



International Accounting
Education
Standards Board

529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaesb.org

Meeting: International Accounting Education Standards Board (IAESB)
Meeting Location: Bali, Indonesia
Meeting Date: April 9-11, 2019
SUBJECT: **Revisions to IESs 2, 3, 4, and 8 – Professional Skepticism – IAESB Issues Paper**

INTRODUCTION AND BACKGROUND

1. The objective of this issues paper is to update the IAESB (“the Board”) on the activities of the IAESB Professional Skepticism Taskforce (PSTF or Taskforce) since the last Board meeting in October 2018.
2. Current members of this PSTF Taskforce are:
 - Dave Simko (Chair)
 - Sue Flis (Secretary)
 - Bruce Behn
 - Keryn Chalmers
 - Elizabeth Gammie
 - David McPeak
3. During the November 2016 meeting of the IAESB, the Board directed the Taskforce to move ahead with its recommendation to initiate a literature review to inform the PSTF in its deliberations and in preparing future recommendations to the Board. The Board launched this literature review in March 2017. The literature review was shared with the Board in November 2017. Additionally, prior to the November 2017 meeting, the Taskforce also prepared a survey, targeted at key stakeholder groups (FOF, PAIB and GAA Education Directors), to help inform the discussion of potential next steps related to Professional Skepticism (PS) by the IAESB. Preliminary survey results were shared with the Board in November 2017 and final results in April 2018.
4. The PSTF developed a set of recommendations from the PSTF and brought them to the Board in November 2017. The Board approved several recommended activities at the November 2017 Board meeting. Several of these recommended activities were completed during 2018. However, since IFAC announced the reconstitution of the Board in July 2018 the PSTF reevaluated the priority of its recommendations and decided to pause all activities except those related to completing an analysis of PS competencies, skills and behaviours identified in the literature review and survey against the competence areas and learning outcomes in the existing IESs. The Taskforce performed an analysis of PS skills and behaviours identified in various sources against the competence areas and learning outcomes in the existing IESs and presented proposed revisions to IES 2, 3, 4 and 8 at the October 2018 meeting. At the October 2018 meeting, the Board approved an exposure draft of revisions to IES 2, 3, 4 and 8. Subsequent to the October 2018 meeting, an exposure draft was published and stakeholders have provided comment letters. Comment letters have been received and an initial analysis has been performed by the Taskforce.
5. This paper will update the Board on the observations and themes from the comment letters received on the exposure draft.
6. Additional agenda items related to this issues paper can be found at:

Number of Agenda Item	Title
2-2	Detailed Analysis of Respondents' Comments on Exposure Draft (2019)
3-2	Suggested revisions to the PS learning outcomes from the comment letters received

DISCUSSION – PSTF

7. As a result of the Taskforce's initial analysis of the comments letters received, the Taskforce is seeking input from the Board on the following observations and themes from the comment letters:
- Item 1 – Overall PS issues identified in the comment letters received
 - Item 2 – Feedback on respondents' suggested changes to the IAESB Glossary of Terms
 - Item 3 – Feedback on respondents' suggested revisions to learning outcomes
 - Item 3a – Revisions to proposed learning outcomes
 - Item 3b – Potential duplicate learning outcomes
 - Item 3c – Potential new learning outcomes
 - Item 3d – Extant learning outcomes that should not change
 - Item 3e – Learning outcomes that should be removed
 - Item 3f – Learning outcomes that should be combined
 - Item 4 – Revision of proficiency levels
 - Item 5 – Placement of learning outcomes in IESs

Item 1 – Overall PS issues identified in the comment letters received

8. Three respondents indicated that they did not support the changes to the IESs for PS because they do not reflect the latest work done by the IAASB and IESBA. The respondents highlighted that the IAASB currently is discussing fundamental issues with the term professional skepticism being used outside of the audit context and the IESBA is currently discussing referring to only the role and mindset of professional accountants rather than using the term professional skepticism.
9. In addition to the above, four respondents indicated that they do not believe the term professional skepticism should be used at all in IES 3 and 4. They indicated that unless used in an audit or assurance context, the term professional skepticism should no longer be used to describe the role and mindset of professional accountants.
10. The Taskforce discussed these overall issues and believes that at this point in time these projects are currently in progress with the IAASB and the IESBA and no decisions have been made on the way forward by either the IAASB or the IESBA. Therefore, the Taskforce concluded that at this point in time, the IAESB should continue to advance the proposed changes to the IESs but should revisit its use of the term professional skepticism in the IESs to avoid potential contradictions with standards issued by the IAASB and IESBA.

Action Requested:

- **In light of the ongoing projects by the IAASB and the IESBA, does the Board agree that the IAESB should continue to advance the proposed changes to the IESs for PS? If not, why?**
- **Based on the current activities of the IAASB and IESBA, should we limit our reference to PS in the IESs to audits and assurance services?**

Item 2 – Feedback on respondents suggested changes to the IAESB Glossary of Terms

11. Two new glossary of terms related to PS were proposed in the exposure draft and received numerous comments. For reference, the proposed definitions were as follows:
- 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 judgement: 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)).
12. Comments received on the intellectual agility definition consisted of the following:
- Definition won't translate.
 - The definition of intellectual agility should be linked to the risk-taking capacity of the professional. It requires the professional to step aside and look at the information without prejudice, thinking like thinkers, offering reasons for reasons.
 - The definition for Intellectual Agility is quite general and abstract. This definition would be improved with adding 'learning and applying' somewhere in the words. Suggestion: The ability of a professional accountant to embrace and apply new learning with agility; 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.
 - In relation to the definition of intellectual agility, we generally support the definition, with the exception of the inclusion of the phrase '...re-evaluate conclusions in response to ... existing facts'. Suggestion: The ability of a professional accountant to: consider new, or reconsider existing, data and information; reflect on conclusions in response to new facts or additional circumstances or insights related to existing facts; identify new or alternative ways of working; and adapt quickly to changing circumstances.

- The addition of intellectual agility is not specific to ICT or skepticism. Should consider using using the term innovation, adaptability and open-mindedness.
 - Some individuals expressed concerns over “in response to new or existing facts”. The reason is that professionals not only must respond to facts, but non-factual information, speculation, etc. in today’s complex world. Consider replacing reference to “facts” with information.
 - The ability of a professional accountant to: consider new, or reconsider existing, data and information; re-evaluate conclusions in response to new or existing information; identify new or alternative ways of working; and adapt quickly to changing circumstances.
 - The name "Intellectual Agility" is not considered adequate. Propose calling it "Professional Attitude", or something similar, that is linked to attitudinal knowledge.
 - Some individuals proposed changes to the definition because intellectual agility is not the preserve of professional accountants and they want to be able to communicate the higher levels of cognitive skills required. Suggestion: The ability to: critically appraise new, or reappraise existing, data and information; re-evaluate conclusions in response to new or existing facts; develop new or alternative ways of working; and, adapt quickly and effectively to changing circumstances.
13. The Taskforce has considered the comments received and recommends retaining the term intellectual agility because of the importance of this concept that was identified in the information gathering activities. However, the Taskforce proposes the following revisions to the definition:
- Intellectual agility - The ability of a professional accountant to embrace and apply new learning; consider new or reconsider existing data and information; ~~re-evaluate~~ reflect on conclusions in response to new or existing information, additional circumstances or insights ~~facts~~; identify new or alternative ways of working; and adapt quickly to changing circumstances.
14. Comments received on the professional judgment definition consisted of the following:
- Recommend that the definition of professional judgment include the “gut feeling”, call it instinct, call it intuition, that is difficult to define or measure, but permeates every decision made by an accountant.
 - Recommendation that the Board revisits whether simply reusing the new Code of Ethics definition is the right approach for the IESs.
 - The definition of professional judgement should indicate what an aspiring or professional accountant would do with the judgement skills. Suggestion: Professional judgement 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, to develop an opinion or decision about specific facts or circumstance.
 - IAESB should work with other standard setting boards for alignment of definition. ISAs should not have a different definition.

- The definition of professional judgment is not in line with that of the IAASB and IESBA and needs to be changed. Both the IAASB and the IESBA definitions link the need to exercise professional judgment to making informed decisions about courses of action. (x 4 comment letters)
 - An audit context needs to be added to the definition. Suggestion: 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)). In relation to audit activities, apply scepticism when evaluating data.
15. The Taskforce has considered the comments received and believes that it is still appropriate to continue to use the IESBA International Code of Ethics for Professional Accountants (2018) definition because this definition applies to all professional accountants, similar to the IESs. Therefore, the Taskforce does not believe that proposed changes to the definition should be made by IAESB, since we are referencing a definition in IESBA's Code. We suggest forwarding the comments received on this definition to IESBA.
16. Respondents also suggested that additional terms be defined in the IAESB Glossary of Terms. These consisted of the following: Collaboration skills, contrary audit evidence, critical thinking, questioning mindset, curiosity, ethical principles and techniques. The Taskforce believes these terms are self-explanatory and do not require addition to the IAESB Glossary of Terms.

Action Requested:

- **Does the Board agree with the proposed changes to the intellectual agility definition? If not, why?**
- **Does the Board agree that the definition for professional judgment from the IESBA International Code of Ethics for professional accountants (2018) continues to be appropriate in the IESs? If not, why?**
- **Does the Board believe that any of the above additional terms identified by respondents should be defined in the IAESB Glossary of Terms? If so, which ones and why?**

Item 3 – Feedback on respondents suggested revisions to learning outcomes

Item 3a – Revisions to proposed learning outcomes

17. Respondents indicated numerous suggestions to the learning outcomes. Nearly all of the responses focus on providing helpful comments and editorial suggestions on the proposed revisions to the learning outcomes. Agenda item 3-2 summarizes suggested revisions to the PS learning outcomes from the comment letters received. The Taskforce needs to evaluate all of the suggestions received, but would like to seek the Boards input on learning outcomes that received multiple comments. These are as follows:

Learning outcome	Comments Received	Taskforce recommendation
<p>IES 2 (e) (vi) Assess audit evidence for appropriateness and sufficiency</p>	<ul style="list-style-type: none"> • The rationale of the new learning outcome does not seem to commensurate with the actual learning outcome. If the emphasis is on Professional Scepticism, it would be more impactful if the term “Professional Scepticism” is incorporated into the learning outcome. Suggested phrasing: Exercise professional scepticism in the audit of financial statements. • Evidence used in a conclusion may be appropriate and sufficient but it may omit or ignore other audit evidence. We recommend the following wording for the learning outcome: “Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions”. This ensures consistency with IES 8 paragraph 9 (a) (iv), (the corresponding learning outcome for engagement leaders). • In line with the terminology used at the IAASB, auditors shall “conclude” (not “assess” the sufficiency and appropriateness of the audit evidence obtained) whether sufficient appropriate audit evidence has been obtained (see ISA 330.26 first sentence). The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same. 	<p>Note comment also received on this learning outcome in Item 3e – Learning outcomes that should be removed.</p> <p>The Taskforce believes assess should remain here so learning outcome is not the same as IES 8 (a) (iv).</p> <p>The Taskforce proposes the following changes based on the respondents’ feedback: Assess audit evidence for by considering its appropriateness and sufficiency <u>and any contrary audit evidence gathered</u> to make informed decisions and reach conclusions.</p>

	<ul style="list-style-type: none"> Should be reworded as: Apply scepticism when assessing audit evidence for appropriateness and sufficiency. 	
<p>IES 3 (a) (ii) Apply critical thinking skills to solve problems</p>	<ul style="list-style-type: none"> It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”. We request a clear explanation of how to distinguish between “critical thinking” in IES 3 Table A (a) (ii) and “professional skepticism.” In IES 3 a new learning outcome (a)(ii) has been added ‘Apply critical thinking skills to solve problems. In the rationale for the proposed revisions, the Board states that the proposed change is to reflect that “critical thinking skills are an underlying competency of professional skepticism and are used in solving problems”. However based on the wording used, the proposed change seems to limit itself only to the ‘solving problems’ element. We recommend that the Board revisit the wording. This learning outcome is very limiting as critical thinking skills are also used to make judgements, make decisions, and make assessments, as well as to solve problems. As a result, we suggest that the Board expand this learning outcome to recognize additional circumstances in which critical thinking can be applied. The critical thinking should not be just restricted to solve problems. The learning outcome should be reworded as follows: “Apply critical thinking skills to gather and evaluate information in order to make professional judgment.” It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well- 	<p>Note comments received on this learning outcome in Item 3b – Potential duplicate learning outcomes and Item 3d – Extant learning outcomes that should not change.</p> <p>The Taskforce proposes the following changes based on respondents’ feedback: Apply critical thinking skills to solve problems, <u>make judgments, make decisions and to reach well-reasoned conclusions based on all relevant facts and circumstances.</u></p>

	<p>reasoned conclusions based on all relevant facts & circumstances”.</p>	
<p>IES 3 (a) (v) Demonstrate intellectual agility</p>	<ul style="list-style-type: none"> • These learning outcomes need a business context and are too general as currently drafted. 	<p>No change to learning outcome. The business context is described in the definition of intellectual agility.</p>
<p>IES 3 (b) (ii) Demonstrate collaboration skills</p>	<ul style="list-style-type: none"> • These learning outcomes need a business context as are too general as currently drafted. • Collaboration could be expanded to include ‘partnering’ to reflect the internal and external relationships needed to achieve organisational goals. 	<p>Comment received to combine learning outcome with (b) (i). See Item 3f – Learning outcomes that should be combined.</p> <p>Comment also received that this learning outcome should be removed. See Item 3e – Learning outcomes that should be removed.</p> <p>The Taskforce believes this learning outcome should be combined.</p>
<p>IES 3 (c) (vii) Reflect on experiences to improve future actions</p>	<ul style="list-style-type: none"> • These learning outcomes need a business context and are too general as currently drafted. • We applaud the inclusion of reflecting on experiences to improve future actions as it conveys the message that it is okay to fail provided that professionals learn from those experiences. 	<p>Comment received to combine learning outcome. See Item 3f – Learning outcomes that should be combined.</p> <p>The Taskforce believes this learning outcome should be combined.</p>
<p>IES 3 (c) (vi) Demonstrate an awareness of personal and organizational bias</p>	<ul style="list-style-type: none"> • We agree that learning about one’s personal and organizational biases is an important step to being more proficient at applying professional skepticism. Research certainly supports the importance of leading individuals to learn how to recognize and be aware of their organizational information biases. Devising tests to measure such biases may not be a worthwhile use of resources. The education for such biases is more important than attempting to measure them. • We applaud the inclusion of recognition of organisation and personal bias specially to further the work around diversity and 	<p>The Taskforce proposes the following changes based on respondents’ feedback: Demonstrate an awareness of personal and organizational bias <u>to reduce their impact in decision making.</u></p>

	<p>inclusion. We encourage additionally adding not just recognition, but efforts to eliminate biases from the organisation and decision-making.</p> <ul style="list-style-type: none"> • Is it meant that professional bias is a limitation to apply professional skepticism effectively? It is not clear. 	
<p>IES 4 (a) (ii) Demonstrate curiosity by exploring beyond what is immediately apparent</p>	<ul style="list-style-type: none"> • We question the new item of demonstrating ‘curiosity’ (page 23 in Appendix C, Table Item 6). This implies taking an interest for the sake of it, but skepticism is more focused than this. We suggest, therefore, that ‘curiosity’ could be replaced with ‘professional inquisitiveness’. And if the word ‘curiosity’ is absolutely desired, then ‘professional curiosity’ is more appropriate. • Should this be “intellectual” curiosity and this learning outcome needs a business context. • ‘Demonstrate curiosity by exploring beyond what is immediately apparent’ is somewhat vague. It is not clear how it is incremental to (i), (iii), and (iv). 	<p>Comment also received to remove this learning outcome because duplicative. Item 3e – Learning outcomes that should be removed.</p> <p>The Taskforce suggests deleting this learning outcome because on further review does not believe this learning outcome is incremental to IES 4 (a) (i), (a) (iii), and (a) (iv).</p>
<p>IES 4 (a) (iii) Apply techniques to reduce bias</p>	<ul style="list-style-type: none"> • “Apply techniques to reduce bias,” we would like to see specific examples of techniques for reducing bias. • We recommend the IAESB clarify whether this is personal or organizational bias. Refinement needed and implementation guidance needed: We believe it may be personal bias so we recommend the following wording for the learning outcomes: “Apply techniques to reduce personal bias” and “Evaluate the potential impact of personal bias on conclusions”, respectively. In addition we recommend the IAESB consider providing implementation guidance with examples of how and accountant would develop skills to demonstrate these learning outcomes. • IAESB can consider rephrasing the sentence “Apply techniques to reduce bias” 	<p>The Taskforce proposes the following changes based on respondents’ feedback: <u>Demonstrate an awareness of potential personal and organizational bias</u> and apply techniques to reduce bias.</p> <p>Taskforce to consider after the April IAESB meeting the fact that this learning outcome is now similar to IES 3 (c) (vi).</p>

	<p>to “Apply techniques to exercise objectivity” since the ethical principle of “objectivity” has been mentioned throughout the Exposure Draft (e.g. page 58) for consistency and also to encompass a wider definition of the necessity to be objective thus minimising or eliminating the tendency of biasness.</p> <ul style="list-style-type: none"> • We recommend that the concept of having an awareness of potential personal and organizational bias be built into this learning (same for IES 8.9(iii)). 	
<p>IES 8 (a) (iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.</p>	<ul style="list-style-type: none"> • We are of the view that the proposed wordings are not sufficiently clear to convey that the changes relate to the concept of professional scepticism. • Since professional scepticism is a key concept and if the intention is to draw the reader’s attention to it, we propose to make it more explicit, for example, by incorporating the term “professional scepticism” in the wordings to drive the concept across. Repeating the term in the different relevant paragraphs will also help in memory retention, enabling the reader to better remember it. • Suggested Competence Areas (a) Audit (iv) Critically evaluate audit evidence to ensure its appropriateness and sufficiency to make informed decisions and reach conclusions. Reason 1. Replacing “evaluate” with “Critically evaluate” conveys the importance of this learning outcome. 2. “... any contrary audit evidence gathered...” is audit evidence. There is no need to repeat “audit evidence”. • With respect to IES 8 (a) Audit (Intermediate), (iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any negative audit evidence gathered to make informed decisions and reach conclusions. It seems repetitive "and any contrary audit evidence", we consider it better to leave evidence in general. 	<p>The Taskforce proposes no change. Concept of contrary audit evidence is relevant for audit and drives home the concept of PS.</p>

<p>IES 8 (a) (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.</p>	<ul style="list-style-type: none"> • We disagree with the proposed change made to paragraph 9(a)(v) to remove the phrase “and documented”. Performance and documentation are separate and distinct. A piece of audit work may be performed but not necessarily documented on file. Hence, we are of the view that performance does not encompass documentation. Moreover, as documentation is an important aspect of audit as evidence of work done, it should be separately highlighted. • (a)(v) has been amended to remove reference to ‘and documented’ on the basis of redundancy. Given the continuing findings from inspections of audits and the overall focus on the importance of documentation, in our view there remains an important distinction between performing something and adequately documenting it, which should continue to be emphasized. We therefore recommend that the specific reference to ‘and documented’ be retained. • We do not believe ‘and documented’ is redundant given the continued focus on this area. We recommend that this term is reinstated. 	<p>The Taskforce proposes the following changes based on respondents’ feedback: Evaluate whether the audit was performed <u>and documented</u> in accordance with International Standards on Auditing (or relevant auditing standards) and laws and regulations applicable to an audit of the financial statements.</p>
<p>IES 8 (m) (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>	<ul style="list-style-type: none"> • Consider using “professional skepticism” in place of “questioning mind”. • The words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence. 	<p>The Taskforce proposes the following changes based on respondents’ feedback: 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>IES 8 (m) (iii) Evaluate the potential impact of bias on conclusions</p>	<ul style="list-style-type: none"> • It will be difficult for new engagement partners/applicants to demonstrate this outcome particularly those at the smaller firms. • Refers to bias, but is unclear as to whether it’s referencing bias of others, bias of the individual, or both. We suggest the learning outcome be revised to Evaluate the 	<p>The Taskforce proposes the following changes based on respondents’ feedback: Evaluate the potential impact of bias on the ability to reach objective conclusions, <u>and whether such bias represents an impediment to</u></p>

	<p>potential impact of individual and organizational bias on conclusions.</p> <ul style="list-style-type: none"> • Consider including not only “evaluate”, but “eliminate”. • Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”. 	<p><u>exercising professional skepticism.</u></p> <p>Taskforce to consider after the April IAESB meeting whether this should be two learning outcomes and whether questioning mind or professional scepticism should be used in the learning outcome. .</p>
<p>IES 8 (m) (iv) Apply knowledge and experience to challenge management’s assertions and representations</p>	<ul style="list-style-type: none"> • Reads “Apply knowledge and experience to challenge management’s assertions and representations” yet later in IES 8 paragraph A30 it reads “Professional judgment is exercised, for example, when challenging management’s assertions and assumptions...” Consider revising IES 8 paragraph 9, Table A (m) (iv) to state “Apply professional judgment to challenge...” for alignment within the IESs. • The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one as reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”. 	<p>The Taskforce proposes the following changes based on respondents’ feedback: Apply knowledge and experience to <u>question challenge</u> management’s assertions and representations.</p>
<p>IES 8 (m) (v) Resolve audit issues using inquiry and critical thinking to consider alternatives and analyze outcomes.</p>	<ul style="list-style-type: none"> • We propose that “inquiry” be deleted from IES 8 Table A (m) (v). We believe that audit procedures (methodology) should be entrusted to IAASB and that there is no need to refer to inquiry and critical thinking within IES. This may also be contrary to a principles-based approach. • The use of “inquiry” and “critical thinking” in this learning outcome could inadvertently imply that inquiry and critical thinking is 	<p>The Taskforce proposes the following changes based on respondents’ feedback: Resolve audit issues using <u>inquiry</u>, and critical thinking and evidence <u>obtained</u> to consider alternatives and analyze outcomes.</p>

	<p>sufficient evidence for resolving audit issues. As such, we recommend adding “evidence” to the learning objective. We recommend the following wording for the learning outcome: “Resolve audit issues using inquiry, critical thinking and evidence to consider alternatives and analyze outcomes”.</p> <ul style="list-style-type: none"> Professional skepticism and professional judgment.(Intermediate) (v) Solve audit problems using research and critical thinking to consider alternatives and analyze the results. The paragraph should begin with a verb in infinitive: Solve. 	
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Action Requested:

- Does the Board agree with the Taskforces recommendations to the learning outcomes above? If not, why?**
- Does the Board have any additional thoughts on comments received from respondents not discussed above but in Agenda items 3-2 or 2-2?**

tem 3b – Potential duplicate learning outcomes

- One respondent indicated that the learning outcome in IES 4 Table A (a) (iv), Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action is similar to IES 3 (a) (ii), Apply critical thinking skills to solve problems. The respondent indicated that the Board should challenge whether both learning outcomes are necessary.
- The Taskforce agrees that these are duplicative and believes that they should be reviewed further to determine how to best combine.

Action Requested:

- Does the Board believe these learning outcomes are similar? If so, which learning outcome should prevail and which standard should it reside in?**

Item 3c – Potential new learning outcomes

20. Respondents identified several new learning outcomes related to PS that they thought should be included in IES 8. These consist of the following:

Standard Competence area	Suggested learning outcome	Respondents' reasons	Taskforce recommendation
IES 8 (b) Financial accounting and reporting	Update their knowledge of applicable financial reporting framework and regulatory requirements	Believe new learning outcome would thrust responsibility on engagement partner to ensure lifelong learning premised under the 'personal' competence area.	The Taskforce's view is this new learning outcome is outside the scope of PS. Therefore, no change.
IES 8 (m) Professional skepticism and professional judgment	Foster an attitude of professional skepticism amongst the engagement team	Note that the competence area of audit, an engagement partner is expected to lead the audit engagement...., while under the organizational competence area the engagement partner is expected to evaluate whether the team has appropriate competence. Therefore, believe it is key that the engagement partner fosters professional skepticism and professional judgment mind-set and skill in their engagement team.	This Taskforce's view is the new learning outcome is an appropriate addition related to PS.
IES 8 (m) Professional skepticism and professional judgment	Demonstrate intellectual agility in evaluating conclusions made and in adapting quickly to changing circumstances	Propose addition of demonstration of intellectual agility as a learning outcome within IES 8, to reflect the expectation that engagement partners 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. Based on the role of the engagement partner, in forming their opinion on an audit engagement, they should be applying intellectual agility in order to consider all the	This Taskforce's view is the new learning outcome is an appropriate addition related to PS.

Action Requested:

- **Does the Board agree with the Taskforces recommendations to the learning outcomes above? If not, why?**

		evidence that has been collected and assess whether the financial statements present fairly, in all material respects, in accordance with the applicable financial reporting framework.	
IES 8 (n) Ethical principles	Promote the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, amongst the engagement team	An additional learning outcome requiring an engagement partner to promote and ensure the fundamental principles of integrity, professional behavior, and professional competence and due care, confidentiality and objectivity among the engagement team should be included.	This Taskforce's view is the new learning outcome is an appropriate addition related to PS.

Item 3d – Extant learning outcomes that should not change

21. One respondent identified several learning outcomes related to PS that they thought the extant learning outcome should not change. These consist of the following:

Standard/Competence Area	Learning outcome from Exposure Draft	Extant learning outcome (for reference)	Respondents reasons	Taskforce Recommendation
IES 3 (a) Intellectual	Apply critical thinking skills to solve problems	Apply professional judgment, including identification and evaluation of alternatives, to reach well-	Believe that extant learning outcome should be retained because it better conveys the expectation that an accountant should apply professional	Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes. The Taskforce needs to futher evaluate the course forward in

		<p>reasoned conclusions based on all relevant facts and circumstances</p>	<p>judgment in the context of all relevant facts and circumstances.</p> <p>Also believe that critical thinking to solve problems is now sufficiently addressed in revised IES 3, through a combination of paragraph 7 (a) (i) “Evaluate data and information from a variety of sources and perspectives through research, integration and analysis” and paragraph 7 (a) (iv) “Recommend solutions to unstructured, multi-faceted problems”.</p>	<p>light of all the comments received on this learning outcome. However, overall the Taskforce believes this learning outcome is still appropriate.</p>
<p>IES 4 (c) Personal</p>	<p>Explain the importance of ethics within the profession and in relation to the concept of social responsibility</p>	<p>Explain the role of ethics within the profession and in relation to the concept of social responsibility</p>	<p>We believe the replacement of “role of ethics,” as used in the extant learning outcomes, with “importance of ethics” in the proposed revisions, narrows the expectation of an accountant. Simply understanding the importance does not capture the bigger picture as to why ethics matters to our profession. Therefore, we recommend retaining the extant learning outcome.</p>	<p>The Taskforce does not believe this learning outcome needs to change back to the extant learning outcome.</p>
<p>IES 4 (c) Personal</p>	<p>Explain the importance of ethics in relation to business and</p>	<p>Explain the role of ethics in relation to business and</p>	<p>We believe the replacement of “role of ethics,” as used in the extant learning outcomes, with “importance of ethics”</p>	<p>The Taskforce does not believe this learning outcome needs to change</p>

	good governance	good governance	in the proposed revisions, narrows the expectation of an accountant. Simply understanding the importance does not capture the bigger picture as to why ethics matters to our profession. Therefore, we recommend retaining the extant learning outcome.	back to extant learning outcome.
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Action Requested:

- **Does the Board believe these learning outcomes from the extant IESs should remain unchanged? If so, why?**

Item 3e – Learning outcomes that should be removed

22. Several respondents identified learning outcomes related to PS that they thought should not be included in the IESs. These consist of the following:

Standard Competence area	Learning outcome	Respondents reasons	Taskforce recommendation
IES 2 (e) Audit and assurance	(vi) Assess audit evidence for appropriateness and sufficiency	It appears as over emphasizing skepticism. It has been properly covered in first learning outcome. This practice of picking up individual area because of any focused project is not based on principle, but is an attempt to doing it for the sake of doing.	Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes. The Taskforce does not believe this learning outcome should be removed.
IES 3 (b) Interpersonal and communication	(ii) Demonstrate collaboration skills	Learning outcome contains competencies that go beyond the scope of the accountant.	Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes and Item 3f – Learning outcomes that should be combined.

			The Taskforce believes this learning outcome should be combined.
IES 4 (a) Professional skepticism and professional judgment	(ii) Demonstrate curiosity by exploring beyond what is immediately	(ii) Demonstrate curiosity by exploring beyond what is immediately apparent and (iii) Apply techniques to reduce bias are essentially covered by (i) Apply a questioning mind when assessing data and information. Consider changing (i) to 'Use a questioning mind free of innate biases when assessing data and information'. If the questioning and unbiased assessment of information is carried out, the learning outcome 'Demonstrate curiosity by exploring beyond what is immediately apparent' is not necessary.	Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes. The Taskforce suggests deleting this learning outcome because on further review does not believe this learning outcome is incremental to IES 4 (a) (i), (a) (iii), and (a) (iv).
IES 4 (a) Professional skepticism and professional judgment	(iii) Apply techniques to reduce bias	(ii) Demonstrate curiosity by exploring beyond what is immediately apparent and (iii) Apply techniques to reduce bias are essentially covered by (i) Apply a questioning mind when assessing data and information. Consider changing (i) to 'Use a questioning mind free of innate biases when assessing data and information'. If the questioning and unbiased assessment of information is carried out, the learning outcome 'Demonstrate curiosity by exploring beyond what is immediately apparent' is not necessary.	Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes. The Taskforce does not believe this learning outcome should be removed.

Action Requested:

- **Does the Board agree with the Taskforces recommendations to the learning outcomes above? If not, why?**

Item 3f – Learning outcomes that should be combined

23. One respondent indicated that several learning outcomes should be combined. These consist of the following:

Standard competency area	Learning outcome	Respondents reasons	Taskforce recommendation
IES 3 (b) Interpersonal and communication	(ii) Demonstrate collaboration skills	<p>While we agree with the importance of collaboration, as noted in the Explanatory Memorandum, we are unclear as to:</p> <ul style="list-style-type: none"> • how the new learning outcome relates to ICT or Professional Skepticism and, as such, why the learning outcome was proposed; and • why “collaboration skills” was not combined with those skills listed in extant IES 3 paragraph 7 (b) (i) - Display cooperation and team work when working toward organizational goals, as we believe the skills in 7(b) (i) are a subset of collaboration skills. <p>We therefore recommend that the proposed new learning outcome is either removed or combined with the extant learning outcome. If the proposed new learning outcome is retained, we recommend development of supporting implementation guidance.</p>	<p>Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes and Item 3e – Learning outcomes that should be removed.</p> <p>The Taskforce believes this learning outcome should be combined.</p>
IES 3 (c) Personal	(vii) Reflect on experiences to improve future actions	<p>We believe the description in extant IES 3 paragraph 7 (c) (ii) Set high personal standards of performance and monitor personal performance, through feedback from others and through reflection encompasses “reflect on experiences and improve future action” and therefore recommend that the proposed new learning</p>	<p>Note comment received on this learning outcome in Item 3a – Revisions to proposed learning outcomes.</p>

		<p>outcome is either removed or combined with the extant learning outcome. If the proposed new learning outcome is retained, we recommend development of supporting implementation guidance.</p>	<p>The Taskforce believes this learning outcome should be combined.</p>
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Action Requested:

- **Does the Board believe these learning outcomes should be combined with other learning outcomes in the proposed IESs? If not, why?**

Item 4 – Revision of proficiency levels

24. One respondent highlighted that the Proficiency level for IES 3 (a) Intellectual is intermediate. However, they questioned whether this level should be revised because five outcomes under Intellectual contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at Intermediate) and one “identify” (at Foundation).
25. The Taskforce agrees with this comment and believes the proficiency level for IES 3 (a) Intellectual should be reviewed once all changes to the learning outcomes are made.

Action Requested:

- **Does the Board believe the proficiency level for IES 3 (a) intellectual should be revised? If not, why?**

Item 5 – Placement of learning outcomes in IESs

26. One respondent indicated that the IAESB consider whether two learning outcomes from IES 3 would be better placed in IES 4 (alongside other professional scepticism professional judgment learning outcomes). These learning outcomes are as follows:
- IES 3 (c) (vi) Demonstrate an awareness of personal and organizational bias
 - IES 3 (c) (vii) Reflect on experiences to improve future actions
27. The Taskforce believes that these learning outcomes should remain in IES 3 as they are in the Personal competency areas which relates to the personal attitudes and behaviors of a professional accountant.

Action Requested:

- **Does the Board believe these learning outcomes should be moved from IES 3 to IES 4? If so, why?**

PROPOSED WAY FORWARD

28. The Taskforce will consider the Board's advice and suggestions and provided updated revisions to IES 2, 3, 4 and 8 in conjunction with the ICT Taskforce at the June 2019 Board meeting.