

ICAEW

CONSULTATION RESPONSE



PROPOSED REVISIONS TO IES 2, 3 AND 4

ICAEW welcomes the opportunity to comment on the Proposed Revisions to IES 2, 3 and 4 – Sustainability published by the International Federation of Accountants on 24 April 2024, a copy of which is available from this [link](#).

This response has been prepared by the ICAEW's Education and Training Directorate in consultation with the Education and Training Board.

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Answers to specific questions

1. *Do you support the proposed revisions to IES 2, 3 and 4 for sustainability? If not, please explain your reasons and indicate what changes you would suggest.*

ICAEW broadly supports the proposed revisions subject to the caveats set out below. Sustainability is key to the profession's future and changes to the International Education Standards to better implement education in these areas is welcome.

2. *Are the sustainability learning outcomes sufficient and appropriate expectations for aspiring professional accountants? If not, please explain your reasons and indicate what changes you would support.*

The sustainability learning outcomes are sufficient and at an appropriate level, subject to our comments below.

- 3a. *Do you support the proposal to create a competence area for Assurance? If not, please explain your reason and indicate what changes you would suggest.*

ICAEW does not support the split of Audit and Assurance to develop a specific competence area for Assurance.

We note that the new competence area is at Foundation level only having been split, in part, from the previous Audit and Assurance competence at Intermediate level. There is a risk this will create confusion and will necessitate additional work to develop Intermediate and Advanced level aspects to this competency that would cross over further with Audit.

We do not believe this is a necessary change and that it could create an additional educational burden on aspiring accountants and auditors. We believe this area is better retained within an Audit and Assurance competence as previously.

- 3b. *Is the level of the proposed assurance competence area and learning outcomes at foundation level appropriate for aspiring professional accountants? If not, please explain your reason and indicate what changes you would suggest.*

Please see response above. ICAEW does not consider this change to be necessary or helpful.

4. *Are there any terms in the new and revised learning outcomes to IES2, 3 and 4 that require further clarification? If so, please explain which terms and how they could be better explained or revised.*

ICAEW does not require any further clarification of the terms in the new learning outcomes.

5. *Do you believe the adoption and implementation of the proposed revised IES 2, 3 and 4 including will present any challenges to your organisation? If yes, what challenges do you foresee.*

We do not foresee any issues for ICAEW.

More widely we would caution that there will be issues for some of the less developed PAOs in IFAC's membership. There are already noted gaps in the ability of some PAOs to attain the standards set out by IFAC for education and other areas. Without significant support, these changes are likely to exacerbate these gaps and make it more difficult for the smaller bodies to meet the standards set out. ICAEW believes it would be useful for IFAC to provide supporting material for the smaller bodies to support them in closing these attainment gaps.

6. *Request for general comments.*

ICAEW notes the changes incorporate updates more widely than sustainability alone with technology being one area where a number of changes have been made. Separately there are changes that have been made to some wording in the IESs that do not specifically change anything in terms of either sustainability or additional technology knowledge – for example in IES2b(iv): 'Analyze data and information to consider alternatives and enable management to make informed decisions'. This, among other small updates to wording, is outside of the scope of the changes to embed sustainability and we would caution against scope creep in future work.

ICAEW recognises that the scope of sustainability is very broad and not everything is able to be considered at the initial training and education levels. We do not believe additional work on the IESs to develop IPD and further embed sustainability is needed as this could create an imperative for trainees regardless of their future career aspirations which may not require higher level sustainability knowledge. It would, however, be useful to understand future plans around changes to other IESs, most obviously IES 8, to cover sustainability at more advanced stages in an accountant's or auditor's career.

Finally, ICAEW notes that the governance process for approving the amended standards would benefit from greater outreach, transparency and external involvement. The current decision-making process seems relatively "closed" with IFAC staff and the IFAC Board deciding on the matters at hand.