, forcing member bodies to change their approach to CPD is a considerable imposition as it affects all accountants, the support offerings from the bodies themselves and the scale of administrative and assessment resources required. Any such move should therefore be very carefully considered and approached with sensitivity.

Further guidance or sharing of best practices from members bodies who already use an output measurement based approach would be considered useful to those bodies considering moving to an output based measurement basis.

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

SAICA believes at this stage that the IAESB activities should be limited to implementing monitoring and possibly issuing further implementation guidance based on areas of difficulties member bodies are facing in implementation of the revised education standards.

We agree that “professional scepticism” and “professional judgement” are of essential importance for professional accountants. The IESs currently address these topics adequately if not in more detail than needed when considered in

addition to the in-depth 2015 IESBA Code of Ethics for Professional Accountants.

SAICA is in support of the joint working group between the IAASB, IESBA and IAESB, as scepticism is clearly covered by all three boards and they do need to be coordinated and consistent.

The IAESB proposes to focus its future strategy on reviewing and expanding references to learning outcomes on the topics of professional scepticism and professional judgement (paragraph 8). We question whether further expansion or work is necessary in this area of the IESs.

We also recommend that IAESB activity should be coordinated with the IAASB. Nothing should be taken forward until the IAASB has completed its consultation on “A Focus On Professional Scepticism, Quality Control and Group Audits” and progressed what it will be doing with regard to revised and new standards.

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?

SAICA does not believe it appropriate for the IAESB to enhance any of the existing education standards nor develop any new education standards at this time (Refer comments above).

SAICA believes that the activities of the IAESB and the guidance issued, may serve as a useful resource and guidance for professional accountancy bodies that are in the initial stages of designing and putting in place a learning outcomes approach for their members (or those who indicate difficulties in implementing the revised education standards). It may therefore be more productive for the IESs and IAESB pronouncements to be developed with the purpose of supporting and mentoring those member bodies which are looking to strengthen their structures and processes and develop high-quality standards, possibly in developing countries.

We believe that IAESB would have a much more significant impact if it focused its endeavors on thought leadership and best practice guidance in the education area. Indeed a specific area of focus should be on reviewing best practices throughout the IFAC membership.

It may therefore be more economical and less resource intensive to retain this function under the umbrella of IFAC in another committee (eg PAODC) rather than a separate independent standard-setting body. In reviewing its work plan in consultation with stakeholders the IAESB and IFAC should consider

whether the IAESB's focus should be entirely in this area and not on standard setting.

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)?

The IAESB should continue with its current work program which is principally focused on supporting the implementation of the newly revised IESs. A period of stability during which no new IESs will be issued will allow all IFAC member bodies the time needed to implement the revisions.

We continue to recommend that the IAESB should not create new work streams or requirements for member bodies including the creation of new IESs. The IAESB can support and work collaboratively with the accountancy profession by sharing best practices and addressing guidance to specific challenges in implementation of the revised IES's.

Yours sincerely,

A handwritten signature in cursive script that reads "Mandi Olivier".

Mandi Olivier
Senior Executive: Professional Development