

Exposure Draft
December 2018
Comments due: March 4, 2019

IES™

International Education Standards (IESs)

Proposed Revisions to IESs
2, 3, 4, and 8 –

Information and
Communications
Technologies

and

Professional Skepticism

IAESB

International Accounting
Education
Standards Board™

This Exposure Draft was developed and approved by the International Accounting Education Standards Board (IAESB).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

The structures and processes that support the operations of the IAESB are facilitated by the International Federation of Accountants (IFAC).

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REQUEST FOR COMMENTS

This Exposure Draft, *Proposed Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism*, was developed and approved by the International Accounting Education Standards Board (IAESB).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by March 4, 2019.**

Respondents are asked to submit their comments electronically through the IAESB website, using the "[Submit a Comment](#)" link. Please submit comments in both a PDF and Word file. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. Although IAESB prefers that comments are submitted via its website, comments can also be sent to David McPeak, IAESB Principal at davidmcpeak@iaesb.org.

This publication may be downloaded free of charge from the IAESB website: www.iaesb.org. The approved text is published in the English language.

EXPLANATORY MEMORANDUM

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Introduction

This memorandum provides background to, and an explanation of, the *Proposed Revisions to International Education Standards (“IESs”) 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism*, approved for exposure by the International Accounting Education Standards Board (“IAESB”) at its October 2018 meeting.

Background

Extant IESs

IESs 2, 3, and 4¹ prescribe the learning outcomes that are to be achieved by aspiring professional accountants by the end of Initial Professional Development (“IPD”). Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Of the eighty learning outcomes associated with IPD, currently three learning outcomes directly describe the competence area of information technology and two learning outcomes directly describe the competence areas of professional skepticism and professional judgment.

IES 8² prescribes the professional competence that professional accountants are required to develop and maintain when performing the role of an engagement partner responsible for audits of financial statements. By undertaking Continuing Professional Development (“CPD”), engagement partners develop and maintain professional competence that is demonstrated by the achievement of learning outcomes including, but not limited to, those learning outcomes specified in IES 8. Of the twenty-eight learning outcomes associated with CPD, currently one learning outcome directly describes the competence area of information technology and one learning outcome directly describes the competence areas of professional skepticism and professional judgment.

Information Gathering Activities

The [IAESB Strategy 2017-2021 and Work Plan 2017-2018](#) identified important macro trends that are impacting the professional competence of the accountancy profession. These trends, especially the disruptive potential of Information and Communications Technology (“ICT”), situations where trust in the profession has eroded, and the increased use of intelligent systems, data mining and predictive analytics in decision making, challenge how professional accountants perform their roles in the workplace. At its November 2017 meeting the Board decided that further information gathering activities were warranted to determine whether the IESs remain relevant and ‘fit for purpose’ from the perspectives of ICT and professional skepticism. As a result, the Board used the following information gathering activities to engage a wide range of stakeholders and a variety of information sources on ICT and professional skepticism.

- Initial online surveys of IFAC member bodies, academics, other interested stakeholders and representatives. Two hundred and fourteen (comprising 24 targeted IFAC member body respondents and 190 general respondents) responded to an online survey that provided validation of preliminary ICT-based issues, five ICT elements, and high-level input on potential areas of focus and standards-setting development activities (See [Agenda Item 4-2 of April 2018 IAESB meeting](#)).

¹ IES 2, *Initial Professional Development – Technical Competence* (2015); IES 3, *Initial Professional Development – Professional Skills* (2015); and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (2015).

² IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (2016).

- Reviews of academic and professional literature on ICT (See [Information and Communications Technology Literature Review](#), Agenda Item 6-2 of November 2017 IAESB meeting) and on professional skepticism (See [Professional Skepticism Academic Literature](#), Agenda Item 7-2 of November 2017 IAESB meeting), as well as an [Analysis of Competency Frameworks](#) (See Agenda Item 3-2 of July 2018 IAESB meeting) and an [Evaluation of IAASB, IESBA & PCAOB Standards](#) (See Agenda Item 3-5 of July 2018 IAESB meeting). In addition, PCAOB practice alerts, as well as competency frameworks were reviewed to identify underlying skills and behaviors needed for the exercise of professional skepticism.
- Targeted online ICT survey of IFAC member bodies (See Agenda Items [4-1](#), [4-2](#), [4-3](#), and [4-4](#) of April 2018 IAESB meeting) and a targeted online professional skepticism survey of Global Accounting Alliance Education Directors, members of IFAC’s Professional Accountants in Business Committee, and members of Forum of Firms (See [Agenda Item 5-6 of April 2018 IAESB meeting](#)).
- Consultation meetings with Professional Accountants in Business Committee, Global Accounting Alliance Education Directors, Financial Executives Institute, Forum of Firms; ICT Roundtables convened in Nairobi, Kenya; Mexico City, Mexico; and Chengdu, China; interactive webinars with academics.
- Discussion with the IAESB Consultative Advisory Group (CAG) on issues relating to ICT ([April 2018](#), [November 2017](#), [April 2017](#) meetings) and professional skepticism ([April 2018](#), [November 2017](#), [April 2017](#), [September 2016](#) meetings).

Findings from Information Gathering Activities

The findings obtained from online surveys, professional and academic literature, and respondents’ comments from various consultation papers are summarized as follows:

- a) a clear message from various types of stakeholders that professional skepticism is an integral part of a professional accountant’s skill set and a fundamental concept that is core to audit quality ([Agenda Item 5-2 of the IAESB November 2016 meeting](#) and [Agenda Item 5-A of the IAASB September 2016 meeting](#)) and that technology is having a significant impact on accounting education ([Agenda Item 4-2 of the IAESB April 2018 meeting](#));
- b) acknowledgement of the importance of underlying skills, competencies, and behaviors to apply professional skepticism effectively (Agenda Items [7-1](#) and [7-2](#) of the IAESB November 2017 meeting), as well as an increased awareness that new and emerging technologies partnered with a range of other skills, such as interpretative, analytical, ethical, change management and data handling skills ([Agenda Item 4-2 of the IAESB April 2018 meeting](#)); and
- c) support from the majority of these stakeholders for a range of standard setting development activities, including provision of guidance, to address the changing skillsets needed by accountants, both now and in the future ([Agenda Item 4-2 of the IAESB April 2018 meeting](#); Agenda Items [6-1](#) and [7-1](#) of the IAESB November 2017 meeting).

Work was also performed to confirm the underlying skills, competencies, and behaviors that professional accountants need to demonstrate in the competence areas of ICT and professional skepticism (finding b above). This work was conducted through in-depth interviews with member bodies, and through roundtables and webinars that included professional accountants, ICT professionals, and academics. The identification of underlying skills, competencies, and behaviors for competence areas of ICT ([Agenda Item 2-2 of IAESB October 2018 meeting](#)) and professional skepticism ([Agenda Item 3-3 of IAESB October 2018](#)

[meeting](#)), was discussed with Consultative Advisory Group (“CAG”) members (Agenda Items [3-1](#), [3-4](#), [7-1](#), and [7-4](#) of the October 2018 CAG meeting) and agreed by the IAESB (Agenda Items [2-1](#), [2-4](#), [3-1](#), [3-4](#), [7-6](#), [7-7](#), [7-8](#), [7-9](#), [7-10](#), [7-11](#), [7-12](#) and [7-13](#)) of the October 2018 IAESB meeting).

Finally, the underlying skills, competencies, and behaviors for competence areas of ICT ([Agenda Item 2-2 of IAESB October 2018 meeting](#)) and professional skepticism ([Agenda Item 3-3 of IAESB October 2018 meeting](#)) were converted into learning outcomes and mapped to the learning outcomes of extant IESs 2, 3, 4, and 8. The findings from this mapping showed that the ICT and professional skepticism learning outcomes of the extant IESs were not adequate or sufficient to cover the content and depth of knowledge, understanding, and application required in areas of ICT and professional skepticism. In addition, respondents’ comments supported the view that a range of standard setting development activities, including provision of guidance, is needed (finding c above).

Decision to Revise and Add New Learning Outcomes

Following a full discussion of the findings from these information gathering activities, the IAESB concluded that the extant IESs did not sufficiently address the learning and development needed in areas of ICT and professional skepticism for professional accountants to perform their roles competently, now and in the future. These findings also support the Board’s view that the ICT and professional skepticism learning outcomes across various competence areas in the extant IESs need to be enhanced so that professional accountants can provide quality services to their clients in an environment of increasing complexity and advancing technology. As a result, the Board decided to proceed with a revision project that revises and adds new ICT and professional skepticism learning outcomes to the extant IESs 2, 3, 4, and 8.

Public Interest Objective

Changes in technology across the financial reporting supply chain are impacting the ICT and professional skepticism competencies, skills, and behaviors needed by aspiring and professional accountants to perform their roles. Identifying the ICT and professional skepticism skills needed by professional accountants serves the public interest by enabling the accounting profession to provide high quality financial reporting, auditing, or other related financial and accounting services in the digital age.

The proposed revisions to learning outcomes of IESs 2, 3, 4, and 8 for ICT and professional skepticism are expected to improve the consistency, quality, and relevance of IPD and CPD undertaken by aspiring and professional accountants. This also serves the public interest by improving the quality of professional accounting education, and enhancing the professional competence of the accountancy profession.

Effective Date

The project timetable envisages that the learning outcomes of IESs 2, 3, 4, and 8 will be approved by the IAESB in June 2019. As a result, the IAESB has provisionally agreed that IESs 2, 3, 4, and 8 will be effective for implementation 15 to 18 months after final IAESB approval (approximately January 1st, 2021) to enable IFAC member bodies time to translate the standards and develop appropriate processes for their implementation. The IAESB believes that it is in the interests of IFAC member bodies and other interested stakeholders who use the IESs to release the standards as soon as they are approved to facilitate their implementation.

Significant Issues

This section describes some of the issues and resulting decisions that the IAESB has taken to revise and add learning outcomes to the competence areas of extant IESs 2, 3, 4, and 8.

What is the scope of the revision project?

The scope of this revision project is driven by an overall focus on professional competence and the evolution of the competencies, skills, and behaviors needed by professional accountants in areas of ICT and professional skepticism. The Board decided that this revision project needed to address all stages of a professional accountant's career, including initial professional development of aspiring professional accountants and the continuing professional development of professional accountants. The Board also acknowledged that the underlying competencies, skills, and behaviors for ICT and professional skepticism touched upon not only the competence areas of ICT and professional skepticism, but also several other competence areas that cut across the extant IESs 2, 3, 4, and 8. As a result, the Board only made revisions and additions to learning outcomes relating to the underlying competencies, skills, and behaviors from a perspective of ICT and professional skepticism. The Board decided not to make general drafting changes to update or modernize learning outcomes of other competence areas if they were not related to the scope of ICT and professional skepticism.

What are the project's outcomes?

The primary outcome of this project is the development of revised and new learning outcomes in IESs 2, 3, 4, and 8 that enhance professional competence in areas of ICT and professional skepticism. The Board decided to maintain a principles-based approach in developing these learning outcomes with the aim of providing flexibility for Professional Accountancy Organizations ("PAOs") to implement the requirements of the IESs. These learning outcomes establish the content and the depth of knowledge, understanding, and application required for each competence area.

A secondary outcome of this project is the development of support materials in the form of thought leadership and non-authoritative guidance. The Board decided to develop thought leadership in the form of Accounting Education Insight and Personal Perspectives articles (See [IAESB Accounting Education Resources Webpage](#)) which addresses issues on professional development relating to ICT and professional skepticism. The Board is also planning to issue a Personal Perspectives article to describe what the Board has done to address the challenge of trying to improve the application of professional skepticism, including the Board's work in identifying the range of underlying competencies, skills and behaviors needed by professional accountants. In addition, the Board is planning to issue implementation guidance in the form of non-authoritative detailed learning outcomes that provide further depth and understanding to the proposed the ICT learning outcomes to assist PAOs in developing curricula.

An example of a non-authoritative detailed learning outcome associated with the proposed revised learning outcome in IES 2 (f) (iii) is as follows:

Standard: IES 2

Competence Area: (f) Governance, risk management and internal control

Learning Outcome: (iii) Apply ICT to support the identification, reporting and management of risk in an organization.

Non-authoritative detailed learning outcomes:

- Analyze the efficiency and effectiveness of processes and their contribution to the risk profile of an organization.
- Identify opportunities to use ICT in order to support communication with those charged with governance.
- Use ICT including data analytics for risk identification and reporting to those charged with governance.
- Identify responses to planned ICT failures.
- Explain process or system failures that contribute to ICT risk.
- Summarise the importance of integrating ICT risk management within an organization's risk management framework.

Who was consulted in gathering information on skills and competencies?

The Board felt a broad perspective for consultation was important because of the range of roles and responsibilities of stakeholders involved with accounting education. The information gathering activities included the views of not only PAOs and academics involved with developing and administering curricula, but also views of those who employ professional accountants (e.g., public accounting firms, small and medium practices), as well as those of professional accountants and organizations (Public Accountants in Business Committee, Financial Executive Institute, Global Accounting Alliance Education Directors, and American Accounting Association) representing various roles of professional accountants. The information gathering activities were also multi-purposed in that they evaluated whether the IES's are 'fit for purpose' and identified what the Board can do to assist in understanding the impact of skills development in the areas of ICT and professional skepticism.

What approach was used to revise the proposed learning outcomes?

The Board decided to use a multi-step approach to revise learning outcomes for areas of ICT and professional skepticism. In general, the multi-step approach can be characterized as follows:

- Identifying underlying competencies, skills, and behaviors;
- Mapping of underlying competencies, skills, and behaviors to the extant learning outcomes; and
- Revising and adding new learning outcomes.

Each of these steps are described below in greater detail.

Identifying underlying competencies, skills, and behaviors

The Board identified underlying competencies, skills, and behaviors for ICT and professional skepticism using a wide range of information gathering activities. These activities included: surveys, reviews of professional and academic literature, competence frameworks, pronouncements of IAASB, IESBA, and PCAOB, as well as outreach activities such as roundtables, in-depth interviews, or webinars.

Mapping of underlying competencies, skills, and behaviors to extant learning outcomes

The underlying competencies, skills, and behaviors for ICT and professional skepticism were mapped to determine if there were gaps in the competence areas and accompanying learning outcomes of the extant IESs. The mapping was performed across all learning outcomes in the extant IESs 2, 3, 4, and 8. The criteria used to identify a gap consisted in determining whether learning outcome included the content and

the depth of knowledge, understanding, and application required for ICT and professional skepticism, as well as the appropriate proficiency level or the context in which the relevant learning outcome is expected to be demonstrated.

Revising and adding new learning outcomes

If a gap was determined to exist, new learning outcomes were created or existing learning outcomes were revised. The following represents the criteria used to evaluate whether a learning outcome should be included in the IESs to support the development of professional competence in ICT or professional skepticism: a) the new learning outcome is not covered in an existing competence area in IESs 2, 3, 4 and 8 or b) the extant learning outcome requires revision because it does not sufficiently reflect underlying competencies, skills, and behaviors for ICT or professional skepticism. In revising these learning outcomes consideration was given to the use of the appropriate directive verb and what methods could be used in their assessment.

The new and revised learning outcomes were also independently evaluated by a small group of board members and technical advisors who had expertise and experience in developing learning outcomes and assessments. This small group comprised board members and technical advisors who were not directly involved with the information gathering activities. This enabled an evaluation of the draft learning outcomes that limited biases.

Following a full discussion of the new and revised learning outcomes at the October 2018 IAESB meeting, Board members approved the proposed learning outcomes in IESs, 2, 3, 4, and 8 for public exposure.

Which learning outcomes were revised in the Exposure Draft?

In developing this exposure draft, the IAESB has (i) obtained the advice of its CAG on the proposed revisions to ICT and professional skepticism learning outcomes at its October 2018 CAG meeting, (ii) deliberated on all proposed revisions to ICT and professional skepticism learning outcomes, as well as proposed editorial changes to Introduction, Objective, and Explanatory Material sections of IESs 2, 3, 4, and 8 at its October 2018 IAESB meeting, (iii) decided on a 90-day exposure period, and (iv) approved the exposure draft. The Public Interest Oversight Board (“PIOB”) has overseen the IAESB deliberations at each of these meetings.

This Exposure Draft shows which ICT and professional skepticism learning outcomes the Board decided to revise and add to IESs 2, 3, 4, and 8. These proposed revisions occur across the various competence areas of these standards and are presented in Appendices A (IES 2 revisions), B (IES 3 revisions), C (IES 4 revisions) and D (IES 8 revisions). In addition, editorial changes were made to related paragraphs of the Introduction, Objective, and Explanatory Material sections of these standards to improve consistency and clarity. The ordering of individual learning outcomes was also considered and in some instances revised in the context of the proposed changes. Each of Appendices A to D shows the proposed revisions and the rationale for making these revisions.

Proposed Way Forward

This exposure draft proposes revisions to learning outcomes of IESs 2, 3, 4, and 8 and editorial changes to Introduction, Objective, and Explanatory Material sections of these IESs. Appendices A to D provide a list of proposed revisions to IESs 2, 3, 4, and 8 while Appendix E illustrates how these revisions have been made in each IES.

The IAESB will analyze and deliberate on comments from respondents on this Exposure Draft at its April 2019 meeting with the aim of approving the proposed revisions at its June 2019 meeting.

Guide for Respondents

Request for General Comments

The IAESB welcomes comments on all matters addressed in this proposed International Education Standards 2, 3, 4, and 8 (See **Appendices A to E**). Comments are most helpful when they refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording to enable the IAESB to fully appreciate the respondent's position. Where a respondent agrees with proposals in the exposure draft (especially those calling for a change in current practice), it will be helpful for the IAESB to be made aware of this view.

Request for Specific Comments

The IAESB is also particularly interested in comments on the matters set out below:

- Question 1.** Do you support the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (“ICT”) and Professional Skepticism provided in Appendices A, B, C, and D? If not, what changes would you suggest?
- Question 2.** Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?
- Question 3.** Do you support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment added to the IAESB Glossary of Terms? If not, what changes would you suggest?
- Question 4.** Are there any terms within the new and revised learning outcomes of IESs 2, 3, 4, and 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?

Proposed Conforming Amendments

The following glossary terms either appear in the revised IESs or the IAASB and IESBA Glossary of Terms. The proposed revisions to the IESs build upon these terms and the IAESB would also appreciate respondents' comments on these Glossary terms.

IAESB Glossary of Terms

Add:

Information and Communications Technologies A diverse set of technologies, techniques, and processes used to capture, manage, transform, and communicate data and information.

Intellectual agility The ability of a professional accountant to: consider new, or reconsider existing, data and information; re-evaluate conclusions in response to new or existing facts; identify new or alternative ways of working; and, adapt quickly to changing circumstances.

Professional judgment

Professional judgment involves the application of relevant training, professional knowledge, skill and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved (IESBA *International Code of Ethics for Professional Accountants* (2018)).

Proposed Changes to IES 2, Initial Professional Development – Technical Competence

#	Paragraph	Proposed change	Rationale
1	3	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 3, <i>Initial Professional Development – Professional Skills (2015 Revised)</i> , and IES 4, <i>Initial Professional Development – Professional Values, Ethics, and Attitudes (2015 Revised)</i> , specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.	Years 2015 to be revised to effective date when proposed IESs 3 and 4 are approved by IAESB.
2	4	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)</i> are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms (2015 Revised)</i> .	Year 2015 to be revised when proposed definitions are approved by IAESB.
3	5	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 2 (Revised).
4	7 Table A: Learning	(a) Financial accounting and reporting (vi) Interpret reports that include non-financial data, for example,	Learning outcome revised to improve clarity – Examples of Integrated reports and Sustainability reports eliminated that may inadvertently limit its scope.

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
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#	Paragraph	Proposed change	Rationale	
	Outcomes for Technical Competence	(Intermediate)	sustainability reports and integrated reports information.	
	Outcomes for Technical Competence	(b) Management accounting (Intermediate)	(iii) Analyze financial and non-financial data to provide relevant meaningful information for—to support management decision making.	
		(iv) Prepare reports information to support management decision making, on topics including reports that focus information on planning and budgeting, cost management, quality control, performance measurement, and benchmarking. comparative analysis.	Learning outcome revised to improve clarity – The word, 'information' better qualifies the types of output needed to support decision-making than 'reports' which implies a written, periodic method of communicating; The use of the word 'topics' reduce the redundancy of using 'information'; and the phrase 'comparative analysis' better captures the work of professional accountants in business than 'benchmarking'.	
		(e) Audit and assurance (Intermediate)	(ii) Apply relevant—auditing standards—(for—example, International Standards on Auditing), (or relevant auditing standards) and applicable laws and regulations applicable to an audit of financial statements.	Learning outcome was revised to improve clarity – The word, 'applicable' is misplaced and should apply to International Standards on Auditing, laws, and regulations.
			(vi) Assess audit evidence for appropriateness and sufficiency.	New learning outcome included to reflect an important underlying competency for professional accountants in applying professional scepticism effectively.
			(iii) Apply ICT to support the identification, reporting and	New learning outcome included to reflect an underlying ICT competency for professional accountants in supporting the

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#	Paragraph	Proposed change	Rationale	
		(f) Governance, risk management and internal control (Intermediate)	<p>management of risk in an organization. Analyze an organization's risks and opportunities using a risk management framework.</p> <p>(iv) Analyze an organization's risks and opportunities using a risk management framework. Analyze the components of internal control related to financial reporting.</p> <p>(vi) Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information.</p>	<p>identification, reporting and management of risk in an organization.</p> <p>Learning outcome deleted and existing learning outcome (f) (iii) repositioned for purposes of sequencing flow of skills and competencies.</p> <p>New learning outcome included to reflect the underlying ICT competencies for professional accountants when working with data and information.</p>
		(g) Business laws and regulations (Intermediate)	<p>(iii) Apply data protection and privacy regulations when accessing, storing, generating, using and sharing data and information. Analyze the adequacy of general information technology controls and relevant application controls.</p>	<p>New learning outcome included to reflect the underlying ICT competencies for professional accountants when working with data and information.</p>
		(h) Information and communications technologies	<p>(i) Analyze the adequacy of processes and controls. Analyze the adequacy of general information technology controls and relevant application controls.</p>	<p>Learning outcome revised to improve clarity – The changes in wording remove the limiting references to 'general information technology controls' and 'relevant 'application controls'.</p>

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
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#	Paragraph	Proposed change	Rationale
		<p>(h) Information technology (Intermediate)</p>	<p>(ii) Recommend improvements to processes and controls. Analyze the adequacy of processes and controls.</p> <p>(iii) Apply ICT to increase the efficiency and effectiveness of processes.</p> <p>(iv) Explain how ICT supports data analysis and decision making. Use ICT to analyze data and information technology to support decision making through business analytics.</p> <p>(v) Use ICT to analyze data and information. Explain how information technology contributes to data analysis and decision making.</p> <p>(vi) Use ICT to communicate with impact and influence others.</p>
	<p>(i) Business and organizational environment (Intermediate)</p>	<p>(i) Describe the environment in which an organization operates, including the main primary economic, legal, political, technological, social, technical,</p>	<p>Learning outcome revised to improve clarity – The changes in wording remove ambiguity and improve understanding by providing aspects that are more relevant to an organization's environment.</p>

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#	Paragraph	Proposed change		Rationale
			international, and cultural forces- aspects.	
			(ii) Explain the impact of ICT developments on business and organizational environments.	New learning outcome included to reflect an expectation for professional accountants to use their expertise to advise on the impact of ICT developments on business and organizational environments.
			(iv) Identify the features of globalization, including the role of multinationals, e-commerce, and emerging markets.	Learning outcome revised to improve clarity – The term, 'e-commerce' was deleted because it is not a defining characteristic of globalization given the pervasiveness of ICT in processing electronic transactions and transferring of data electronically in a marketplace.
		(k) Business strategy and management (Intermediate)	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.	Learning outcome revised to improve clarity – The words, 'develop and' were included to better reflect the expectations of professional accountants to contribute their ICT expertise in developing the strategy of an organization.
5	A3	The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (2014 2020).		Year 2014 changed to reflect effective date of IES 7 (Revised).
6	A9	In the design of professional accounting education programs, the 11 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting		Learning outcome revised to improve clarity – The change to 'Information and Communications Technologies' was made to reflect a wider scope than 'Information Technology.'

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#	Paragraph	Proposed change	Rationale
		<p>and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information technology and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting and/or auditing and assurance. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program.</p>	

Proposed Changes to IES 3, Initial Professional Development – Professional Skills

#	Paragraph	Proposed change	Rationale
1	3	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 2, <i>Initial Professional Development – Technical Competence (2015 Revised)</i> , and IES 4, <i>Initial Professional Development – Professional Values, Ethics, and Attitudes (2015 Revised)</i> , specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.	Year 2015 to be revised to effective date when proposed IESs 2 and 4 are approved by IAESB.
2	4	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)</i> are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms (2015 Revised)</i> .	Year 2015 to be revised when proposed definitions are approved by IAESB.
3	5	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 3 (Revised).
4	7 Table A: Learning Outcomes for	(a) Intellectual (Intermediate)	(i) Evaluate data and information from a variety of sources and perspectives through research, analysis, and integration, and analysis .
		(ii) Apply critical thinking skills to solve problems. Apply professional	Learning outcome revised to improve clarity – The addition of the phrase, ‘data and’ reflects a wider range on input and the repositioning of ‘analysis’ reflects a better sequencing in the flow of skills. Existing learning outcome deleted and content repositioned to IES 4, New learning outcome added to

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#	Paragraph	Proposed change	Rationale
	Professional Skills	judgment, including identification and evaluation of alternatives, to reach well-reasoned conclusions based on all relevant facts and circumstances.	reflect that critical thinking skills are an underlying competency of professional skepticism and used in solving problems.
		(iii) Identify when it is appropriate to consult with specialists others to solve problems and reach informed conclusions.	Learning outcome revised to Improve clarity – The changes reflect the need to include a variety of perspectives when consulting to reach a conclusion.
		(iv) Recommend solutions to unstructured, multi-faceted problems. Apply reasoning, critical analysis, and innovative thinking to solve problems.	Existing learning outcome (a) (iv) deleted because content is captured in new learning outcome (a) (ii). The learning outcome (a) (iv) is replaced by existing learning outcome (a) (v).
		(v) Demonstrate intellectual agility. Recommend solutions to unstructured, multi-faceted problems.	Existing learning outcome (a) (v) repositioned to (a) (iv) and new learning outcome added to reflect the expectation that professional accountants need to re-evaluate conclusions in response to new or existing facts and identify new or alternative ways of working and, adapt quickly to changing circumstances.
	(b) Interpersonal and communication (Intermediate)	(ii) Demonstrate collaboration skills.	New learning outcome included to reflect an important underlying competency that professional accountants need to demonstrate in the workplace.
		(iii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations, both in writing and orally.	Learning outcome revised to Improve clarity and conciseness– The deletion of the phrase, ‘both in writing and orally’ was seen as limiting due to the many ways communications can and will occur.
	(c) Personal (Intermediate)	(ii) Set high personal standards of delivery performance and monitor personal performance, through	Existing learning outcome (c) (ii) deleted because content is captured in IES 4 and is now replaced by existing learning outcome (c) (iii).

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
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#	Paragraph	Proposed change		Rationale
			<p>feedback from others and through reflection. Apply professional skepticism through questioning and critically assessing all information.</p>	
			<p>(vi) Demonstrate an awareness of personal and organizational bias.</p>	<p>New learning outcome added to reflect that awareness of personal and organizational bias is an underlying competence for professional accountants to apply professional scepticism effectively.</p>
			<p>(vii) Reflect on experiences to improve future actions.</p>	<p>New learning outcome added to recognize that reflection of experiences is an underlying competence for professional accountants to apply professional skepticism.</p>
		<p>(d) Organizational (Intermediate)</p>	<p>(vi) Apply appropriate tools and technology to increase efficiency and effectiveness and improve decision making.</p>	<p>Existing learning outcome (d) (vi) deleted because content is captured in the IES 2 competence area of Information and Communications Technologies.</p>
5	A4	<p>The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (20142020).</p>		<p>Year 2014 changed to reflect effective date of IES 7 (Revised).</p>
6	A5	<p>Within this IES, professional skills are categorized into four competence areas:</p> <p>(a) Intellectual relates to the ability of a professional accountant to solve problems, and to make decisions, and to exercise professional judgment;</p> <p>(b) Interpersonal and communication relate to the ability of a professional accountant to work and interact effectively with others;</p>		<p>Paragraph revised to Improve clarity – Bullet (a) amended to reflect a change in scope of the Intellectual competence area. The learning outcome on professional judgment has been repositioned to IES 4.</p>

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
 INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND PROFESSIONAL SKEPTICISM

#	<i>Paragraph</i>	<i>Proposed change</i>	<i>Rationale</i>
		(c) Personal relates to the personal attitudes and behavior of a professional accountant; and (d) Organizational relates to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available.	

Proposed Changes to IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes

#	Paragraph	Proposed change	Rationale
1	3	Learning and development continue throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to continuing professional development (CPD) as careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical issues threats .	Paragraph revised to improve clarity – The change from ‘issues’ to ‘threats’ was made to conform to wording used in IESBA Code.
2	5	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 2, <i>Initial Professional Development – Technical Competence (2015Revised)</i> , and IES 3, <i>Initial Professional Development – Professional Skills (2015Revised)</i> , specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.	Year 2015 to be revised to effective date when proposed IESs 2 and 3 are approved by IAESB.
3	6	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants</i> (2015) are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms (2015Revised)</i> . Additional terms from the pronouncements of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants	Paragraph revised to improve clarity – Year 2015 to be revised when proposed definitions are approved by IAESB and editorial changes made to recognize both IESBA and IAASB pronouncements as additional sources.

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND PROFESSIONAL SKEPTICISM

#	Paragraph	Proposed change	Rationale
		(IESBA) pronouncements are also included in the Explanatory Material.	
4	7	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 4 (Revised).
5	9	IFAC member bodies shall provide, through professional accounting education programs, a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) exercise professional skepticism and professional judgment and professional skepticism , and (b) act in an ethical manner that is in the public interest.	Paragraph revised to improve clarity – The editorial change was made to conform to the title of the competence area, ‘professional scepticism and professional judgment.’
6	11 Table A: Learning Outcomes for Professional Values, Ethics, and Attitudes	(a) Professional scepticism and professional judgment (Intermediate)	<p>(i) Apply a questioning mindset critically to assess financial mind when assessing data and information and other relevant data.</p> <p>(ii) Demonstrate curiosity by exploring beyond what is immediately apparent. Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.</p> <p>(iii) Apply techniques to reduce bias.</p> <p>(iv) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action. Identify and evaluate reasonable</p>
			<p>Learning outcome revised to improve clarity – The changes were made to conform to the IAESB definition of professional skepticism and to align with the wider scope of working with data and information.</p> <p>Existing learning outcome (a) (ii) repositioned to (a) (iv). A new learning outcome is included to recognize the importance of curiosity when in applying professional skepticism.</p> <p>New learning outcome included to recognize the need to reduce bias for professional accountants to apply professional scepticism effectively.</p> <p>Existing learning outcome (a) (ii) was repositioned (a) (iv) and has also been revised to reflect that critical thinking skills are an underlying competency of professional</p>

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
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#	Paragraph	Proposed change	Rationale
		alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.	skepticism and used when identifying and evaluating alternatives.
	(b) Ethical principles (Intermediate)	(iii) Identify ethical issues threats and determine when which ethical principles apply.	Learning outcome was revised to improve clarity – The change from ‘issues’ to ‘threats’ was made to conform to wording used in IESBA Code and to recognize the need to identify which ethical principles apply.
		(iv) Analyze alternative courses of action and determine the to address ethical threats and their related consequences of these.	Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.
		(v) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas threats and determine an appropriate approach.	Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.
		(vi) Apply ethical principles when accessing, storing, generating, using and sharing data and information.	New learning outcome included to reflect the need for professional accountants to apply ethical principles when working with data and information.
	(c) Commitment to the public interest (Intermediate)	(i) Explain the role importance of ethics within the profession and in relation to the concept of social responsibility.	Learning outcome was revised to improve clarity – The word, ‘role’, was changed to ‘importance’ to recognize the need for ethics within the context of social responsibility.
		(ii) Explain the role importance of ethics in relation to business and good governance.	Learning outcome was revised to improve clarity – The word, ‘role’, was changed to ‘importance’ to recognize the need for ethics within the context of business and governance.

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
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#	Paragraph	Proposed change	Rationale								
7	A1	This IES uses the following terms already defined within the IAASB Glossary of Terms³ and used within IAASB-IESBA pronouncements. Table B shows these terms and the current definitions in the IAASB Glossary of Terms.	Paragraph revised to improve clarity – Wording now clarifies the sources of the definitions.								
8	A1	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Table B: IAASB and IESBA Definitions Adopted in IES 4</td> </tr> <tr> <td style="width: 30%;">Defined Term</td> <td>Definition in IAASB Glossary of Terms and IESBA</td> </tr> <tr> <td>Professional Skepticism (IAASB)</td> <td>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.</td> </tr> <tr> <td>Professional Judgment (IESBA)</td> <td>The Professional judgment involves the application of relevant training, professional knowledge, skill and experience, within the context provided by auditing, accounting commensurate with the facts and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances, including the nature and scope of the audit engagement particular professional activities, and the interests and relationships involved.</td> </tr> </table>	Table B: IAASB and IESBA Definitions Adopted in IES 4		Defined Term	Definition in IAASB Glossary of Terms and IESBA	Professional Skepticism (IAASB)	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.	Professional Judgment (IESBA)	The Professional judgment involves the application of relevant training, professional knowledge, skill and experience, within the context provided by auditing, accounting commensurate with the facts and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances, including the nature and scope of the audit engagement particular professional activities, and the interests and relationships involved.	Paragraph revised to improve clarity – Wording now clarifies the sources of the definitions and includes definition of professional judgment which is sourced from the IESBA Code.
Table B: IAASB and IESBA Definitions Adopted in IES 4											
Defined Term	Definition in IAASB Glossary of Terms and IESBA										
Professional Skepticism (IAASB)	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.										
Professional Judgment (IESBA)	The Professional judgment involves the application of relevant training, professional knowledge, skill and experience, within the context provided by auditing, accounting commensurate with the facts and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances, including the nature and scope of the audit engagement particular professional activities, and the interests and relationships involved.										
9	A2	IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. References in the IAASB's	Paragraph A2 deleted because its content is captured in paragraph A1 (See above).								

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#	Paragraph	Proposed change	Rationale
		pronouncements regarding ‘professional skepticism’ and ‘professional judgment’ are therefore limited to the context of audit, assurance, and related service engagements. Within this IES, however, these terms are to be interpreted as applying to the broader context of a role as a professional accountant.	
10	A8	The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (2014 2020).	Year 2014 changed to reflect effective date of IES 7 (Revised).
11	A25	<p>IFAC member bodies, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but would not be restricted to:</p> <ul style="list-style-type: none"> (a) Role playing; (b) Discussion of selected readings and online materials; (c) Analysis of case studies that involve business situations involving ethical dilemmas threats; (d) Discussion of disciplinary pronouncements and findings; (e) Seminars using speakers with experience of corporate or professional decision making; and (f) Use of online forums and discussion boards. 	Paragraph revised to improve clarity – The change from ‘dilemmas’ to ‘threats’ was made to conform to wording used in IESBA Code.
12	A27	<p>Ethical Principles and IssuesThreats</p> <p>Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories, and the fundamental principles of professional ethics, and (b) the opportunity to practice their application in a</p>	Paragraph revised to improve clarity – The changes from ‘issues’ to ‘threats’ were made to conform to wording used in IESBA Code.

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#	Paragraph	Proposed change	Rationale
		non-workplace setting can help aspiring professional accountants to recognize and address ethical issues threats .	
13	A28	Learning and development for aspiring professional accountants on ethical principles and issues threats may address (a) particular ethical issues threats likely to be faced by all professional accountants, (b) those ethical issues threats more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical issues threats .	Paragraph revised to improve clarity – The changes from ‘issues’ to ‘threats’ were made to conform to wording used in IESBA Code.
14	A30	Ethical issues threats and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member body, where there is doubt about the ethical aspects of a course of action or situation.	Paragraph revised to improve clarity – The change from ‘issues’ to ‘threats’ was made to conform to wording used in IESBA Code.
15	A36	In providing guidance to aspiring professional accountants and professional accountants on the nature, format, and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member bodies may consider factors, for example confidentiality, legal, and regulatory requirements. For example example , certain ethical situations could be sensitive and subject to legal or disciplinary actions actions and would therefore not be suitable for aspiring professional accountants to document and discuss.	Paragraph revised to improve clarity – The changes correct for punctuation.
16	A40	In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:	Paragraph revised to improve clarity – The change from ‘databanks’ to ‘repositories’ was made to remove any

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#	Paragraph	Proposed change	Rationale
		<ul style="list-style-type: none"> (a) Creating datbanksrepositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies; (b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases; (c) Using objective testing of ethical aspects of professional accounting education programs; and (d) Using case study group assignments and workshops to assess ethical analysis and decision-making. 	<p>limitations and reflect the broader ways information is stored.</p>
17	A41	<p>Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:</p> <ul style="list-style-type: none"> (a) Discussion and facilitated resolution of ethical dilemmasthreats as they arise in the workplace; and (b) Reviews of ethical decision-making combined with performance reviews and appraisals. 	<p>Paragraph revised to improve clarity – The change from ‘dilemmas’ to ‘threats’ was made to conform to wording used in IESBA Code.</p>

Proposed Changes to IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

#	Paragraph	Proposed change	Rationale
1	2	This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have a responsibility for the Continuing Professional Development (CPD) of professional accountants, and for fostering a commitment to lifelong learning among professional accountants. Under IES 7, <i>Continuing Professional Development</i> ² (2014 2020), IFAC member bodies require all professional accountants to develop and maintain professional competence relevant and appropriate to their work and professional responsibilities. IES 8, <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</i> (2016 Revised) applies this IES 7 requirement to the role of an Engagement Partner. It is the responsibility of the professional accountant performing the role of an Engagement Partner to develop and maintain professional competence by undertaking relevant CPD activities, which include practical experience.	Year 2014 updated to 2020 to reflect Effective date of IES 7 and year 2016 to be revised to effective date when proposed IES 8 is approved by IAESB.
2	5	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants</i> (2015) are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms</i> (2015 Revised). Additional terms from the International Auditing	Year to be revised when proposed definitions are approved by IAESB.

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#	Paragraph	Proposed change	Rationale	
		and Assurance Standards Board (IAASB) pronouncements are also included in the Explanatory Material.		
3	6	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 8 (Revised).	
4	9 Table A: Learning Outcomes for the Professional Competence of an Engagement Partner	(a) Audit (Intermediate)	(i) Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team.	New learning outcome included to reflect the importance of the engagement partner in setting 'tone at the top' to ensure proper application of professional scepticism at all phases of the engagement.
			(iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.	New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate when evaluating audit evidence to make informed decisions and reach conclusions.
			(v) Evaluate whether the audit was performed and documented in accordance with applicable International Standards on Auditing (or relevant auditing standards (e.g., ISAs) and relevant laws and regulations applicable to an audit of the financial statements.	Learning outcome revised to improve clarity – The phrase, 'and documented' was seen as redundant and is captured through the word, 'performed'. In addition, the word, 'applicable' is misplaced and should apply to International Standards on Auditing, laws, and regulations.
			(vi) Develop an appropriate audit opinion and related audit auditor's report, including a description of key audit matters as applicable.	Learning outcome revised to Improve clarity – The change corrects for a grammatical error.
	(h) Information and	(i) Evaluate the information technology (IT) ICT environment to identify controls that relate to the financial statements to	Learning outcome revised to Improve clarity – The change to use 'ICT' was made to reflect a wider scope than 'Information Technology.'	

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#	Paragraph	Proposed change	Rationale	
		<p>communications technologies</p> <p>(h) Information technology</p> <p>(Intermediate)</p>	<p>determine the impact on the overall audit strategy.</p>	
		<p>(i) Intellectual</p> <p>(Intermediate)</p>	<p>(i) Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyze outcomes.</p>	<p>Existing learning outcome (i) (i) repositioned to the competence area of professional skepticism and professional judgment.</p>
		<p>(ji) Interpersonal and communication</p> <p>(Intermediate)</p>	<p>(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit.</p>	<p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate when the performance of the audit.</p>
		<p>(kj) Personal</p> <p>(Intermediate)</p>	<p>(i) Promote and undertake lifelong learning.</p>	<p>Learning outcome was revised to improve clarity – The phrase, ‘and undertake’ was seen as redundant and captured in the learning outcome of IES 3 (c) (i).</p>
			<p>(iv) Promote reflection on experiences to improve future actions.</p>	<p>New learning outcome included to reflect the importance of the engagement partner in setting ‘tone at the top’ to ensure proper application of professional scepticism.</p>
		<p>(m) Commitment to the public interest</p> <p>(Intermediate)</p>	<p>(i) Promote audit quality in all activities and compliance with professional and regulatory standards with a focus on protecting the public interest.</p>	<p>Learning outcome was revised to Improve clarity – The phrase, ‘and compliance with professional and regulatory standards,’ reflects the competence, including professional skepticism that engagement partners shall demonstrate when promoting audit quality and compliance to standards.</p>

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#	Paragraph	Proposed change	Rationale	
		<p>(am) Professional skepticism and professional judgment (Intermediate)</p>	<p>(i) Apply a skeptical mindset and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.</p>	<p>Learning outcome revised to Improve clarity – The change was made to avoid redundancy with new learning outcome (m) (ii).</p>
			<p>(ii) Apply a questioning mind to critically assess audit evidence and other relevant information obtained during the course of an audit to reach informed conclusions.</p>	<p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate by applying a questioning mind to assess audit evidence and other relevant information.</p>
			<p>(iii) Evaluate the potential impact of bias on conclusions.</p>	<p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate by evaluating the potential impact of bias on conclusions.</p>
			<p>(iv) Apply knowledge and experience to challenge management's assertions and representations.</p>	<p>New learning outcome included to reflect the importance of technical competence that the engagement partner is expected to demonstrate in applying professional scepticism effectively.</p>
			<p>(v) Resolve audit issues using inquiry and critical thinking to consider alternatives and analyze outcomes.</p>	<p>New learning outcome included to reflect the importance of inquiry and critical thinking skills that the engagement partner is expected to demonstrate in applying professional scepticism effectively.</p>
		<p>(en) Ethical principles (Intermediate)</p>	<p>(i) Apply the ethical—fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine</p>	<p>Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.</p>

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#	Paragraph	Proposed change	Rationale
		<p>an appropriate resolution to ethical dilemmas-threats.</p> <p>(iii) Protect the confidential-Act ethically when accessing, storing, generating, using and sharing data and information of the entity-in accordance with ethical responsibilities and relevant legal requirements.</p>	<p>New learning outcome included to reflect the importance of the engagement partner to act ethically when working with an entity's data and information.</p>
5	A12	<p>ISQC 1¹¹ requires the firm to establish policies and procedures designed to provide reasonable assurance that the firm has sufficient personnel with the competence, capabilities and commitment to ethical principles, including independence requirements, necessary to (a) perform engagements in accordance with professional standards and applicable legal and regulatory frameworks, and (b) enable the firm or Engagement Partners to issue reports that are appropriate in the circumstances.</p>	<p>The paragraph was revised to Improve clarity – The phrase, 'including independence requirements' was included to reflect changes resulting from revisions to IESBA Code.</p>
6	A28	<p>Evaluating whether the audit was performed in accordance with applicable auditing-International Standards on Auditing (or other relevant standards (e.g., ISAs),-), and with relevant laws and regulations, includes:</p> <ul style="list-style-type: none"> • evaluation of the sufficiency and appropriateness of audit evidence obtained and of the related documentation; • consideration of significant deficiencies in internal control and in other matters to be communicated to those charged with governance; and • consideration of bias in management's estimates and other areas of judgment. 	<p>The paragraph was revised to Improve clarity – The change in wording provides the primary reference for international auditing standards, International Standards on Auditing, while also recognizing other relevant standards.</p>

PROPOSED REVISIONS TO IESS 2, 3, 4, AND 8 –
INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND PROFESSIONAL SKEPTICISM

#	Paragraph	Proposed change	Rationale
7	A30	<p>A key aspect of any audit is evaluating whether sufficient and appropriate audit evidence has been obtained to support the conclusions on which the auditor's opinion is based. Professional skepticism involves the application of a questioning mindset mind for the critical assessment of audit evidence. The ISAs also require Engagement Partners and their teams to exercise professional judgment in planning and performing an audit of financial statements. Professional judgment is exercised, for example, when challenging management assertions and assumptions contained within the financial statements, and when considering whether accounting standards are appropriately applied by an entity and determining an appropriate overall audit strategy.</p>	<p>The paragraph revised to improve clarity – The change was made to conform to the IAESB definition of professional scepticism.</p>

**INTERNATIONAL EDUCATION STANDARD 2
INITIAL PROFESSIONAL DEVELOPMENT – TECHNICAL
COMPETENCE (REVISED)**

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Introduction

Scope of this Standard (Ref: Para. A1–A6)

1. This International Education Standard (IES) prescribes the learning outcomes for technical competence that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Technical competence is the ability to apply professional knowledge to perform a role to a defined standard.
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have responsibility for ensuring that IPD meets the requirements of this IES. In addition, this IES may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. *IES 3, Initial Professional Development – Professional Skills (Revised)*, and *IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes (Revised)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms (Revised)*.

Effective Date

5. This IES is effective from January 1, 2021.

Objective (Ref: Para. A7)

6. The objective of this IES is to establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Technical Competence (Ref: Para. A8–A12)

7. IFAC member bodies shall prescribe the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Technical Competence

Competence Area (Level of Proficiency ³)	Learning Outcomes
(a) Financial accounting and reporting (Intermediate)	(i) Apply accounting principles to transactions and other events.
	(ii) Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.
	(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.
	(iv) Prepare financial statements, including consolidated financial statements, in accordance with IFRSs or other relevant standards.
	(v) Interpret financial statements and related disclosures.
	(vi) Interpret reports that include non-financial data and information.
(b) Management accounting (Intermediate)	(i) Apply techniques to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting.
	(ii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.
	(iii) Analyze data to provide meaningful information to support management decision making.
	(iv) Prepare information to support management decision making on topics including planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.
	(v) Evaluate the performance of products and business segments.
(c) Finance and financial management (Intermediate)	(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.
	(ii) Analyze an organization's cash flow and working capital requirements.
	(iii) Analyze the current and future financial position of an organization, using techniques including ratio analysis, trend analysis, and cash flow analysis.
	(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital.
	(v) Apply capital budgeting techniques in the evaluation of capital investment decisions.

³ The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

Competence Area (Level of Proficiency ³)	Learning Outcomes
	(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management.
(d) Taxation (Intermediate)	(i) Explain national taxation compliance and filing requirements. (ii) Prepare direct and indirect tax calculations for individuals and organizations. (iii) Analyze the taxation issues associated with non-complex international transactions. (iv) Explain the differences between tax planning, tax avoidance, and tax evasion.
(e) Audit and assurance (Intermediate)	(i) Describe the objectives and stages involved in performing an audit of financial statements. (ii) Apply International Standards on Auditing (or relevant auditing standards) and laws and regulations applicable to an audit of financial statements. (iii) Assess the risks of material misstatement in the financial statements and consider the impact on the audit strategy. (iv) Apply quantitative methods that are used in audit engagements. (v) Explain the key elements of assurance engagements and applicable standards that are relevant to such engagements. (vi) Assess audit evidence for appropriateness and sufficiency.
(f) Governance, risk management and internal control (Intermediate)	(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and explain the role of stakeholders in governance, disclosure, and transparency requirements. (ii) Analyze the components of an organization's governance framework. (iii) Apply ICT to support the identification, reporting and management of risk in an organization. (iv) Analyze an organization's risks and opportunities using a risk management framework. (v) Analyze the components of internal control related to financial reporting. (vi) Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information.

Competence Area (Level of Proficiency ³)	Learning Outcomes
(g) Business laws and regulations (Intermediate)	(i) Explain the laws and regulations that govern the different forms of legal entities.
	(ii) Explain the laws and regulations applicable to the environment in which professional accountants operate.
	(iii) Apply data protection and privacy regulations when accessing, storing, generating, using and sharing data and information.
(h) Information and communications technologies (Intermediate)	(i) Analyze the adequacy of processes and controls.
	(ii) Recommend improvements to processes and controls.
	(iii) Apply ICT to increase the efficiency and effectiveness of processes.
	(iv) Explain how ICT supports data analysis and decision making.
	(v) Use ICT to analyze data and information.
	(vi) Use ICT to communicate with impact and influence others.
(i) Business and organizational environment (Intermediate)	(i) Describe the environment in which an organization operates, including the primary economic, legal, political, technological, social, and cultural aspects.
	(ii) Explain the impact of ICT developments on business and organizational environments.
	(iii) Analyze aspects of the global environment that affect international trade and finance.
	(iv) Identify the features of globalization, including the role of multinationals, and emerging markets.
(j) Economics (Foundation)	(i) Describe the fundamental principles of microeconomics and macroeconomics.
	(ii) Describe the effect of changes in macroeconomic indicators on business activity.
	(iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly.
(k) Business strategy and management (Intermediate)	(i) Explain the various ways that organizations may be designed and structured.
	(ii) Explain the purpose and importance of different types of functional and operational areas within organizations.
	(iii) Analyze the external and internal factors that may influence the strategy of an organization.

Competence Area (Level of Proficiency ³)	Learning Outcomes
	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.
	(v) Explain how theories of organizational behavior may be used to enhance the performance of the individual, teams, and the organization.

Review of Professional Accounting Education Programs (Ref: Para. A13–A14)

8. IFAC member bodies shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.

Assessment of Technical Competence (Ref: Para. A15–A16)

9. IFAC member bodies shall establish appropriate assessment activities to assess the technical competence of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member body may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A3. The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, *Continuing Professional Development* (2020).
- A4. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A5. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation, and economics; competence areas within professional skills include intellectual and organizational; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A6. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A7. Establishing the technical competence that aspiring professional accountants need to develop and demonstrate, serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Learning Outcomes for Technical Competence (Ref: Para. 7)

- A8. Table A lists the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner or taxation specialist.

- A9. In the design of professional accounting education programs, the 11 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting and/or auditing and assurance. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program.
- A10. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A11. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member bodies design their professional accounting education programs.
- A12. In professional accounting education programs, an IFAC member body may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A13. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member bodies.
- A14. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Technical Competence (Ref: Para. 9)

- A15. IES 6, *Initial Professional Development – Assessment of Professional Competence (2015)*, provides the principles that apply to the design of assessment activities used to assess the technical competence and other elements of professional competence.

A16. Various assessment activities can be used to assess the technical competence of aspiring professional accountants. Appropriate assessment activities may include (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the evaluation of prior learning leading to the awarding of exemptions from aspects of IPD.

Description of Levels of Proficiency

This description of levels of proficiency supports the IAESB’s use of learning outcomes in its publications such as International Education Standards (IES) 2, 3, and 4. It provides descriptions of three levels of proficiency. These descriptions, together with the learning outcomes, provide information to help member bodies design their professional accounting education programs for a variety of professional accounting roles and specializations.

Level of Proficiency	Description
Foundation	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; • Performing assigned tasks by using the appropriate professional skills; • Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; • Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explaining ideas in a clear manner, using oral and written communications. <p>Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty.</p>
Intermediate	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Independently applying, comparing, and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; • Combining technical competence and professional skills to complete work assignments;

Level of Proficiency	Description
	<ul style="list-style-type: none"> • Applying professional values, ethics, and attitudes to work assignments; and • Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p>
Advanced	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments, and to make recommendations appropriate to stakeholder needs; • Integrating technical competence and professional skills to manage and lead projects and work assignments; • Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; • Assessing, researching, and resolving complex problems with limited supervision; • Anticipating, consulting appropriately, and developing solutions to complex problems and issues; and • Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders. <p>Learning outcomes at the advanced level relate to work environments that are characterized by high levels of ambiguity, complexity, and uncertainty.</p>

**INTERNATIONAL EDUCATION STANDARD 3
INITIAL PROFESSIONAL DEVELOPMENT – PROFESSIONAL SKILLS
(REVISED)**

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Introduction

Scope of this Standard (Ref: Para. A1–A7)

1. This International Education Standard (IES) prescribes the learning outcomes for professional skills that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Professional skills are the (a) intellectual, (b) interpersonal and communication, (c) personal, and (d) organizational skills that a professional accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence.
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have responsibility for ensuring that IPD meets the requirements of this IES. In addition, this IES may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. This IES specifies the competence areas and learning outcomes that describe the professional skills required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence* (Revised), and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (Revised), specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms* (Revised).

Effective Date

5. This IES is effective from January 1, 2021.

Objective (Ref: Para. A8)

6. The objective of this IES is to establish the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Professional Skills (Ref: Para. A9–A14)

7. IFAC member bodies shall prescribe the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Skills

Competence Area (Level of Proficiency ⁴)	Learning Outcomes
(a) Intellectual (Intermediate)	(i) Evaluate data and information from a variety of sources and perspectives through research, integration, and analysis.
	A(ii) Apply critical thinking skills to solve problems.
	(iii) Identify when it is appropriate to consult with others to reach informed conclusions.
	(iv) Recommend solutions to unstructured, multi-faceted problems.
	(v) Demonstrate intellectual agility.
(b) Interpersonal and communication (Intermediate)	(i) Display cooperation and teamwork when working towards organizational goals.
	(ii) Demonstrate collaboration skills.
	(iii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations.
	(iii) Demonstrate awareness of cultural and language differences in all communication.
	(iv) Apply active listening and effective interviewing techniques.
	(v) Apply negotiation skills to reach solutions and agreements.
	(vi) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities.
(vii) Present ideas and influence others to provide support and commitment.	
c) Personal (Intermediate)	(i) Demonstrate a commitment to lifelong learning.
	(ii) Set high personal standards of performance and monitor personal performance, through feedback from others and through reflection.
	(iii) Manage time and resources to achieve professional commitments.
	(iv) Anticipate challenges and plan potential solutions.
	(v) Apply an open mind to new opportunities.
	(vi) Demonstrate an awareness of personal and organizational bias.
	(vii) Reflect on experiences to improve future actions.
(d) Organizational	(i) Undertake assignments in accordance with established practices to meet prescribed deadlines.

4 The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

(Intermediate)	(ii) Review own work and that of others to determine whether it complies with the organization's quality standards.
	(iii) Apply people management skills to motivate and develop others.
	(iv) Apply delegation skills to deliver assignments.
	(v) Apply leadership skills to influence others to work towards organizational goals.

Review of Professional Accounting Education Programs (Ref: Para. A15–A16)

8. IFAC member bodies shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.

Assessment of Professional Skills (Ref: Para. A17–A19)

9. IFAC member bodies shall establish appropriate assessment activities to assess the professional skills of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member body may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A3. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A4. The inclusion of professional skills in IPD lays the base for performing a role as a professional accountant. Further development of professional skills is a focus of Continuing Professional Development (CPD), which is covered in IES 7, *Continuing Professional Development (2020)*.
- A5. Within this IES, professional skills are categorized into four competence areas:
- (a) *Intellectual* relates to the ability of a professional accountant to solve problems and to make decisions;
 - (b) *Interpersonal and communication* relate to the ability of a professional accountant to work and interact effectively with others;
 - (c) *Personal* relates to the personal attitudes and behavior of a professional accountant; and
 - (d) *Organizational* relates to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available.

- A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional skills include intellectual and organizational; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A7. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A8. Establishing the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants and promotes the credibility of the accountancy profession.

Learning Outcomes for Professional Skills (Ref: Para. 7)

- A9. Table A lists the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner or a taxation specialist.
- A10. In the design of professional accounting education programs, the four competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area (for example, organizational) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within intellectual) may extend across several different courses or subjects, none of which may be devoted solely to that competence area.
- A11. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A12. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member bodies design their professional accounting education programs.
- A13. In professional accounting education programs, an IFAC member body may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).
- A14. IFAC member bodies, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional skills, taking into consideration the national and cultural environment. An appropriate approach is likely to include a mixture of learning and development activities which combine structured learning programs and

practical experience. For example, practical experience supervisors play an important role in helping aspiring professional accountants to develop professional skills within the workplace.

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A15. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member bodies.
- A16. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Professional Skills (Ref: Para. 9)

- A17. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015), provides the principles that apply to the design of assessment activities used to assess the professional skills and other elements of professional competence.
- A18. Various assessment activities can be used to assess the professional skills of aspiring professional accountants. Work-based simulations or group exercises are examples of activities that enable aspiring professional accountants to develop and demonstrate achievement of learning outcomes related to professional skills, within a professional accounting education program. Practical experience also enables aspiring professional accountants to participate in assessment activities to demonstrate their professional skills. Examples of such activities include (a) keeping a diary, (b) participating in 360 degree assessments, (c) compiling portfolios of evidence of achievement of learning outcomes, or (d) being monitored by a practical experience supervisor.
- A19. Assessment of professional skills in the workplace may require a different approach to that of written examinations in order to achieve high levels of reliability, validity, equity, transparency, and sufficiency. For example, assessment design may include:
- (a) Specification of learning outcomes that are clear and detailed in order to minimize ambiguity and increase the reliability and transparency of the assessment;
 - (b) Training of workplace assessors in order to achieve consistency between assessors and equity between aspiring professional accountants; and
 - (c) Creation of work-based simulations in order to provide sufficient, equitable, and reliable assessments of professional skills.

Description of Levels of Proficiency

This description of levels of proficiency supports the IAESB's use of learning outcomes in its publications such as International Education Standards (IES) 2, 3s, and 4. It provides descriptions of three levels of proficiency. These descriptions, together with the learning outcomes, provide information to help IFAC member bodies design their professional accounting education programs for a variety of professional accounting roles and specializations.

Level of Proficiency	Description
Foundation	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; • Performing assigned tasks by using the appropriate professional skills; • Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; • Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explaining ideas in a clear manner, using oral and written communications. <p>Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty.</p>
Intermediate	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Independently applying, comparing and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; • Combining technical competence and professional skills to complete work assignments;
Level of Proficiency	Description
	<ul style="list-style-type: none"> • Applying professional values, ethics, and attitudes to work assignments; and • Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p>

<p>Advanced</p>	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments and to make recommendations appropriate to stakeholder needs; • Integrating technical competence and professional skills to manage and lead projects and work assignments; • Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; • Assessing, researching and resolving complex problems with limited supervision; • Anticipating, consulting appropriately, and developing solutions to complex problems and issues; and • Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders. <p>Learning outcomes at the advanced level relate to work environments that are characterized by high levels of ambiguity, complexity, and uncertainty.</p>
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INTERNATIONAL EDUCATION STANDARD 4 INITIAL PROFESSIONAL DEVELOPMENT – PROFESSIONAL VALUES, ETHICS, AND ATTITUDES (REVISED)

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Introduction

Scope of this Standard (Ref: Para. A2–A10)

1. This International Education Standard (IES) prescribes the learning outcomes that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD) for professional values, ethics, and attitudes. Professional values, ethics, and attitudes are the characteristics that identify professional accountants as members of a profession. They include the principles of conduct (e.g., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of professional behavior.
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have responsibility for ensuring that IPD meets the requirements of this IES. In addition, this IES may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. Learning and development continue throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to continuing professional development (CPD) as careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical threats.
4. This IES integrates relevant ethical requirements into professional accounting education. These relevant ethical requirements ordinarily set out five fundamental principles of professional ethics: integrity; objectivity; professional competence and due care; confidentiality; and professional behavior.
5. This IES specifies the competence areas and learning outcomes that describe the professional values, ethics, and attitudes required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence (Revised)*, and IES 3, *Initial Professional Development – Professional Skills (Revised)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
6. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms (Revised)*. Additional terms from the pronouncements of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) are also included in the Explanatory Material.

Effective Date

7. This IES is effective from January 1, 2021.

Objective (Ref: Para. A11)

8. The objective of this IES is to establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. A12–A14)

9. IFAC member bodies shall provide, through professional accounting education programs, a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) exercise professional skepticism and professional judgment, and (b) act in an ethical manner that is in the public interest.

Relevant Ethical Requirements (Ref: Para. A15)

10. IFAC member bodies shall integrate relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. A16–A30)

11. IFAC member bodies shall prescribe the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Values, Ethics, and Attitudes

Competence Area (Level of Proficiency ⁵)	Learning Outcomes
(a) Professional skepticism and professional judgment (Intermediate)	(i) Apply a questioning mind when assessing data and information.
	(ii) Demonstrate curiosity by exploring beyond what is immediately apparent.
	(iii) Apply techniques to reduce bias.
	(iv) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.
(b) Ethical principles (Intermediate)	(i) Explain the nature of ethics.
	(ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.
	(iii) Identify ethical threats and determine which ethical principles apply.
	(iv) Analyze alternative courses of action to address ethical threats and their related consequences.
	(v) Apply the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical threats and determine an appropriate approach.

⁵ The level of proficiency for a competence area identifies the level to be achieved by the end of IPD (as outlined in Appendix 1).

	(vi) Apply ethical principles when accessing, storing, generating, using and sharing data and information.
	(vii) Apply the relevant ethical requirements to professional behavior in compliance with standards ⁶ .
(c) Commitment to the public interest (Intermediate)	(i) Explain the importance of ethics within the profession and in relation to the concept of social responsibility.
	(ii) Explain the importance of ethics in relation to business and good governance.
	(iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest.
	(iv) Analyze the consequences of unethical behavior to the individual, the profession, and the public.

Review of Professional Accounting Education Programs (Ref: Para. A31–A32)

12. IFAC member bodies shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.

Reflective Activity (Ref: Para. A33–A37)

13. IFAC member bodies shall design learning and development activities on professional values, ethics, and attitudes for aspiring professional accountants to include reflective activity that is formalized and documented.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. A38–A41)

14. IFAC member bodies shall establish appropriate assessment activities to assess the professional values, ethics, and attitudes of aspiring professional accountants.

Explanatory Material

References to Definitions Contained within IFAC Pronouncements

- A1. This IES uses the following terms already defined within IAASB and IESBA pronouncements.

Table B: IAASB and IESBA Definitions Adopted in IES 4

Defined Term	Definition in IAASB and IESBA Pronouncements
Professional Skepticism (IAASB) ⁷	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.

⁶ Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.

⁷ Glossary of Terms, *IAASB Handbook Of International Quality Control, Auditing, Review, Other Assurance, And Related Services Pronouncements – 2016–2017 Edition, Volume I.*

Professional Judgment (IESBA) ⁸	Professional judgment involves the application of relevant training, professional knowledge, skill and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved.
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Scope of this Standard (Ref: Para. 1–6)

- A2. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A3. Professional values, ethics, and attitudes are defined as the professional behavior and characteristics that identify professional accountants as members of a profession. These include the ethical principles generally associated with, and considered essential in defining the distinctive characteristics of professional behavior.
- A4. Professional values, ethics, and attitudes include a commitment to (a) technical competence and professional skills, (b) ethical behavior (e.g., independence, objectivity, confidentiality, and integrity), (c) professional manner (e.g., due care, timeliness, courteousness, respect, responsibility, and reliability), (d) pursuit of excellence (e.g., commitment to continual improvement and lifelong learning), and (e) social responsibility (e.g., awareness and consideration of the public interest).
- A5. Relevant ethical requirements⁹ are defined as those ethical requirements to which professional accountants are subject, which ordinarily comprise the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with any national requirements that are more restrictive.
- A6. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A7. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member body may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A8. The inclusion of professional values, ethics, and attitudes in IPD lays the base for performing a role as a professional accountant. Further development of professional values, ethics, and attitudes is a focus of CPD that is covered in IES 7, *Continuing Professional Development* (2020).

⁸ *The International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition*, paragraph 120.5 A1.

⁹ *Glossary of Terms, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2016–2017 Edition, Volume I*.

- A9. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional skills include intellectual and organizational.
- A10. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or a professional accounting education program.

Objective (Ref: Para. 8)

- A11. Establishing the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. 9)

- A12. A framework of professional values, ethics, and attitudes may be established by the relevant ethical requirements, for example the conceptual framework approach set out in the IESBA Code¹⁰.
- A13. Under relevant ethical requirements, professional accountants accept a responsibility to act in the public interest. Consequently, the actions of a professional accountant are not intended exclusively to satisfy the needs of an individual client or employer.
- A14. By establishing learning and development activities that cover professional values, ethics, and attitudes, IFAC member bodies promote a commitment for the aspiring professional accountant to act in the public interest. Acting in the public interest includes (a) developing an awareness and concern for impact on the public; (b) developing a sensitivity to social responsibilities; (c) lifelong learning; (d) a predisposition to quality, reliability, responsibility, timeliness, and courtesy; and (e) a respect for laws and regulations. This supports the view that professional accountants contribute to confidence and trust in the functioning of markets and the economy in general.

Relevant Ethical Requirements (Ref: Para. 10)

- A15. Within a professional accounting education program, professional values, ethics, and attitudes may initially be treated as a separate course or subject. However, as aspiring professional accountants progress, the integration of professional values, ethics, and attitudes with other courses or subjects, encourages the recognition and consideration of wider ethical implications.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. 11)

Developing Learning Outcomes

- A16. Table A lists the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants

¹⁰ The Conceptual Framework, *IESBA Handbook of the Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition*, Section 120.

to develop specializations in different accounting roles, for example an audit engagement partner or a taxation specialist.

- A17. In the design of professional accounting education programs, the three competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also the learning outcomes associated with one competence area (for example, ethical principles) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within professional skepticism and professional judgment) may extend across several different courses or subjects, none of which may be devoted solely to that competence area. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A (for example, commitment to the public interest is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program).
- A18. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A19. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member bodies design their professional accounting education programs.
- A20. In professional accounting education programs, an IFAC member body may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Selecting Learning and Development Activities

- A21. IFAC member bodies, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment.
- A22. In determining the approach to achieving the learning outcomes, the mix of learning and development activities may include a combination of structured learning programs and practical experience. This combination may be organized to give aspiring professional accountants an adequate opportunity to experience the application of professional values, ethics, and attitudes in the workplace.
- A23. In establishing learning and development activities, IFAC member bodies, educators, and other stakeholders may distinguish between (a) educating aspiring professional accountants about professional values, ethics, and attitudes, and (b) developing and maintaining an appropriate environment for ethical behavior. Development of professional values, ethics, and attitudes may be achieved through IPD, and continues throughout a career, forming part of CPD activities and lifelong learning.
- A24. IFAC member bodies, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but would not be restricted to:

- (a) Role playing;
- (b) Discussion of selected readings and online materials;
- (c) Analysis of case studies that involve business situations involving ethical threats;
- (d) Discussion of disciplinary pronouncements and findings;
- (e) Seminars using speakers with experience of corporate or professional decision making; and
- (f) Use of online forums and discussion boards.

A25. Participative approaches may lead aspiring professional accountants to a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions.

Professional Skepticism and Professional Judgment

A26. Professional development in the areas of professional skepticism and professional judgment is not always straightforward. Planning effective learning and development in these areas involves due care and may include learning methods in which mentoring, reflective activity, time, and practical experience play a key role.

Ethical Principles

A27. Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories, and the fundamental principles of professional ethics, and (b) the opportunity to practice their application in a non-workplace setting can help aspiring professional accountants to recognize and address ethical threats.

A28. Learning and development for aspiring professional accountants on ethical principles and threats may address (a) particular ethical threats likely to be faced by all professional accountants, (b) those ethical threats more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical threats.

A29. The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants to (a) identify any apparent ethical implications and conflicts in their work or work environment, (b) form preliminary views on such occurrences, and (c) discuss them with their practical experience supervisors.

A30. Ethical threats and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member body, where there is doubt about the ethical aspects of a course of action or situation.

Review of Professional Accounting Education Programs (Ref: Para. 12)

A31. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.

The design of professional accounting education programs offered during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.

- A32. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Reflective Activity (Ref: Para. 13)

- A33. Reflective activity is the iterative process by which professional accountants, at all stages of their career, continue to develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.
- A34. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of relevant cases that are in the public domain may also offer suitable alternatives.
- A35. The documentation of reflective activity may include:
- (a) Records of learning;
 - (b) Reflective records;
 - (c) Personal development portfolios; or
 - (d) Critical incident diaries.
- A36. In providing guidance to aspiring professional accountants and professional accountants on the nature, format, and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member bodies may consider factors, for example confidentiality, legal, and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable for aspiring professional accountants to document and discuss.
- A37. IFAC member bodies may also consider providing guidance on how to support reflective activity in practice for practical experience supervisors.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. 14)

- A38. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015) provides the principles that apply to the design of assessment activities used to assess the professional values, ethics, and attitudes and other elements of professional competence.
- A39. Various assessment activities can be used to assess the professional values, ethics, and attitudes of aspiring professional accountants. Appropriate assessment activities may include (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the recognition of prior learning.
- A40. In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:
- (a) Creating repositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies;

- (b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases;
 - (c) Using objective testing of ethical aspects of professional accounting education programs; and
 - (d) Using case study group assignments and workshops to assess ethical analysis and decision-making.
- A41. Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:
- (a) Discussion and facilitated resolution of ethical threats as they arise in the workplace; and
 - (b) Reviews of ethical decision-making combined with performance reviews and appraisals.

Description of Levels of Proficiency

This description of levels of proficiency supports the IAESB’s use of learning outcomes in its publications such as International Education Standards (IES) 2, 3, and It provides descriptions of three levels of proficiency. These descriptions, together with the learning outcomes, provide information to help member bodies design their professional accounting education programs for a variety of professional accounting roles and specializations.

Level of Proficiency	Description
Foundation	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; • Performing assigned tasks by using the appropriate professional skills; • Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; • Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explaining ideas in a clear manner, using oral and written communications. <p>Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty.</p>
Intermediate	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Independently applying, comparing, and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; • Combining technical competence and professional skills to complete work assignments;
	<ul style="list-style-type: none"> • Applying professional values, ethics, and attitudes to work assignments; and • Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p>

<p>Advanced</p>	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> • Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments and to make recommendations appropriate to stakeholder needs; • Integrating technical competence and professional skills to manage and lead projects and work assignments; • Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; • Assessing, researching and resolving complex problems with limited supervision; • Anticipating, consulting appropriately, and developing solutions to complex problems and issues; and • Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders. <p>Learning outcomes at the advanced level relate to work environments that are</p>
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**INTERNATIONAL EDUCATION STANDARD 8
PROFESSIONAL COMPETENCE FOR ENGAGEMENT PARTNERS
RESPONSIBLE FOR AUDITS OF FINANCIAL STATEMENTS (REVISED)**

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Introduction

Scope of this Standard (Ref: Para. A2–A16)

1. This International Education Standard (IES) prescribes the professional competence that professional accountants are required to develop and maintain when performing the role of an Engagement Partner responsible for audits of financial statements¹.
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have a responsibility for the Continuing Professional Development (CPD) of professional accountants, and for fostering a commitment to lifelong learning among professional accountants. Under IES 7, *Continuing Professional Development*² (2020), IFAC member bodies require all professional accountants to develop and maintain professional competence relevant and appropriate to their work and professional responsibilities. IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (Revised) applies this IES 7 requirement to the role of an Engagement Partner. It is the responsibility of the professional accountant performing the role of an Engagement Partner to develop and maintain professional competence by undertaking relevant CPD activities, which include practical experience.
3. This IES is intended to be read in conjunction with Statement of Membership Obligations (SMO) 1 – *Quality Assurance*, International Standard on Auditing (ISA) 220, *Quality Control for an Audit of Financial Statements*, and International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. Together, these pronouncements place responsibilities on IFAC member bodies, Engagement Partners, and firms as part of the system of quality control for audits of financial statements. Also, in many jurisdictions, a regulator may have an oversight role in this system of quality control. Each of these stakeholders may have an impact on the professional competence of the Engagement Partner.
4. IFAC member bodies or other stakeholders may also apply the requirements of this IES to professional accountants performing an equivalent role to that of an Engagement Partner on audits of other historical financial information in compliance with the ISAs (or other relevant auditing standards) or other types of engagements providing assurance and related services.
5. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms* (Revised). Additional terms from the International Auditing and Assurance Standards Board (IAASB) pronouncements are also included in the Explanatory Material.

Effective Date

6. This IES is effective from January 1, 2021.

¹ For the purpose of this IES, hereafter referred to as “Engagement Partner” per the definition set out in International Standard on Auditing (ISA) 220, *Quality Control for an Audit of Financial Statements*, Para 7(a).

² IES 7, *Continuing Professional Development* (2020), Para. 12.

Objective (Ref: Para. A17–A18)

7. The objective of this IES is to establish the professional competence that professional accountants develop and maintain when performing the role of an Engagement Partner.

Requirements (Ref: Para. A19–A31)

8. IFAC member bodies shall require professional accountants performing the role of an Engagement Partner to develop and maintain professional competence that is demonstrated by the achievement of learning outcomes including, but not limited to, those listed in Table A.
9. IFAC member bodies shall require professional accountants performing the role of an Engagement Partner to undertake CPD that develops and maintains the professional competence required for this role.

Table A: Learning Outcomes for the Professional Competence of an Engagement Partner

Competence Areas (IES 8)	Learning Outcomes
(a) Audit	(i) Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team.
	(ii) Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy.
	(iii) Evaluate responses to the risks of material misstatement.
	(iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.
	(v) Evaluate whether the audit was performed in accordance with International Standards on Auditing (or relevant auditing standards) and laws and regulations applicable to an audit of the financial statements.
	(vi) Develop an appropriate audit opinion and related auditor’s report, including a description of key audit matters as applicable.
(b) Financial accounting and reporting	(i) Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements.
	(ii) Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements.
	(iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management.

IES 8 PROFESSIONAL COMPETENCE FOR ENGAGEMENT PARTNERS RESPONSIBLE
FOR AUDITS OF FINANCIAL STATEMENTS (REVISED)

Competence Areas (IES 8)	Learning Outcomes
	(iv) Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.
(c) Governance and risk management	(i) Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.
(d) Business environment	(i) Analyze relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market, competition, product technology, and environmental requirements.
(e) Taxation	(i) Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.
(f) Information and Communications Technologies (ICT)	(i) Evaluate the ICT environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.
(g) Business laws and regulations	(i) Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.
(h) Finance and financial management	(i) Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy.
	(ii) Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.
(i) Interpersonal and communication	(i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity.
	(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit.
	(iii) Resolve audit issues through effective consultation when necessary.
(j) Personal	(i) Promote lifelong learning.
	(ii) Act as a role model to the engagement team.
	(iii) Act in a mentoring or coaching capacity to the engagement team.
	(iv) Promote reflection on experiences to improve future actions.

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Competence Areas (IES 8)	Learning Outcomes
(k) Organizational	(i) Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit
	(ii) Manage audit engagements by providing leadership and project management of engagement teams.
(l) Commitment to the public interest	(i) Promote audit quality and compliance with professional and regulatory standards with a focus on protecting the public interest.
(m) Professional skepticism and professional judgment	(i) Apply professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.
	(ii) Apply a questioning mind to critically assess audit evidence and other relevant information obtained during the course of an audit to reach informed conclusions.
	(iii) Evaluate the potential impact of bias on conclusions.
	(iv) Apply knowledge and experience to challenge management's assertions and representations.
	(v) Resolve audit issues using inquiry and critical thinking to consider alternatives and analyze outcomes.
(n) Ethical principles	(i) Apply the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical threats.
	(ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit.
	(iii) Act ethically when accessing, storing, generating, using and sharing data and information of the entity.

Explanatory Material

References to Definitions Contained within IAASB Pronouncements (Ref: Para. 5)

A1. This IES uses the following terms already defined within IAASB pronouncements³.

Table B: IAASB Definitions Adopted in IES 8

Defined Term	Source of Term	Definition in Use
Auditor's Expert	ISA 620 <i>Using the Work of an Auditor's Expert</i> , 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.
Engagement Partner*	ISA 220 <i>Quality Control for an Audit of Financial Statements</i> , 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.
Engagement Team	ISA 220 <i>Quality Control for an Audit of Financial Statements</i> , 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 expert engaged by the firm or a network firm. The term "engagement team" also excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of ISA 610 (Revised 2013) ⁴ .

³ The ISA definitions detailed above are contained within the IAASB *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2016–2017 Edition, Volume I*.

⁴ ISA 610, *Using the Work of Internal Auditors* (Revised 2013).

IES 8 PROFESSIONAL COMPETENCE FOR ENGAGEMENT PARTNERS RESPONSIBLE
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Defined	Source of Term	Definition in Use
Financial Statements	ISA 200 <i>Overall Objective of the Independent Auditor, and the Conduct of the Audit in Accordance with International Standards on Auditing, Paragraph 13 (f)</i>	A structured representation of historical financial information, including disclosures, 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 term "financial statements" ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement. Disclosures comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of a financial statement, or in the notes, or incorporated therein by cross-reference.
Firm*	ISA 220 <i>Quality Control for an Audit of Financial Statements, Paragraph 7 (e)</i>	A sole practitioner, partnership or corporation or other entity of professional accountants.
Professional Judgment	ISA 200 <i>Overall Objective of the Independent Auditor, and the Conduct of the Audit in Accordance with International Standards on Auditing, Paragraph 13 (k)</i>	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	ISA 200 <i>Overall Objective of the Independent Auditor, and the Conduct of the Audit in Accordance with International Standards on Auditing, Paragraph 13 (l)</i>	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 audit evidence.

* “Partner” and “firm” should be read as also referring to their public sector equivalents.

Scope of this Standard (Ref: Para. 1–5)

- A2. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A3. CPD is a continuation of Initial Professional Development (IPD). IPD is the learning and development through which individuals first develop competence leading to performing the role as a professional accountant. CPD is learning and development that takes place after IPD, and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD provides continuous development of the (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes achieved during IPD, refined appropriately for the professional activities and responsibilities of the professional accountant.
- A4. As outlined in IES 7⁵, CPD includes practical experience. As the career of an Engagement Partner progresses, practical experience becomes increasingly important in developing and maintaining the necessary depth and breadth of professional competence. Practical experience for Engagement Partners may be evidenced by annual self-declarations, records of chargeable time, and the results of qualitative monitoring activities such as performance reviews, engagement quality assurance reviews and regulatory inspections.
- A5. In addition to professional competence and practical experience, other factors outside the scope of this IES determine whether a professional accountant has, where required, the appropriate authority from a professional, legal, or regulatory body to perform the role of Engagement Partner.
- A6. In many jurisdictions, legislation, regulation, or a regulator (referred to collectively as a “licensing regime”) sets or enforces the requirements as to who may perform the role of an Engagement Partner. Licensing regimes vary widely in their requirements. Where licensing is not within the authority of the IFAC member body, IFAC member bodies shall use their best endeavors as described in SMO 2 – *International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAES*⁶ to influence the licensing regime so that the IFAC member body can meet the professional competence requirements set out in this IES.
- A7. A firm, which by definition includes sole practitioners, determines who can issue an audit opinion as a legal representative of that firm. Most firms operate in a partnership structure, and the partners in the partnership decide who in that firm can perform the role of Engagement Partner.

Stakeholders That Impact the Professional Competence of Engagement Partners

- A8. Figure 1 illustrates stakeholders that impact the professional competence of Engagement Partners. Relationships between stakeholders can be dependent on the jurisdiction or as a consequence of

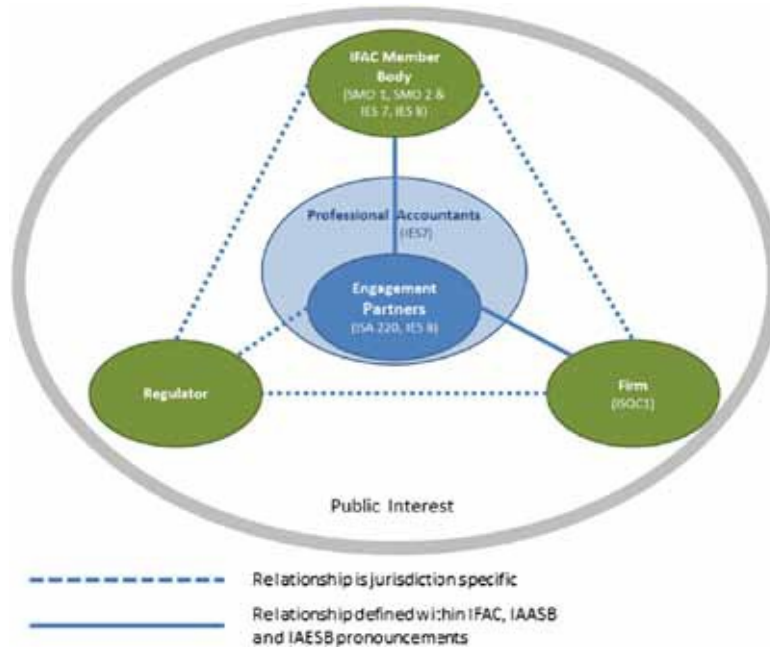
⁵ See IES 7, *Continuing Professional Development* (2020), Para. 5.

⁶ Statement of Membership Obligations 2 – International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB sets out the requirements of an IFAC member body with respect to international standards and other pronouncements issued by the IAESB. The SMO specifically addresses (Para 9) the situation where an IFAC member body has no responsibility or shared responsibility for adopting and implementing professional accounting.

requirements contained in IAASB and IAESB pronouncements and obligations contained in IFAC pronouncements.

- A9. In accordance with IES 7⁷, IFAC member bodies require all professional accountants to undertake CPD to contribute to the development and maintenance of professional competence that is appropriate to their work and professional responsibilities.

Figure 1: Stakeholders That Impact the Professional Competence of Engagement Partners



- A10. IES 7⁸ also requires IFAC member bodies to establish a systematic process to monitor whether professional accountants meet the IFAC member body’s CPD requirements.
- A11. ISA 220⁹ addresses the responsibilities of the Engagement Partner with respect to whether the engagement team and any auditor’s experts who are not part of the team, collectively have the appropriate competence and capabilities. Unless information provided by the firm or other parties suggest otherwise, ISA 220¹⁰ indicates that the engagement team may rely on the firm’s system of quality control in relation to the competence of personnel through their recruitment and formal training.
- A12. ISQC 1¹¹ requires the firm to establish policies and procedures designed to provide reasonable assurance that the firm has sufficient personnel with the competence, capabilities and commitment

⁷ See IES 7, *Continuing Professional Development* (2020), Para. 12.

⁸ See IES 7, *Continuing Professional Development* (2020), Para. 17.

⁹ See ISA 220, *Quality Control for an Audit of Financial Statements*, Para. 14.

¹⁰ See ISA 220, *Quality Control for an Audit of Financial Statements*, Para. A2.

¹¹ See ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, Para. 29.

to ethical principles, including independence requirements, necessary to (a) perform engagements in accordance with professional standards and applicable legal and regulatory frameworks, and (b) enable the firm or Engagement Partners to issue reports that are appropriate in the circumstances.

- A13. In many jurisdictions, regulators may have an oversight role in relation to IFAC member bodies, firms, and Engagement Partners.
- A14. By complying with the requirements of this IES and fulfilling their obligations under SMO 1¹² and SMO 2¹³, IFAC member bodies assist firms in complying with the requirements of ISQC 1 and assist Engagement Partners in complying with the requirements of ISA 220. Collectively these pronouncements promote clarity and consistency with respect to the professional competence required of the Engagement Partner and the engagement team, which serves to protect the public interest.

Progressive Nature of Professional Competence

- A15. Only those professional accountants who develop and maintain the professional competence that is demonstrated by achievement of the learning outcomes listed in Table A will be able to deal with the complex situations that Engagement Partners may face during their careers. A professional accountant aspiring to be an Engagement Partner will usually serve for several years on engagement teams, and may progress through supervisory and managerial roles under the supervision of an Engagement Partner. This progression through increasing levels of responsibility is a common path through which a professional accountant may prepare to assume the role of an Engagement Partner. Those serving as an Engagement Partner develop and maintain their professional competence through leading or serving on audit engagements, and through other learning activities as part of their CPD.

Audit of Financial Statements and Other Assurance Engagements

- A16. This IES is applicable to Engagement Partners responsible for the audits of financial statements. The professional competence that is demonstrated by the achievement of the learning outcomes in Table A may also be helpful when performing audits of other historical financial information in compliance with the ISAs or other types of assurance and related services. Similarly, much of the professional competence required for an audit of financial statements may be relevant to those Engagement Partners responsible for assurance engagements relating to non-financial statement information, such as environmental or social measures.

Objective (Ref: Para. 7)

- A17. Establishing the professional competence that professional accountants develop and maintain in performing the role of Engagement Partner serves several purposes. It protects the public interest;

¹² Statement of Membership Obligations 1 – *Quality Assurance* sets out the requirements of an IFAC member body with respect to quality assurance review systems for its members who perform audits, review and other assurance and related services engagements of financial statements. The SMO specifically addresses the situation where an IFAC member body has no responsibility or shared responsibility for setting the rules and operating the quality assurance review system.

¹³ Statement of Membership Obligations 2 – *International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB* sets out the requirements of an IFAC member body with respect to international education standards and other pronouncements issued by the IAESB. The SMO specifically addresses the situation where an IFAC member body has no responsibility or shared responsibility for adopting and implementing professional accounting.

contributes to audit quality; enhances the work of Engagement Partners; and promotes the credibility of the audit profession.

- A18. While a premise of this IES is that Engagement Partners have already developed the professional competence to assume that role, Engagement Partners operate in an environment of significant change. Pressure for change can come from many sources, including, but not limited to (a) increased regulation, (b) developments in financial and non-financial reporting, (c) emerging technologies, (d) increasing use of business analytics, and (e) business complexity. Change requires Engagement Partners to maintain and further develop professional competence throughout their careers.

Requirements (Ref: Para. 8–9)

- A19. Table A identifies the competence areas and related learning outcomes for technical competence, professional skills, and professional values, ethics, and attitudes. A competence area is a category for which a set of related learning outcomes can be specified.
- A20. Learning outcomes establish the content and depth of knowledge, understanding, and application required for each specified competence area. The achievement of learning outcomes is an output based approach to measuring CPD. IES 7 provides further guidance in respect of the measurement of CPD.
- A21. This IES builds on the learning outcomes that describe the professional competence required by aspiring professional accountants by the end of IPD as outlined in IESs 2, 3, and 4¹⁴.
- A22. Other factors in addition to the learning outcomes in Table A may affect the nature, timing, and extent of planned CPD. These factors may include, but are not limited to, (a) an Engagement Partner's portfolio of audit engagements, (b) the extent of any changes in auditing and financial reporting standards, and (c) the impact of any changes in the content of other competence areas noted in Table A.
- A23. Irrespective of the size or nature of the audit engagement, and the firm of the Engagement Partner providing the audit, a premise of this IES is that Engagement Partners continue to undertake CPD appropriate to the complexity of the audits for which they serve as Engagement Partners.
- A24. IFAC member bodies may include additional competence areas or require Engagement Partners to achieve additional learning outcomes that are not specified in this IES. This may occur, for example, when an Engagement Partner audits specialized industries or transactions.

Sole Practitioners and Small and Medium Practices

- A25. By focusing on one specific role rather than an engagement team or firm structure, this IES recognizes the wide range of situations in which the Engagement Partner operates, including as a sole practitioner or within small and medium practices¹⁵. In these situations, the Engagement Partner may be operating without the support of an engagement team, including those engagement team

¹⁴ IES 2, *Initial Professional Development – Technical Competence (Revised)*; IES 3, *Initial Professional Development – Professional Skills (Revised)*; and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes (Revised)*.

¹⁵ IFAC's Small and Medium Practices Committee factsheet defines SMPs as '...practices that exhibit the following characteristics: its clients are mostly small- and medium-sized entities (SMEs); it uses external sources to supplement limited in-house technical resources; and it employs a limited number of professional staff.'

members with specialist skills. As a consequence, the Engagement Partner may have direct involvement in the completion of a wider range of audit activities than would otherwise be the case.

Audit – Learning Outcomes

- A26. Leading the identification and assessment of risks of material misstatements includes consideration of:
- the risks identified by engagement acceptance and continuance procedures;
 - an entity's ability to continue as a going concern; and
 - the risks of material misstatement due to fraud and error.
- A27. Evaluating the response to the risks of material misstatements includes the process of approving or establishing an appropriate overall audit strategy.
- A28. Evaluating whether the audit was performed in accordance with International Standards on Auditing (or other relevant standards), and with relevant laws and regulations, includes:
- evaluation of the sufficiency and appropriateness of audit evidence obtained and of the related documentation;
 - consideration of significant deficiencies in internal control and in other matters to be communicated to those charged with governance; and
 - consideration of bias in management's estimates and other areas of judgment.

Organizational – Learning Outcomes

- A29. Examples of areas where an auditor's expert may be used on an audit include, but are not limited to, taxation, ICT, legal, forensic accounting, valuations, actuarial services, and pensions.

Professional Skepticism and Professional Judgment – Learning Outcomes

- A30. A key aspect of any audit is evaluating whether sufficient and appropriate audit evidence has been obtained to support the conclusions on which the auditor's opinion is based. Professional skepticism involves the application of a questioning mind for the critical assessment of audit evidence. The ISAs also require Engagement Partners and their teams to exercise professional judgment in planning and performing an audit of financial statements. Professional judgment is exercised, for example, when challenging management assertions and assumptions contained within the financial statements, and when considering whether accounting standards are appropriately applied by an entity and determining an appropriate overall audit strategy.
- A31. Planning effective CPD in the areas of professional skepticism and professional judgment involves due care and may include a blend of learning methods in which mentoring, reflective activity, and practical experience play a key role.

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