



IES EXPOSURE DRAFT: RESPONSE TEMPLATE

RESPONSE TEMPLATE FOR THE ED OF THE PROPOSED REVISIONS TO IES 2, 3, AND 4 – SUSTAINABILITY

Guide for Respondents

Comments are requested by **July 24, 2024**.

This template is for providing comments on the Exposure Draft (ED) of proposed revisions to International Education Standards 2, 3, and 4 -- Sustainability, in response to the questions set out in the Explanatory Memorandum (EM) to the ED. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate IFAC's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for IFAC to be made aware of this view.
 - Identify the specific aspects of the ED that your response relates to, for example, by reference to sections, headings or specific paragraphs in the ED.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IFAC website.

[Use the "Submit Comment" button on the ED web page to upload the completed template.](#)

Responses to IFAC’s Request for Comments in the EM for the ED, Proposed Revisions to IES 2, 3, and 4 – Sustainability

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	Joint Submission: British Accounting and Finance Association (BAFA) Committee of Departments of Accounting and Finance (CDAF) & British Accounting and Finance Association (BAFA), Accounting Education Special Interest Group (AE SIG)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Professor Susan Smith, Chair CDAF Professor Joan Ballantine, Vice-Chair, Accounting Education Special Interest Group (AE SIG)
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Susan.a.smith@ucl.ac.uk Joan.ballantine@ulster.ac.uk
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	Europe
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	Academic or Academic body
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** IFAC’s preference is that you incorporate all your views in your comments to the questions (also, the last question in Part C allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Specific Questions in the EM for the ED

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

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.

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

CDAF:

The BAFA CDAF welcomes the inclusion of sustainability into the IES and has outlined its detailed comments to the consultation below.

Placing sustainability reporting on the same level as financial reporting represents a significant shift for those providing initial professional development and member bodies. The operationalisation process and timeline needs to be carefully considered.

Accounting Education SIG:

The BAFA, Accounting Education Special Interest Group (AE SIG) has not gone through a formal consultation with its members on the proposed revisions to IES 2, 3 & 4 due to time pressures. However, in my role as Vice-Chair and after consulting with members of the Accounting Education SIG Executive Committee, we broadly welcome the inclusion of sustainability in IES 2, 3 and 4.

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.

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

CDAF:

Learning outcomes c) Finance and financial management (intermediate). The learning outcomes would benefit from clarity related to the associated degree of critical thinking required at the intermediate level. For example, i) 'compare' does not imply a questioning mindset and vi) 'explain' would typically be linked to lower order learning outcomes.

This observation is also applicable to other subject areas covered at intermediate, e.g., taxation and could lead to an unquestioning application of the rules without considering the ethical implications.

Accounting Education SIG:

The BAFA, Accounting Education Special Interest Group:

1. Broadly welcome the changes proposed to enhance consistency with international standards.

2. Consistent with CDAF, we question the degree of critical thinking required at the Intermediate Level for (a) Financial accounting, disclosures and reporting; (b) Management accounting; (c) Finance and financial management; (d) Taxation; (e) Audit; (f) Governance, risk management, and internal control; (g) Business laws and regulation; (h) Information and communications technology; (i) Business and organizational environment; (j) Business strategy and management. Currently there is little in the way of critical thinking (e.g., critically evaluate...) associated with these areas in the proposed revisions.
3. In (b)(ii) Management Accounting, it would be useful to indicate what is meant by 'appropriate technology' as this is not clear.
4. The proposals, Appendix A, (a) through to (l) should make more explicit how sustainability is to be incorporated. For example, although the word 'sustainability' is widely used in the 'Rationale' column in Appendix A, it is not referred to in 'Proposal' (b) Management Accounting; (c) Finance and financial management; (d) Taxation; (e) Audit; (g) Governance, risk management, and internal controls; (h) Business laws and regulations; (i) Information and communications technology; (j) Business and organizational environment; (k) Economics; (l) Business strategy and management.
5. This term 'ambiguity' is only mentioned twice in the document (point A19) in the context of the assessment of professional skills & 'uncertainty' is only mentioned once in the entire document (point 30), being associated with 'Scenario analysis. We would welcome the inclusion of greater reference to both 'ambiguity' and 'uncertainty' as both are inherent in sustainability reporting.

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

Overall response: [Agree, with comments below](#)

CDAF:

CDAF is broadly supportive of the creation of a new 'assurance' competence. However, we recognise that sustainability assurance will inherently involve managing uncertainty and applying judgement. As a result, we question whether it should be placed at the Foundation level. The proposed learning outcomes suggest that the sustainability assurance is a purely technical process using verbs 'describe', 'explain', 'describe' and 'identify' that we would consider to be lower order learning outcomes.

We would urge IFAC to consider whether it is more appropriate to revise the learning outcomes and place assurance at the intermediate level. Further this area is inherently linked to audit and the symbolic de-coupling may not be desirable although we do accept that in many instances sustainability assurance may be undertaken by non-accountants.

Accounting Education SIG:

The Accounting Education SIG broadly welcome the creation of a new competence area for assurance. Our views regarding the management of uncertainty and applying judgement are broadly in line with those expressed by CDAF. Consistent with the views of CDAF, the Accounting Education are concerned with the use of verbs such as 'explain', 'describe' and 'identify' which imply lower learning outcomes, despite being used at an intermediate level.

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

Overall response: [Agree, with comments below](#)

Detailed comments (if any): See comments to 3A

4. Are there any terms within the new and revised learning outcomes of IES 2, 3, and 4 which require further clarification? If so, please explain which terms and how they could be better explained or revised.

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

CDAF:

CDAF notes that the introduction of the term intellectual curiosity does not necessarily result in understanding of the inherent uncertainty in accounting. Further, the term 'uncertainty' is only used once in the document in the definition of scenario analysis (para 30). CDAF feels that it would be more appropriate for it to be used in the main standards to reflect the central challenge to the profession in its work.

We also note that the term stakeholder is increasingly challenged and it may be worth acknowledging this in the document. See for example <https://blogs.lse.ac.uk/impactofsocialsciences/2024/05/07/should-we-stop-using-the-word-stakeholder-in-research/#:~:text=The%20word%20%E2%80%9Cstakeholder%E2%80%9D%20is%20used,by%20those%20who%20use%20it.>

Accounting Education SIG:

No further comments.

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

Overall response: [No response](#)

Detailed comments (if any):

Part C: Request for General Comments

IFAC is also seeking comments on the matters set out below:

6. General comments are welcomed on all matters addressed in the proposed IES 2, 3, and 4 (See Appendices A to E). Where relevant, when making general comments, it is helpful to refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording 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 is helpful to note the reason you agree.

Overall response: [Click to select from dropdown menu](#)

Detailed comments (if any):

CDAF:

More generally, CDAF notes that the IES present accounting as a predominantly technical subject. We urge IFAC to consider whether it is necessary for those undertaking initial professional development to learn about the theory and practice of accounting to provide a backdrop to their learning. This contextual element is often absent where initial professional development takes place outside of a University degree programme.

Business acumen - The development of business acumen as part of initial professional development may be reliant upon the work experience of aspiring members rather than developed through the formal learning environment. This is also the case for the behavioural aspects related to understanding and appreciating the workings and effectiveness of multidisciplinary teams. There may be inequity in the ability of aspiring members to achieve these learning outcomes depending on their training employer.

Ethics- CDAF would like to see specific recognition for the different political and cultural influences that may impact member bodies due to their country or market.