

Basis for Conclusions
Prepared by the IAESB Staff
March 2017

Basis of Conclusions

2017-2021 IAESB Strategy and 2017-2018 Work Plan

This document was prepared by the Staff of 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.

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BASIS FOR CONCLUSIONS

2017-2021 IAESB STRATEGY AND 2017-2018 WORK PLAN

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The Basis for Conclusions document for 2017-2021 IAESB Strategy and 2017-2018 Work Plan (“SWP”) has been prepared by the Staff of the International Accounting Education Standards Board (“IAESB”). It relates to, but does not form part of the SWP.

Background

1. The SWP was developed with full consideration of comments received from the following sources: (i) IAESB Consultative Advisory Group (“CAG”), (ii) Respondents’ comment letters on the IAESB’s [Consultation Paper, Meeting Future Expectations of Professional Competence: A Consultation on the IAESB’s Future Strategy and Priorities](#) (“2015 Consultation paper”) and targeted consultation meetings with key stakeholders; (iii) Respondents’ comment letters on the International Auditing and Assurance Standards Board’s (IAASB) [Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits](#) (“ITC”); (iv) work of the Professional Skepticism Work Group (“PSWG”); and (v) the extensive consultation performed by the IAESB’s taskforce on revising International Education Standard (“IES”)7, *Continuing Professional Development*.
2. Upon the request of the IAESB Steering Committee, the IAESB CAG submitted its report, *Future IAESB Framework and 2017-2021 IAESB Strategy*, to assist the Board in identifying future opportunities, gaps, issues, or emerging trends that may (i) impact implementation of the revised IESs or (ii) provide the basis for the possible development of new or revised standards. In addition, the IAESB consulted with its CAG at the following stages of the development of the SWP: (i) Advice on project issues and on the development of the IAESB public consultation paper (September 2015 meeting); (ii) Analysis of Respondents’ Comments on IAESB 2015 Consultation paper, and advice on Steering Committee proposals for developing a 1st draft of SWP (April 2016 meeting); (iii) Advice on content issues relating to revised draft of 2017-2021 Strategy document and on possible projects and activities for IAESB to consider in developing its work plan (September 2016 meeting); and (iv) Fatal flaw review of 2017-2018 Work Plan (November 2016 consultation).
3. The IAESB released its 2015 Consultation paper on December 2nd, 2015 with a deadline for comments of March 8th, 2016. The IAESB received 42 comment letters (See Appendix 1) from a variety of respondents, including IFAC member bodies and associates, public accounting firms, professional accounting associations, regional organizations, regulators, and the public. The IAESB also held targeted meetings with key stakeholders, including Global Accounting Alliance (“GAA”), IFAC’s Professional Accountants in Business Committee, and obtained feedback from Public Interest Oversight Board (“PIOB”) and interested stakeholders, including the regulatory and investor communities.
4. The IAESB also benefited from respondents’ comment letters on the IAASB’s ITC and participation in the deliberations of the PSWG, which provided insight on learning and development issues relating to the application of professional skepticism. In addition, the Board was informed by the IES 7 taskforce’s findings from its survey, focus groups, and detailed Member Body interviews in defining issues and identifying a potential way forward to improve IES 7 (See Agenda Items [3-1](#) and [3-3](#) from the IAESB November 2016 meeting).

Significant Issues

5. The IAESB Steering Committee has analyzed and summarized the feedback received from the various consultations in terms of significant issues which were presented to the IAESB CAG and the IAESB for deliberation at their April 2016 meetings, respectively (See [Agenda 3-1 of April 2016 CAG](#)

[meeting](#) and [Agenda Item 6-1 of April 2016 IAESB meeting](#)). In addition, the IAESB CAG and IAESB have commented on revised drafts of the SWP at their [September 2016](#) and [November 2016](#) meetings, respectively. For purposes of showing how the IAESB has concluded on these deliberations, the discussion has been organized according to the following headings: 2017-2021 Strategy; and 2017-2018 Work Plan.

2017-2021 Strategy

Summary of Feedback Received on Support, Concerns, and Strategic Initiatives from 2015 Consultation paper

6. Appendix 2 summarizes respondents' comments received on the IAESB 2015 Consultation paper relating to Statements of General Support as well as Statements of Concern and Related Matters for Consideration. Appendix 3 summarizes respondents' comments received on the IAESB 2015 Consultation paper relating to Strategic Initiatives identified in the 2015 Consultation paper. Respondents were classified according to the following 5 major groups of stakeholders (i.e., IFAC member organizations; public accounting firms; other professional organizations; regulators, individuals and other interested organizations).

IAESB Response to Feedback Relating to Standards Development

7. In analyzing the concerns identified by respondents on the IAESB Consultation paper (See Paragraph 6) and CAG members, the Board concluded that more effort was needed to explain the Standards Development process, including providing more explanation on how its related activities inform evidence-based development and maintenance of IESs. The Board describes standards development as a continuous process involving a constant scanning of the environment, anticipating change, evaluating the current state of practice and needs of stakeholders, and timely issuing standards to serve the public interest. Not only does the standards development process include the activity of drafting and reviewing standards and related communications materials, but also includes related activities such as:
 - Addressing application issues by developing application guidance and implementation support material; and
 - Assessing the IESs' effectiveness by performing a post-effective date implementation review of the standards.
8. In describing its standards development process and related activities in the 2017-2021 Strategy, the IAESB is setting out an objective, transparent, and informed process to develop and maintain its suite of IESs. Through engagement and consultation on the adoption and implementation of its standards with member bodies and other interested stakeholders, the IAESB continues to perform evidence-based development and maintenance of its standards (See Agenda Items [3-1](#) and [3-3](#) of November 2016 IAESB meeting). Extensive consultation with member bodies on their experience with the implementation of the IESs has and continues to inform the development of application guidance, thought leadership, and future revisions of IESs. The Board's focus on the standards developments process also recognizes that there are other shareholders such as larger developed member bodies, international development agencies, and IFAC's Professional Accountancy Organizations Development Committee (PAODC) that can play an important role in the development, sharing, and distribution of implementation guidance to support professional accounting education.

9. In identifying strategically important areas for future IAESB activities in the area of Standards Development, the Board considered respondents' comments from the IAESB's 2015 Consultation paper and IAASB's ITC, as well as the following sources of information:
- Macro trends in areas of information and communications technology, and public sector financial accounting, reporting and assurance, which are impacting the accountancy profession;
 - Feedback from the IAESB CAG, PIOB, and Professional Accountants in Business Committee; and
 - Expected changes to the IAASB's International Standards on Auditing and International Public Sector Accounting Standards Board's (IPSASB) International Public Sector Accounting Standards as set forth in their strategic objectives and work plans.

In deliberating on areas that would have the greatest impact, given its comparative advantages as a global standards-setter, the Board considered the needs of professional accountants for competence and how its standards could support this development. As a result of these considerations, the IAESB concluded on the following strategically important areas for future Board activities: Continuing Professional Development; Professional Skepticism; Public Sector Financial Accounting, Reporting, and Assurance; as well as Information and Communications Technology.

10. Notwithstanding the potential areas of standards development identified in the consultation, some respondents were of the view that the IAESB should discontinue its standard setting efforts and contemplate alternate arrangements for use of the resources allocated to it.
11. The IAESB has concluded that it should remain an independent standards setting Board, under the oversight of the PIOB. The IAESB carefully considered the feasibility, advantages and disadvantages, and appropriateness of alternative arrangements, including:
- placing the IAESB in abeyance and replacing it with an IFAC committee;
 - reformulating the IAESB and CAG into a quasi-independent body without PIOB oversight, focused on environmental monitoring and IES promotion/awareness activities; and
 - placing the CAG in abeyance, and replacing it a global dialogue mechanism.
12. The IAESB's conclusion reflects the importance it attaches to having independent authority to maintain, modify and add to the existing suite of international education standards; and the need to continue to attract diverse and skilled talent to the Board. It also reflects the IAESB's comparative advantages in addressing standards-related issues and, as needed, providing support to adoption and implementation of the recently revised IESs. Further, this conclusion reflects the high value placed on the quality, independent advice provided by the CAG.
13. The IAESB has also reflected on its success over the past three years in changing its modus operandi. For example, the IAESB has: (i) empowered task forces to take forward projects, bringing only substantive issues for discussion and decision to Board meetings; and (ii) streamlined the process for developing and finalizing non-authoritative guidance.
14. After due deliberation, the IAESB has identified further reforms to enhance its effectiveness. These are presently being taken forward for discussion with the PIOB and then, as appropriate, with IFAC leadership.

IAESB Response to Feedback Relating to Implementation Support

15. The IAESB has and continues to consult on challenges relating to the application of its suite of IESs. The IAESB was informed from its analysis of respondents' comments¹ on the IAESB 2015 Consultation Paper (See Summary of Respondents' Feedback Received in Appendix 3 – Other Activities: Supporting Implementation) of the need for a range of support materials that assist in the implementation of the IESs in the form of: application guidance, illustrative examples of good practice, frequently asked questions and answers, and thought leadership papers. Areas identified from Board's consultations on where additional implementation support materials are needed included learning outcomes approach, measurement approaches for continuing professional development activities, and competence development in improving the application of professional skepticism.
16. There was also support from IAESB stakeholders and CAG members for engaging on emerging issues in the area of accounting education (See Summary of Respondents' Feedback Received in Appendix 3 – Other Activities: Thought Leadership). The Board concluded that such engagement should continue to take the form of acting as the global voice on matters covering professional accounting education and should continue to be supported by the development of thought leadership papers. The Board noted the following areas from respondents' comments²: (i) assessment of learning outcomes through practical experience and reflective activities identified in IES 4; (ii) curriculum architecture; (iii) how program effectiveness and assessment of individuals can be combined to support the objectives of the IESs; (iv) what elements (e.g., reflection, critical analysis, assessment criteria) are necessary for experiential learning; and (v) how to support and manage experiential learning and on the assessment of the achievement of learning outcomes through practical experience.

IAESB Response to Feedback Relating to Stakeholder Engagement and Communications

17. Respondents' comments³ from the IAESB Consultation paper (See Summary of Respondents' Feedback Received in Appendix 3 – Other Activities: Promoting the IESs) also supported the need to improve the awareness of the suite of IESs. The IAESB CAG suggested that the Board needs to improve on identifying who its target stakeholders are and what messaging is appropriate. In addition, improving dialogue with stakeholders enables the Board to obtain a better understanding on stakeholders' needs for both standards development and implementation support materials (See Agenda Items [3-1](#) and [3-3](#) of November 2016 IAESB meeting on IES 7 consultations; and Agenda Item [3-1](#) of April 2015 meeting on Learning Outcomes Approach Guidance consultations). Increased interaction with stakeholders to identify and respond to their needs strengthens public trust and confidence. The Board concluded that greater strategic engagement and communications were needed to promote the IESs and its activities. The Board also concluded that further engagement would better identify stakeholders' needs and ensure that the Board's products were more responsive to stakeholders' needs.

¹ Respondents who identified the need for a range of Implementation Supports materials include: AAT, ACCA, BDO, CIMA, CPA Canada, CPAPNG, DTT, EAA, EYG, Villaceran, ICAG, ICAP, ICPAK, ICNP, KASNEB-ICPAK, ICPAU, IFAC SMP; ISCA, JICPA; PWC, SAICA, WPK.

² Respondents who identified the need for a thought leadership include: AAT, BDO, CIMA, CIPFA, CPA Canada, EYG, ICAG, KASNEB-ICPAK, ICPAU.

³ Respondents who identified the need to promote the IESs include: AAT, ACCA, and Copenhagen Business School.

IAESB Response to Feedback Relating to Post-Effective Date Review

18. The IAESB recognizes that it is important to understand whether the IESs are operating as intended for purposes of global continuous improvement. CAG members' comments and respondents' comments⁴ from the IAESB Consultation paper (See Summary of Respondents' Feedback Received in Appendix 3 – Other Activities: Implementation Review) supported the need to conduct a review of IES implementation. Findings from these reviews will assist in facilitating further global adoption and obtaining a fuller understanding of how the IESs are meeting the needs of stakeholders. The IAESB CAG requested that the IAESB Strategy clarify the purpose and what would be accomplished by a post-effective date review. The IAESB concluded that a formal post-effective date review should be conducted after a meaningful time period from the effective date of the IESs and the 2017-2021 Strategy would include a brief description of purpose and what the review would accomplish.

2017-2018 Work Plan

19. The IAESB received a wide range of comments on suggested projects and activities from respondents' comments⁵ on the IAESB 2015 Consultation paper. The IAESB has decided to incorporate flexibility into its way forward so as to remain responsive as possible to a changing environment and will release bi-annual work plans over the duration of the 2017-2021 Strategy. Consistent with the 2017-2021 Strategy, the 2017-2018 Work Plan is based on: continuously and innovatively engaging with stakeholders; proactively identifying trends that impact the accounting profession to inform future standards development; providing impactful implementation support; and undertaking a post-effective date review that will be used in the continuous improvement of IESs. Accordingly, the IAESB has analysed respondents' comments on its 2015 Consultation paper⁶, considered the CAG's feedback⁷, and adjusted the Board's work priorities for 2017-2018 as follows:
- Supporting Standards Development
 - Maintaining and Developing Implementation Support
 - Planning a Post-Effective Date Review
 - Improving Strategic Communication and Stakeholder Engagement.
20. *Supporting Standards Development.* The IAESB's consultations with the Forum of Firms, Professional Accountants in Business Committee, and Small and Medium Practices Committee indicate that employers expect professional accountants to develop and maintain their competence given changes occurring in the work environment and changes to accounting and auditing standards. The IAESB also considered the recommendations from the CAG's report, *Future IAESB Framework and 2017-2021 IAESB Strategy*⁸ in formulating its work priorities. As a result, the IAESB 2017-2018 Work Plan identifies projects and activities that the Board will undertake in the following work areas: IES 7, *Continuing Professional Development*, Professional Skepticism, and Skills Analysis for

⁴ Respondents who identified the need to perform a Post-effective Date Review include: CCA, CPA Canada, Common Content, EYG, FEE, HKICPA, ICAS, ICPAK, IDW.

⁵ See Paragraphs 23 and 33 of [Agenda paper 6-1](#) (April 2016 IAESB meeting).

⁶ See Respondents' comments to questions 1 to 5 of [Agenda Item 6-3](#) (April 2016 IAESB meeting).

⁷ See section on *IAESB Strategy and Priorities* of [Agenda Item 1-3](#) (September 2016 CAG meeting).

⁸ See section on *Issues, Opportunities, or Gaps Related to Possible Revised and New IESs* of [Agenda Item 2-2](#) (November 2015 IAESB meeting).

Information and Communications Technology and Public Sector Accounting, Reporting, and Assurance.

21. In recognition of changes to accounting and auditing standards and the work environment, the IAESB is exploring the need for enhancements to IES 7, *Continuing Professional Development* to improve the professional accountant's engagement in CPD and support member bodies in promoting, facilitating access to, measuring and monitoring CPD so that it is better aligned with the other IESs. In reviewing this project a few CAG members expressed concern on the timing of the post-effective date review and the timing of the project to revise IES 7. The IAESB views the post-effective date review as a key component of our work plan, but more importantly, it is driven by stakeholders who have made it clear they need time to implement the IESs. This is consistent with the viewpoint of the CAG and the Board. There is risk that the approach to evaluate IES 7 now versus in the future with the other IESs may result in the identification of another gap in IES 7. The risk is considered low because stakeholders indicated there was confusion, as identified through the consultation on the 2017-2021 Strategy, and this confusion was reinforced during the subsequent extensive out-reach to stakeholders (See Agenda Items [3-1](#) and [3-3](#) of November 2016 IAESB meeting on IES 7 consultations). As a result, the IAESB concluded this information provided persuasive evidence that IES 7 was not achieving its intended objective.
22. The IAESB will also continue to work with the PSWG in improving the application of professional skepticism. This collaboration is expected to lead the IAESB to assess the need for enhancements to IES 3 on professional skills and IES 4 on professional values, ethics, and attitudes to ensure that learning outcomes provide an appropriate foundation to apply professional skepticism and professional judgment. The IAESB will continue to engage with the other Standard-Setting Boards ("SSBs") and IFAC committees on how best to expand the concept of professional skepticism, including to apply to all professional accountants, and to identify education and training best practices designed to help aspiring and professional accountants to apply professional skepticism and mitigate impediments, such as bias.
23. As a result of its consultations⁹ and analyses of macro trends (See section on *What Are the Challenges?* of the Background for the IAESB Strategy 2017-2021) affecting the accountancy profession, the IAESB will engage and coordinate with the other SSBs on identifying skills needed by professional accountants in anticipation of future changes in performing accounting roles. This work will focus on an evaluation of professional accounting education requirements for information and communications technology and public sector accounting, reporting, and assurance. Initial work will concentrate on an in-depth analysis that includes leveraging research from stakeholder engagement to identify needed skills. The Board will then assess whether further enhancements are needed to ensure that learning outcomes of IPD standards provide an appropriate foundation for further development in these areas.
24. In response to stakeholders' comments on the need for skills and competence development for professional accountants working in financial institutions, the IAESB also intends to investigate the specific education needs relating to financial institutions. Financial institutions are systemically important to economies; however, they are facing increasingly sophisticated accounting and regulatory reporting requirements, including the need to incorporate information from business systems into their financial reporting processes. Accordingly, the IAESB intends to commence

⁹ See Paragraph 23 of [Agenda paper 6-1](#) (April 2016 IAESB meeting).

dialogue with relevant stakeholders (including, among others, regulatory bodies such as the Financial Stability Board and the Basel Committee on Banking Supervision) to better understand how these developments may potentially affect the competence needed by professional accountants working in or servicing of and engagement partners auditing financial institutions. The information gathered will be used to inform any future action by the IAESB.

25. *Maintaining and Developing Implementation Support.* As a result of respondents' comments from the 2015 Consultation paper the IAESB will continue to support implementation of the IESs by maintaining existing support materials and evaluating the need for developing new implementation support materials. In the short term the IAESB is establishing an Implementation Support Advisory Group (ISAG) that will report to the Board on the need for maintaining support materials. The ISAG's mandate includes reviewing and prioritizing formal and informal input on priority activities based on stakeholder driven criteria for determining a need for maintenance of existing support material. In addition, the Board will explore developing support materials that increase the awareness of the IESs and reinforcing the value of implementing a learning outcomes approach. In the longer term, the Board will continue to explore implementation challenges and their impact on IES development. For example, consultations by the IES 7 taskforce have identified the need to clarify the measurement approaches on CPD activities.
26. *Planning a Post-effective Date Review.* As a result of respondents' comments and the CAG's advice the IAESB will commence planning a post-effective date review of the IESs with a focus on continuous improvement and the identification and evaluation of the needs of stakeholders in professional accounting education.
27. *Improving Strategic Communication and Stakeholder Engagement.* As a result of respondents' comments¹⁰ and IAESB CAG's advice¹¹ the IAESB will determine how it can adopt a more effective approach to engagement and communication with stakeholders. The project aims to raise awareness of the role and work of the IAESB; increase opportunities for two-way dialogue between the IAESB and stakeholders; and improve the ability of the IAESB to support development, adoption and implementation of IESs. The IAESB will be exploring activities that encourage opportunities for stakeholder engagement and improve the Board's communication channels and tools.

Editorial Changes

28. The IAESB agreed to several small editorial changes to improve the clarity of both 2017-2021 Strategy and 2017-2018 Work Plan documents. These changes addressed issues that improved the understanding without substantially changing the content of these paragraphs.

¹⁰ See Paragraphs 46 and 47 of [Agenda paper 6-1](#) (April 2016 IAESB meeting).

¹¹ See section on *IAESB Strategy and Priorities* of [Agenda Item 1-3](#) (September 2016 CAG meeting).

Respondents on IAESB 2015 Consultation Paper

ACRONYM	FULL NAME OF RESPONDENT
AAT	Association of Accounting Technicians, United Kingdom
ACCA	The Association of Chartered Certified Accountants
AICPA-PcEEC	American Institute of Certified Public Accountants' Pre-certification Education Executive Committee
Ali	Altaf Noor Ali Chartered Accountants
ANAN	The Association of National Accountants of Nigeria
BDO International	BDO Global Coordination B.V.
CIMA	Chartered Institute of Management Accountants
CICPA	The Chinese Institute of Certified Public Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
Common Content	Common Content Project
Copenhagen Business School	Copenhagen Business School
CPA Australia	CPA Australia
CPA Canada	Chartered Professional Accountants of Canada
CPAPNG	Certified Practising Accountants Papua New Guinea
DTT	Deloitte Touche Tohmatsu
EAA	European Accounting Association
EYG	Ernst & Young Global
FEE	Federation des Experts Comptables Europeens
FRC (UK)	Financial Reporting Council (United Kingdom)
GAA	The Global Accounting Alliance
Hadidjaja	Muhammad Hadidjaja
HKICPA	Hong Kong Institute of Certified Public Accountants
ICAG	The Institute of Chartered Accountants (Ghana)
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICAS	The Institute of Chartered Accountants of Scotland

ICPAK	Institute of Certified Public Accountants of Kenya
ICPAR	Institute of Certified Public Accountant of Rwanda
ICPAU	Institute of Certified Public Accountants of Uganda
IDW	Institut der Wirtschaftsprüfer
ICPN	Instituto Nacional de Contadores Publicos Colombia
IFAC SMPC	IFAC Small and Medium Practices Committee
IRRC	International Integrated Reporting Council
ISCA	Institute of Singapore Chartered Accountants
JICPA	The Japanese Institute of Certified Public Accountants
Silva Ferreira Juvenal	Denise Silva Ferreira Juvenal, Accountant
KASNEB-ICPAK	Kenya Accountants and Secretaries National Examination Board
PWC	PricewaterhouseCoopers
SAICA	The South African Institute of Chartered Accountants
Villaceran	Eugenio V. Villaceran
WPK	Wirtschaftsprüferkammer
Xi Wu	Xi Wu

Summary of Feedback Received on Support from 2015 Consultation paper

1. Twenty one respondents on the 2015 Consultation paper, representing each of the 5 major groups of stakeholders (e.g., IFAC member organizations; public accounting firms; other professional organizations; regulators, individuals and other interested organizations), offered general statements of support. Fifteen (AICPA-PcEEC, Ali, CIMA, CIPFA, Common Content, Copenhagen Business School, FEE, HKICPA, ICAEW, ICAS, ICPAK, IDW, ISCA, SAICA, Xi Wu) of twenty-one respondents commended the IAESB for its work in revising the International Education Standards. The remaining respondents commended or supported the IAESB for a range of other activities, including its work (ACCA), its focus in identifying trends in the accounting profession in order to determine the implications for accounting education (BDO), its consideration of the best way for the IAESB and IFAC to guide IFAC member bodies in developing sound education programs (CPA Canada), its vision for the next 5 years and strategic priorities (DTT), and its efforts in improving the quality of reporting and auditing financial statements (WPK).

Summary of Feedback Received on Concerns from 2015 Consultation paper

2. Twenty respondents provided responses on the section, General Statements of Concern and Related Matters for Consideration. These respondents suggested a range of concerns or matters for consideration, including

Concerns that there

- Is no evidence set out in the consultation which justifies the continuance of a standard-setting Board to work on either minor long-term changes, or to drift into its secondary or tertiary objectives (ICAS);
- Will be significant difficulties in the implementation and, especially, the monitoring and enforcement of IES 8 because the determination of competence is in practice highly judgmental (HKICPA).

Suggestions that

- Responsibilities and work of the IAESB may need to be redefined (ICAEW, SAICA) with public oversight, terms of reference and membership revised (GAA, JICPA);
- Completion of the IAESB's principal mission should have an impact on its overall mandate (FEE); that there is need for supporting adoption and implementation of the IESs (GAA, JICPA, ICPAK, PWC) and for considering the transfer of responsibility for adoption to the Compliance Advisory Panel and implementation to the PAO Development Committee (GAA);
- Thought leadership and future revisions should be driven by the experiences of member bodies implementing the standards (AICPA-PcEEC);
- Thorough implementation monitoring exercise needs to be conducted (IDW, WPK, EYG) by the IFAC Compliance Committee and PAO Committee (Common Content, ICAS);
- The Board advance the international debate on relevant issues (WPK); allow time for all IFAC members to adopt and implement the standards (CIMA, EYG); highlight the importance

of the principles-based approach to allow flexibility to member bodies in their adoption and implementation (ISCA); <IR> offers considerable opportunities for professional accountants to enhance their strategic role and influence, expanding their potential to report on the value of the whole business and encourage stronger collaboration across the organization to cultivate integrated thinking (IIRC); develop education benchmarks for measuring implementation and reduce scope of interpretation of IES (Ali); and evaluate the existing learning outcomes in the current suite of Standards to identify gaps relative to the known changes in the expected skill sets of the professional accountant, or the skill sets necessary to accommodate change (PWC).

Recommendations that

- any further publications issued by the IAESB should only be issued where it is absolutely necessary and come in the form of principles-based guidance rather than educational requirements (ICAEW, SAICA).

Summary of Feedback Received on Specific Strategic Initiatives from 2015 Consultation paper

1. In addition, the IAESB received feedback from respondents on five questions included in the IAESB consultation paper (2015), which the Board summarized by the following 5 significant issues: Enhancements to the IESs; Activity on IES 7; Activities on Professional Skepticism and Professional Judgment; Develop New IESs; and Other Activities (See Appendix 2).

Enhancements to the IESs

Thirty-five respondents provided responses on enhancements to the existing IES.

Seventeen (ACCA, AICPA-PcEEC, ANAN, CIMA, CPA Canada, Common Content, EYG, FEE, HKICPA, ICAEW, ICAP, ICAS, ICPAK, IDW, Silva Ferreira Juvenal, SAICA, and WPK) respondents indicated that no further enhancements were needed. Only three (ANAN, Silva Ferreira Juvenal, and WPK) of these seventeen respondents indicated definitively that no enhancements were needed; the other 14 respondents (ACCA, AICPA-PcEEC, CIMA, CPA Canada, Common Content, EYG, FEE, HKICPA, ICAEW, ICAP, ICAS, ICPAK, IDW, and SAICA) explicitly indicated that time was needed for MBs to obtain experience with the implementation of the existing IES before any consideration should be given to enhancements. Nine (ACCA, CPA Canada, Common Content, EYG, FEE, HKICPA, ICAS, ICPAK, IDW) of these 14 respondents explicitly requesting time indicated that a post-implementation review or research should be done to determine the extent and type of enhancement needed. Only one respondent (Common Content) to this question indicated that this monitoring exercise could be better performed by the IFAC Compliance Advisory Panel and PAODC. Another respondent (ACCA) indicated that an exception to this might be IES 7 because it was only redrafted and allows input measures; whereas, IES 8 allows output measures and a learning outcomes approach.

Fifteen (AAT, BDO, CIPFA, CPA Australia, CPAPNG, EAA, ICAG, INCP, IIRC, KASNEB-ICPAK, ICPAU, IFAC SMP, ISCA, PWC) respondents suggested enhancements to the IES. These respondents suggested a range of enhancements, including

- Clarifications resulting from a review over the entire suite of IES to increase clarity (AAT);
- Changes that increase competency within a ranges of areas such as skills needed to work in an IT-oriented environment (CPANPG, BDO, ISCA), skills to adapt to change (PWC), provide guidance on L&D or professional competence for the role of practical experience supervisor (BDO), include guidance on what is a specialist (BDO);
- Changes to align IES 7 with other revised IES with respect to input-based measures (BDO, CIPFA, KASNEB-ICPAK, ICPAU, PWC), role of practical experience in CPD (PWC) and development of a mind set for life-long learning (ICPAU, ISCA);
- Additional guidance to demonstrate the applicability of the standards across contemporary areas of practice (CPA Australia);
- Changes to IES 1 to emphasize appropriate mind set, critical thinking and proper ethical background to make rational accounting judgments

- Changes to increase proficiency levels to IES 2 Financial Accounting & Reporting (EAA) Analysis and reporting of non-financial information (IFAC SMPC), Public Sector Accounting (KASNEB-ICPAK, IFAC SMPC), IES 3 Interpersonal and Communications (EAA, IFAC SMPC) and IES 4 Ethical principles and Commitment to Public Interest (EAA) and Professional Judgment & Skepticism (INCP and ISCA);
- Additional guidance on the role of the PAO in curricula design, teaching, learning, and examinations (ICAG);
- Improvements on testing of achievement of communication skills and ethics (KASNEB-ICPAK)
- Improvements through benchmarking, monitoring, post-implementation review (Ali)
- Improvements that embed competences around value creation, the range of capitals used and affected by the organization, and the value creation process might be more fully embedded within the standards for initial professional development.

Three respondents (DTT, ICPAR, JICPA) did not explicitly mention enhancements to the IESs in their responses to Question 1. DTT suggested providing additional guidance to support the IES, including guidance to assist those designing and developing curricula for IFAC member bodies in these dynamic and complex areas. ICPAR suggested publishing/communicating cases of Audit failure where if the Partner had employed professional skepticism, they would have treated an item differently. JICPA suggested the priority should be on promoting the adoption and implementation of the revised IES.

It should be noted that IFAC SMPC, BDO, and PWC suggested that a post-implementation review of the IES or research study should be conducted on the existing learning outcomes within the IES to determine if they are sufficiently broad to capture the expected skill sets in the changing profession.

Activity on IES 7

Thirty-five respondents provided responses on how the requirements of IES 7 can be aligned to support the learning outcomes approach of the other IES.

Twenty-one respondents provided a response on how IES 7 can be aligned to the learning outcomes approach. These respondents offered a range of suggestions, including

- A full revision of IES 7 to adopt a learning outcomes based approach (AAT, CIPFA);
- A revision of IES 7 that only addresses the conflict of allowing the input-based approach to measure the achievement of CPD activity with that of the output and learning outcomes approaches in IES 8 (ACCA, CIMA, CPAPNG, DTT, ICAEW, SAICA);
- A revision of IES 7 that addresses the conflict of allowing the input-based approach, as well as other issues such as: appropriateness of CPD with respect to variety and flexibility in identifying, demonstrating, and measuring L&D to develop and maintain professional competence (ANAN, BDO, ICPAU), emphasize that IFAC member bodies share their responsibility not only with professionals, but also with professional firms and regulators that are part of the system of quality control for continuing professional development, as well as academia (EAA), recognize the dynamism of the profession, provide a well-defined competence map for undertaking CPD activity for an accounting role, segment CPD requirements on skills based on experience of professional accountant, and provide well-

defined measurement approach for verification and demonstration of learning outcomes (KASNEB-ICPAK), provide guidance on balance of input and output measures needed to support a combined approach with thought leadership in areas of learning at work or on the job training (PWC);

- A revision of IES 7 that addresses issues other than the input-based measurement of achievement of CPD activity, such as guidelines on CPD topics and duration necessary to provide the learning outcomes (ICAG);
- Provide guidance on any other set of learning outcomes identified that might be issued to support IFAC member bodies and the individual members in setting up specific CPD needs and thereafter the relevant training and development (ICPAK); on implementation and monitoring mechanism would be helpful for member bodies and the employers of professional accountants, especially the smaller setups, who are considering the adoption of output approach, as well as further clarification on reflective activities with regards to documentation needed and how it can be used and assessed (ISCA); by addressing the clarifications to IES 7 through implementation guidance by providing examples of how a member body can apply a learning outcomes approach while using an input-based or combination measurement approach to CPD, on assessment during CPD, types of evidence for verification purposes, and how input-based systems can be improved (EYG); offer more specific guidance on (i) competences relating to specific areas of specialism and strategic management or thought leadership pieces to highlight changes and the implications for professional accountants' development (IIRC), and (ii) benchmarking, monitoring, and sanctions (Ali);
- Consider whether the current requirements on completing 20 hours (or equivalent learning units) of relevant professional development activity each year should remain the same in response to the significant trends and developments including the variety of ways in which accountants can now access information and development courses (IFAC SMPC);
- Emphasize that combination approach is preferred approach maintaining hours of CPD but incorporating the need for a test at the end of the learning activity (JICPA); and
- Consultation with global regulators (Silva Ferreira Juvenal).

Twelve respondents indicated that they did not support a revision of IES 7. These respondents offered a range of reasons, including

- Not a productive use of resources to develop learning outcomes for CPD in areas of expertise practiced by professional accountants (AICPA-PcEEC, Common Content; ICPAK, IDW, WPK);
- Three alternatives for measurement align with the requirements of IES 5 (AICPA-PcEEC);
- Flexibility needed for increased broadening of the scope of practice of professional accountants (CPA Australia, CPA Canada, IDW);
- Learning outcomes approach will necessitate generic learning outcomes that will provide little additional guidance to professional bodies - let post-certification education be left to the national professional accounting bodies and employers in their jurisdictions who best understand the landscape (CPA Canada, Common Content, HKICPA), let IFAC member bodies refer to the recently issued IAESB guidance on implementing a learning outcomes approach for professional accounting education (FEE);

- Seek to have a thorough implementation monitoring exercise of IES performed (Common Content, IDW);
- Input approach and a combination approach, which recognizes the diversity of practice across member bodies and in different jurisdictions (HKICPA);
- IFAC member bodies follow an input (or minor combination approach) relate to a regulatory environment requiring such a method (ICAS); and
- No demand, or push, for CPD that is regulated in the same terms of formal reassessment nor evidence to suggest that professional accountants will benefit from a more formalised revalidation type scheme (ICAS).

Two respondents (ICPAR INCP) did not explicitly address how IES 7 requirements should be aligned to the learning outcomes approach.

Activities on Professional Skepticism and Professional Judgment

Thirty-six respondents provided responses on what action should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment.

Twenty-seven respondents provided a response to what action should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment. These respondents offered a range of suggestions, including:

- Support materials to assist in the implementation in the form of Information Paper, case studies, thought leadership papers, guidelines on competency requirements, toolkits, study guides or examples of practice (AAT, ACCA, BDO, CIPFA, CPA Australia, CPAPNG, DTT, INCP, KASNEB-ICPAK, ICPAR, ISCA, JICPA);
- Improvements to Explanatory Material of IES 7 (ANAN, ICAG);
- Literature Review of the professional and academic literature (CICPA, Xi Wu);
- Action needs to be coordinated through other Standards-setting Boards; for example IAASB and IESBA (Common Content, HKICPA, ICAEW, ICPAK, IDW);
- Support materials to reinforce topics on negotiation skills in IES 8 (EAA) and IES 3 (Ali, ICPAU)
- Prescribe requirements in IES 7 (ICAG);
- Engage other stakeholder and initiate deliberation to find out (a) the root causes of the problem, (b) stakeholder who could be the part of solution and finally (c) a unified solution supported by all stakeholders (ICAP);
- Provide greater emphasis on the linkages between strategy, the business model, risks and risk appetite, as well as competences around future-oriented information and prospects (IIRC);
- Amend International Education Practice Statement 1 on Ethics Education (JICPA);
- Place more effort in defining relevant roles (Silva Ferreira Juvenal); and
- Caution against taking responsive actions without further study or collation of existing research; we recommend that any actions taken need to be based on understanding of true

root causes of lack of professional skepticism or poor application/documentation of professional judgement in order to have impact (PWC).

Nine respondents indicated that they did not support further action by the IAESB to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment. These respondents offered a range of reasons, including

- It is felt that the IESBA Handbook of the Code of Ethics for Professional Accountants – 2015 edition, adequately covers this topic and there is enough guidance provided to professional bodies, in order for them to convey to their members (CIMA);
- No further action by the IAESB at this time subject to IAASB's consultation on A Focus on Professional Skepticism, Quality Control and Group Audits (AICPA-PcEEC, CPA Canada, EYG, ICAEW, SAICA);
- Matter for further action by the IAASB (FEE);
- Standard setting boards such as IAESB are not the appropriate party to produce practical tools, such as short video case studies, that may assist member organizations with fewer resources for use in their training materials (IFAC SMPC); and
- IAASB and IESBA, would benefit from the expertise of an IFAC education specialist; no need for such a specialist to come from another standard setting board (ICAS).

Develop New IESs

Thirty-three respondents provided responses on what new IES should be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants.

Twenty (AAT, ACCA, AICPA-PcEEC, CIMA, Common Content, CPA Australia, CPA Canada, DTT, EYG, FEE, HKICPA, ICAEW, ICAP, ICAS, ICPAK, IDW, IFAC SMPC, JICPA, SAICA, and WPK) respondents indicated that no further IES were needed to address emerging matters related to education of aspiring professional accountants and professional accountants. These respondents offered a range of reasons, including

- Twelve of these respondents (ACCA, AICPA-PcEEC, CIMA, CPA Canada, Common Content, DTT, EYG, ICPAK, IDW, IFAC SMPC, JICPA, and WPK) explicitly indicated that time was needed for MBs to obtain experience with the implementation of the existing IES before any consideration should be given to the development of new IES;
- No other accounting roles that fit the criteria of being well understood, having a discrete skills set and being a reserved occupation and that cannot be adequately addressed through the requirements of IES 7 (ACCA, DTT);
- Consideration given to member bodies which need to comply with the requirements of regulators (CPA Canada);
- Focus on monitoring implementation of IES (CIMA, ICAS, ICPAK, IDW, IFAC SMPC), possibly done by IFAC's CAP or PAODC, Common Content) collecting best practices and developing guidance around those best practices to assist developing accounting bodies (AAT, CPA Canada), minor maintenance of IES (DTT), promoting the adoption and implementation of IES (JICPA) and respond to new emerging issues through thought leadership pieces (AAT);

- Leave the market forces in the local jurisdiction to address those emerging matters and IFAC and member bodies are best placed to identify emerging issues and to respond appropriately (HKICPA, ICAEW, SAICA); and
- It may be more appropriate that the ambitions of the IAESB may be better placed under the auspices of the IFAC Professional Accountancy Organization Development Committee (PAODC) which has the mandate to promote and facilitate the establishment and strengthening of professional accountancy organizations in support of the public interest. IFAC committees are close to the daily challenges of PAOs and their members. Furthermore, it may be more economical and less resource intensive to retain this function under the umbrella of IFAC rather than a separate independent standard-setting body (ICAEW, SAICA).

Ten (Ali, ANAN, BDO, CIPFA, CPAPNG, EAA, ICAG, KASNEB-ICPAK, ISCA, INCP) respondents indicated that additional IES were needed to address emerging matters related to education of aspiring professional accountants and professional accountants. These respondents offered a range of suggestions, including

- ITC skills needed to perform in an IT environment should be covered by their own IES to highlight their importance and be given sufficient prominence as part of the curricula for aspiring professional accountants. ITC skills learning outcomes should also be considered and aligned to the revision of IES 7 (Ali, BDO, CPAPNG, EAA, KASNEB-ICPAK, ISCA, INCP);
- Address whether professional skepticism and professional judgment should have a separate IES or whether it is best served by being included in the revised IES 7 (BDO)
- Development of further specialist CPD IES, not least in management accounting, tax and financial services, external and internal audits corporate reporting, to be developed after the completion of IPD and practical experience requirements (CIPFA, ISCA);
- Development of a separate IES to address issues (e.g., the introduction of IPSAS, and accruals accounting more widely across the government and public sector, as well as the field of public audit as a distinct area of practice and the development of a global approach by the International Organizations of Supreme Audit Institutions is gathering pace) and reflect the needs of aspiring professional accountants in the government and wider public sector (CIPFA, KASNEB-ICPAK);
- Development of standards for Accounting Technician qualification (KASNEB-ICPAK); and
- Other areas where standards were suggested include use of case studies and study materials in curriculum (ANAN, ICAG), language and cultural skills (ANAN), testing after CPD (ANAN) and accreditation of education providers (ICAG).

Three respondents (ICPAU, Silva Ferreira Juvenal, PWC) did not explicitly address the need for new IES covering emerging issues. ICPAU suggested that soft skills such as intellectual, interpersonal, communication and organizational skills can be embedded within the IES at all stages of initial professional development, practical experience and continuing professional development. In addition, enhancements can be made to IES to recognize the increasing importance and impact of IT and data analytics on audit and accounting field. PWC indicated that the determination of new IES should result from the evaluation of the underlying skills needed by a professional accountant and

did not recommend a topic based approach, but rather the identification of those skills that contribute to the accounting profession of the future.

Other Activities

In addition to respondents' suggestions on activities from the earlier questions, thirty-five respondents provided responses on what other activities the IAESB should prioritize for the period 2017-2021.

Twenty-eight respondents provided advice on activities. These respondents offered a range of suggestions, including

Supporting Implementation

- Support materials for implementation of IES, including examples of good practice and case studies (AAT, ACCA, BDO, CIMA, CPA Canada, CPAPNG, DTT, EAA, EYG, Villaceran, ICAG, ICAP, ICPAK, ICNP, KASNEB-ICPAK, ICPAU, IFAC SMP; ISCA, JICPA; PWC, SAICA, WPK).
Examples included: Support IFAC member bodies who do not have direct influence on the learning and development by including examples of how to influence key stakeholders to enable IFAC member bodies to use their best endeavors; provide case studies of exemplar bodies' application of standards; assist with incorporation of new areas of practice into accounting education programs; provide education resources to all academic institutions delivering accounting qualifications to inform all academics about the role, purpose, and operation of the IES; reviewing best practices throughout the IFAC membership; should continue to share, and facilitate the sharing of, good practice in accounting education; how someone is expected to be prepared to provide appropriate educational/learning experiences may be useful; publish best practices of the PAOs that achieve significant results in applying the international education standards in their jurisdictions; Work with the IFAC PAODC in identifying areas where assistance may be required and providing the implementation assistance to those professional accountancy organizations in need; all subjects of ethics (topics of laundering of assets, corruption, etc) should be of high priority for all programs at the level of accounting or as a requirement of continuous development of accountants and members of IFAC; on how the use of specialists relates to the IES; re-purposing IAESB practice statements as guidance.

Thought Leadership

- Thought leadership papers (AAT, BDO, CIMA, CIPFA, CPA Canada, EYG, ICAG, KASNEB-ICPAK, ICPAU).
Examples included: share innovative techniques and topics in the learning and development of aspiring and professional accountants; on the importance of the accountancy educator and its centrality to developments in accounting education, including competence expected; similar papers produced for each of the IES; assessment of learning outcomes through practical experience and reflective activities identifies in IES 4; on curriculum architecture, on how program effectiveness and assessment of individuals can be combined to support the

objectives of the IES, on what elements (e.g., reflection, critical analysis, assessment criteria, etc.) are necessary for experiential learning and how to support and manage experiential learning and on the assessment of the achievement of learning outcomes through practical experience; impact of the new IES and in particular the learning outcomes approach on the role of the accounting educator.

Promoting the IES

- Promotion of IES and use of other communication vehicles to bring awareness to the IESs (AAT, ACCA). Examples included: pod or video casts providing commentary on topics and provide a forum to the professional bodies to present their views on the implementation of the IES.
- Research studies (AAT, Copenhagen Business School). Examples included:
 - More research is needed on the supply of audit education;
 - Less is known on the quality of audit education throughout the knowledge creation chain within the profession;
 - More cross-border research on understanding not only quality, but quality-affecting-factors on accounting education globally;
 - Further clarification the role of various educating institutions that all together contribute to the establishment of professional competence within the accounting profession;
 - Seek further engagement with Universities to ensure a proper realignment of university curricula with the standards of the board;
 - Whether increasing CPD credit units to 120 from a lower number significantly enhance professional development of CPAs; and
 - Collection of data relating to accounting education systems.
- Develop a Communications strategy (EAA). Examples included: help course instructors to invest time in being familiar and keeping up-to-date with IAESB's activity and its material.
- Advancing international dialogue and debate on professional accounting education (ISCA, PWC, WPK).

Implementation Review

- Nine respondents (ACCA, CPA Canada, Common Content, EYG, FEE, HKICPA, ICAS, ICPAK, IDW) indicated that a post-implementation review or research should be done to determine the extent and type of enhancement needed.
- Three respondents (IFAC SMPC, BDO, and PWC) suggested that a post-implementation review of the IES or research study should be conducted on the existing learning outcomes within the IES to determine if they are sufficiently broad to capture the expected skill sets in the changing profession.
- Only one respondent (Common Content) to this question indicated that this monitoring exercise could be better performed by the IFAC Compliance Advisory Panel and PAOD Committee.

Other Comments

- ANAN indicated that it was satisfied with the current IAESB priorities for the period 2017-2021. Silva Ferreira Juvenal suggested IAESB prioritize other activities, as follows: Implementation support – medium; Guidance – high; Communications – medium; Thought leadership publications – high.
- One respondent (FEE) indicated that it is no longer necessary that the IAESB remains fully operational and they suggest the IAESB pause its activities. The ICAEW and SAICA indicated that they did not support the creation of new work streams or new requirements for professional accountancy organizations (PAOs). The ICAEW and SAICA also indicated the IAESB can and should work collaboratively with the PAOs on a care and maintenance basis. The ICAS questioned whether the IAESB’s activities should drift into objectives – no evidence of the uptake of IFAC implementation support guidance communications and thought leadership publications in the area of education that would provide us with confidence that this is a role the Board should be undertaking in the absence of standard setting.

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529 Fifth Avenue, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaesb.org