

## **PAEE response to IFAC on proposed changes to IES 2,3 4 Sustainability and IES -Initial Professional Development, Assessment of Professional Competence**

Professional Accountancy Education Europe (PAEE – previously the Common Content Project) welcomes this opportunity to respond to the IFAC consultation around changes to the International Education Standards.

While broadly supportive of the need to integrate sustainability and elements of the changing environment that accountants and auditors now operate in there are some key areas that PAEE have concerns about and we set these out below.

### Governance and oversight

PAEE has significant concerns about the due process being followed in the development, and issuance of the revised standards and for future work of the panel.

The development of the IESs following the disbandment of the IAESB has fallen to the International Panel for Accountancy Education (IPAE) and the project has been taken forward on the whole by IFAC staff and supported by appropriately qualified individuals from various PAOs and other stakeholders. While the IAESB was overseen under the remit of the Public Interest Oversight Board there is no such framework for oversight of the IPAE and as such visibility of the process has been limited and it is unclear if elements such as the public interest have been considered effectively in the development of these changes and at what stage.

PAEE recognises that the need to embed sustainability in the IESs is urgent and key to the future of the profession. The structure and oversight of the IAESB may have been more appropriate for this type of work and recommend that additional details are provided on the oversight and governance processes for all future work that we understand will follow when other standards are updated, and guidance issued. These elements are necessary for the future of the IESs and the important ongoing work of the IPAE.

### Terminology and skill levels

Around the terminology used in the updated standards PAEE believes there may be some confusion created in areas where the language being proposed diverges from technical language – for example the use of ‘describe’ rather than ‘assess’ in Assurance F3. It is unclear here what is being meant by describe and so attainment of the standard will be limited. PAEE recommends a return to use of the technical language.

The levels being suggested for the knowledge and skills at entry level are also an area of concern. Some elements incorporated into the changes would suggest an expert level of knowledge in sustainability matters will be needed which is a level unlikely to be achieved by a newly qualified accountant or auditor. We suggest that clarification should be given that often the application of such learning outcomes by entry-level accountants may involve the use of subject-matter experts.

PAEE questions whether the standards will set an unattainable target for professional bodies. The area of sustainability is broad and cannot be distilled into a single set of

changes to the IESs irrespective of changes to further IESs, that cover every area that might be required for an entry level accountant or auditor. Added to this the need for professional

bodies to find a balance between adding new skills and knowledge and removing aspects of programmes already in place to avoid an overload in the qualifications, and by extension on accountants and auditors in training, and these and future updates may form a significant burden for many PAOs.

Following on from this, the additional pressure placed on professional bodies that do not currently have the capacity or resources to alter their qualification to meet the standards prior to the changes coming into effect will have this exacerbated by the release of the revised standards and widen the gap between those PAOs that are compliant with the IESs and those that are not. PAEE would welcome details of any support or guidance being developed to support these PAOs.

#### Additional needs and equity

On IES 6 more clarity is needed around the definition of 'additional educational needs'. PAEE considers that an entry level accountant or auditor will require a baseline of knowledge and skills that should not be overlooked based on additional requirements in assessments while avoiding the creation of barriers to entry. The terminology in use here would benefit from greater definition.

Similarly, there are likely to be barriers created by local culture and differences such as access to high-speed internet. The proposed changes to IES 6 appear not to take this fully into account and PAEE cautions that it would be prudent to take a step back and ensure no language is in use in the revised standard that would promote or show preference to any cultural norms or disregard others.

PAEE recommends that the guidance should be clear that additional educational needs and mitigating barriers created by local culture and differences do not in any way suggest that standards of competence would be diminished for these factors.

Should you require any additional feedback or want to discuss anything in our response please contact Jennifer Burt, Secretary to the PAEE on [jennifer.burt@icaew.com](mailto:jennifer.burt@icaew.com).