

Detailed Analysis of Respondents' Comments on IAESB Consultation Paper (December 2015)

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II. General Statements of Concern and Related Matters for Consideration

Respondent's Comment

Staff Comment
(where necessary)

AICPA-
PcEEC We believe that the IES, in their current form, are comprehensive and provide clear guidance to member bodies. Therefore, we believe the IAESB should allow IFAC member bodies a period of time to implement the existing IESs before engaging in activities to enhance existing standards or develop new standards. Also, we believe that any material developed by the IAESB to support adoption and implementation of the IESs should be developed in response to issues, questions and comments from IFAC member bodies as they implement the IESs. While monitoring the implementation of the standards by member bodies, the IAESB will be able to also facilitate thought leadership on relevant issues and identify the need for possible future revisions to the standards. However, thought leadership and future revisions should be driven by the experiences of member bodies implementing the standards.

CICPA As a whole, the IAESB's Future Strategy and Priorities contains "Trends in the Accounting Profession and Implications for Accounting Education, IAESB's Standard Setting Context, IAESB's Vision for the Next Five Years and Strategic Priorities" and Initial Considerations like "Enhancing existing IESs, Potential new IESs, Adoption and implementation support, Advancing international debate", the content is summary, consistent with the practical requirements.

At the same time, the IAESB points out whose vision is to increase public confidence in the accounting profession by setting and maintaining principles-based standards that codify good practice in accounting education.

For the overall content, we have no different opinions.

We agree with the IAESB mentioned in the file that "the newly revised IES8 becoming effective on July 1st 2016", we'll translate the IES8 and research the measurement of the implementation to maintain and improve our CPA's professional competence as well.

CIMA CIMA agrees with the IAESB's vision to increase public confidence in the accounting profession by setting and maintaining principles-based standards that codify good practice in accounting education. It is also felt that at this

point in time, that the IESs in their current form, are comprehensive enough. It is felt that the IAESB should now allow enough time for all IFAC members to adopt and implement the standards, rather than enhancing existing standards, or developing new ones.

Common
Content

The Common Content Project constitutes the single biggest group of IAESB stakeholders that implement its International Education Standards (IESs). We are also very pleased to report that we have recently completed implementing all of the revised IESs into our Common Content education requirements.

We agree that high quality international standards are essential for both the pre- and post-qualification education of professional accountants. Hence, we also support the work the Board has recently completed in revising its suite of International Education Standards (IESs).

However, the IAESB itself recognizes that time is needed for IFAC member bodies to implement revised IESs prior to evaluating whether the aims of the revised IESs are being achieved. We agree with this statement, and also agree that this should form the basis for the IAESB's intention to set its strategy and priorities for a period of five years instead of a shorter period.

Furthermore, in view of the need for an implementation period, we do not believe that now is the appropriate time for the Board to be asking respondents to provide their views as to the need for enhancements. We suggest instead that the Board consider whether a thorough implementation monitoring exercise needs to be conducted to establish where those who have sought to apply its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others, such as our Project) or have faced difficulties in complying with or understanding the standards. This does not imply that the IAESB is the appropriate body to perform such an implementation monitoring: the IFAC Compliance Committee and PAO Committee (or a joint effort of these two committees) may be better placed to actually monitor implementation and report back to the IAESB. In this case, it would not be appropriate for the IAESB to duplicate these efforts: the IAESB should generally limit its role to standards setting. In this respect, the IFAC Compliance Committee and the PAO Committee would likely focus in providing support to those member bodies in need in developing nations, rather than focusing on those bodies that have little difficulty in implementing the new IESs.

Such implementation monitoring would provide a good basis to identify whether any enhancements in specific areas in the longer term are needed, and in particular to inform the Board as to how it could best consider aligning IES 7 to its other standards. For these reasons, we do not support the development of any new standards or the revision of existing standards for the short or medium term. In this context, the IAESB may need to consider reducing the intensity and scope of its operations until standards setting is needed in the longer term.

EYG With the completion of the clarification project of the existing IESs, we believe that the Board should take a respite from further standard setting for a period of time to allow for implementation. The Board should then plan to perform a post-implementation review so as to determine what changes, if any, are required. As a result, we believe that further standard setting should not be part of the FSP.

FEE As a general remark, we welcome the completion of the IESs revision project and we thank the IAESB for its outstanding work on this challenging task. However, we believe that the completion of the IAESB's principal mission should have an impact on its overall mandate (see our letters dated 4 October 2013 and 7 November 2014).

The Federation recognizes the importance of education and will continue to engage in activities related to the skills of accountancy professionals. The Federation has recently pointed out the need to rethink the education of auditors and other assurance providers to ensure the right skillset for the future (Pursuing a strategic debate: The future of audit and assurance, January 2016).

FRC Your consultation paper was issued at a time when each of the international standard-setting Boards is considering carefully how they can respond to a number of significant challenges to the delivery of high quality audits. The current IAASB ITC (<http://www.ifac.org/publications-resources/invitation-comment-enhancing-audit-quality-public-interest>) for instance, covers professional skepticism, quality control and group audits. The IAASB's other major projects address accounting estimates and innovation both in the use of information technology in audit and in external reporting of non-financial information by entities and evolving demand for assurance in this area.

Many of these challenges are rooted in increasing complexity, uncertainty and ambiguity in the subject matters that auditors address and the environments in which audited entities operate. They are a reflection of similar challenges

faced by professional accountants in business and in practice more widely. Considering the underlying competency and proficiency issues that these challenges pose should be a key part of the debate in considering how best to address them, and we believe the IAESB should be a key contributor in addressing these challenges.

The IAESB focuses on: the capabilities that underpin professional competence (technical competence, professional skills, and professional values, ethics and attitudes); how these are integrated and the manner in which competence is developed and maintained; and how to enable a professional accountant to deliver a particular role with the necessary competence and proficiency in a given environment. We would like to highlight two areas that we believe to be of strategic importance in considering of professional competence.

Evaluating the competence of other professionals whose work is used by the professional accountant in performing their role

In an increasingly complex, uncertain and ambiguous environment , which demands deeper individual expertise and specialization and broader multi-disciplinary and geographically dispersed expertise to deliver professional services, there is an already significant , and growing, need for the professional accountant to use the work of other professional accountants and other professionals in delivering their own roles.

The application of professional judgment and of professional skepticism are defining characteristics of the role and necessary competence of a professional accountant. To take personal responsibility and accept accountability for their own professional judgments, it is critical that professional accountants are able to evaluate the competence of other professionals whose work they use. Unless they do so, they may not identify risks of weakness in that work and respond to them appropriately in performing their own role. As a result, the work of those other professionals may be flawed and taint the professional accountant's judgments that are derived, in part, from that work.

The need to evaluate the competence of such professionals and respond to identified weaknesses is an important aspect of quality control. In the IAASB's standards, quality control is recognized to have a firm level component and an engagement level component. This thinking is reinforced in the ITC and questions are also raised about how quality control should operate across a network of firms.

The IAESB's standards are primarily directed towards IFAC member bodies, and it is the IAASB that establishes requirements for: quality control by firms, including over competence of its professionals involved in performing engagements under the International Standards; and requirements that address the competence of other professionals whose work is used in performing such engagements. However, we believe that the IAESB has an important role to play in working with the IAASB to consider (in the context of responses to its ITC) how best to respond to challenges relating to quality control (at the network, firm or engagement level) over the capabilities and competence of its own professionals and other professionals whose work is used in its engagements.

We also believe that, whilst it is important to have a range of evaluation tools available to support an assessment of development activities and their effectiveness (that measure the inputs and outputs of such activity), what will really matter in terms of evaluating a professional's capabilities or competence in the context of quality control will be whether those activities have in fact given rise to the necessary development, not whether the activities took place. The IAESB standards seem to us to reflect a similar viewpoint, in general, in emphasizing the relative benefits of 'output' over 'input' assessment methods. However, these standards stop short of requiring output based assessments and leave to individual IFAC member bodies the decision as to the CPO assessment model that they implement (input, output or combination).

In the context of enhancing quality control over the capabilities and competence of its own and other professionals whose work is used in an engagement, we believe there should be further debate about whether a stronger emphasis on output based assessment may be necessary to ensure that such quality control is effective. Whilst we appreciate that this could result in a significant change for many, which would require careful consideration of the impact and benefits of any such action, we believe it is in the public interest for the matter to be further considered and addressed jointly by the IAASB and IAESB.

Acquiring and maintaining behavioral competence

We believe that responding to the challenges described earlier in this letter will inevitably require a clear focus on how to secure the necessary behaviors of professional accountants that, integrated with other capabilities, enable

professional accountants to deliver high-quality audits and other professional engagements and to fulfil other roles in a manner that will meet the increasingly salient public interest expectations of professional accountants.

Behaviors and attitudes are identified as important factors in a number of places within the IAESB's capabilities and competence model. For example, behaviors and attitudes are addressed under professional skills, most explicitly as personal skills. In addition, professional values, ethics and attitudes are defined as the behaviors and personal characteristics that identify professional accountants as members of a profession. Behavior is in effect the way in which an individual acts or conducts himself or herself and, we believe, underlies all other aspects of competence.

Knowledge and understanding of behavior and the ability to apply that knowledge and understanding is important to professional accountants in self-regulating their own behavior in the face of factors that may influence it (e.g., ethical threats) and also recognizing and responding to factors that may influence others' behavior. Behavior is also important in learning and development itself (for example in understanding what it takes for an individual to deliver a commitment to life-long learning to develop and maintain professional competence). It is a subject, the knowledge and understanding of which continues to develop, particularly in relation to the influence of heuristic processes. The joint (IAASB, IESBA and IAESB) working group on professional skepticism has recently been considering such processes and their impact on behaviors such as the application of professional skepticism.

These considerations lead us to suggest that behavior may be sufficiently important to warrant treatment as a separate competence area and to explain how it interacts with other competence areas to enable delivery of a role. Under the IAESB's standards, the practitioner needs to demonstrate that they are able to understand, and apply, appropriate values, ethics and attitudes in the performance of their duties. However, the IAESB could be more ambitious, and seek to understand those behavioral influences which are necessary for, or that may inhibit, the delivery of particular behaviors such as the appropriate application of professional skepticism. In addition, we would encourage the IAESB to consider more generally how an individual's professional skills can be developed to better enable them to self-regulate their own behavior and to understand and influence others' behaviors.

Candidates seeking qualification as professional accountants

The registration and initial training of professional accountants are areas of constant innovation and development as professional bodies compete. It is important that existing IAESB standards are kept under review so that they remain relevant. Whilst we have no specific suggestions at this point for changes to the standards, the following are some of the main risks and opportunities in relation to accounting education and training as we currently see them:

- Competition between professional bodies for students should be driven by measures taken by professional bodies to deliver high quality training and development ;
- There are constant pressures to include additional material in the syllabus. Professional bodies need to ensure that they provide sufficient coverage of all key areas to continue to develop and support the professional accountant ;
- Changes in the audit market will increase the demand for audit firms to offer a broad and challenging range of training. The standards need to accommodate the needs of smaller firms to allow them to provide sufficient high-quality training in audit work for their staff, as well as larger firms which may find it easier to offer a more diverse range of experience;
- Training and assessment methods are becoming increasingly computer-based - this needs to be recognized, and further thought needs to be given to how higher- level skills are adequately tested ; and
- Business globalization has brought an increasing demand for reciprocal recognition of qualifications across jurisdictions. Demands to improve access to the accounting profession has led to an increase in the number of entry and training routes for those seeking to become professional accountants - where this happens, standards should ensure that all training routes are able to support high-quality training.

Having considered your consultation paper, there are two further points of detail that we wish to make:

- If the Board considers that it should develop additional standards and guidance material during the period under consideration then it should continue to seek to do so in a principles-based way. If additional, more detailed guidance is required, then we recommend that it should be developed by a member's professional body in a way that is appropriate to the circumstances of that professional body; and
- Currently, in the UK and Ireland context, professional bodies specify the achievement of continuing professional development in both input and output based requirements. This may be as a result of the apparent inconsistency between IES's 2, 3 and 4 which are competency based in their approach to the development of the professional accountant, and IES 5 which allows the input basis to be used for practical training. Although we consider this is a matter best left to the discretion of professional bodies, the Board should seek to adopt a consistent approach, and should ensure that the range of approaches currently permitted demonstrate that the outcomes specified by the Board will be achieved.

GAA At the outset we wish to make it clear that paramount in our considerations is public interest; what is best in the public interest in a world of increasing demands and limited resources.

We are grateful for the fine work of the IAESB in establishing the current set of revised IESs. These are fundamental. We are pleased that there have been representatives of our MBs contributing to this work. We are not however convinced that further significant work is necessary at present in enhancing these standards.

No standards are ever perfect. A case can always be made for revisions. The real issue, where resources are limited, is whether such work should take priority. We suggest a watching brief should be exercised over the current set of standards and further work only proposed where it is essential that an existing standard be revised, or a new standard developed, where such work is critical to developing Professional Accounting Associations (PAOs). The developed PAOs see the standards as minimal requirements. They are capable, in their own right, of ensuring that their education programs are maintained at the appropriately high standards. Standards for their members to be capable of fully implementing accounting, auditing and ethical standards at the level expected, in the public interest, in their respective jurisdictions.

In a world of limited resources we believe the primary emphasis needs to be on adoption and implementation; capacity building. In the Consultations Executive Summary the IAESB envisages four priority activities. We would submit that currently there is need for only one priority issue, supporting adoption and implementation of the IESs.

There would be consequential changes necessary for such a course to be efficiently and effectively implemented. The procedures and processes associated with public oversight would need revision. The Terms of Reference for the IAESB and its membership would also need revision. These should be addressed by the PIOB and IFAC. Whilst these revisions are being pursued we also believe there would be real benefit in considering going further and transferring responsibility for adoption to the Compliance Advisory Panel and implementation to the PAO Development Committee.

HKICPA We note that over the past few years IAESB has devoted its resources to revising the entire suite of International Education Standards i.e. IESs 1-8 under the principle-based framework and a learning outcomes approach in developing and assessing professional competence. We support the principle-based competence framework which takes in account the wide spectrum of varying degree of economic developments and different legal requirements in the jurisdictions amongst member bodies.

However, we would like to reiterate the concerns we expressed on our submissions on IES 8 which took the suite of IESs into new and difficult areas. We believe there will be significant difficulties in the implementation and, especially, the monitoring and enforcement of IES 8. The determination of competence is in practice highly judgmental. IES 8 provides a very thorough framework or checklist but is different from what we understand as professional standards.

We believe the priority for IAESB should be the adoption and implementation of the IESs rather than the development of new standards. Subject to our above comments on IES 8 we believe that the current standards are comprehensive and robust. IAESB should also ensure that its efforts in this respect are coordinated with the work of the Compliance Advisory Panel and the Professional Accounting Organizations Development Committee.

ICAEW ICAEW is a significant contributor to the IAESB in terms of both funding and expertise. Two ICAEW members serve on the IAESB as Forum of Firms representatives and we also support the Common Content representative on the IAESB Consultative Advisory Group. We are an acknowledged thought leader in the development of professional

accountancy development and work closely with fellow professional bodies in major capital markets through the Global Accounting Alliance. We also contribute to the development of professional accountancy qualifications in emerging economies through our capacity building work around the world.

Leading professional accountancy bodies can continue to work with the IAESB in the public interest, however, we recommend 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. We further suggest that the responsibilities and work of the IAESB may need to be redefined.

ICAS The path of professional development

Standards set in Financial Reporting, Public Sector Accounting, Auditing and Assurance, and for the most part in Ethics, can be applied in a relatively short term through the next reporting cycle, and/or the audit, of organizations bound by such standards. The effect on published financial information, and of the quality of audit and assurance activities thereon, is able to be measured relatively quickly after a standard has been adopted. We do not believe this model is replicated in education and professional development.

IFAC, and not necessarily the IAESB, should be assessing through its compliance activity the implementation periods and review points for international education standard uptake before approving any short or possibly medium term strategy for change. In the international education landscape that we observe, we believe currently there is no evidence for making changes to the existing IES 1-7.

The path to qualification as a member of an IFAC body will generally take a minimum of 4 years and a maximum of 7 years depending on the educational background and environment. The move to an approach requiring learning outcomes in IES2-4 requires change through this continuum. Accordingly it will be at least 4 years beyond the date of adoption and possibly as much as 6 or 7 years before a member body and its education structure (universities, colleges, assessment system, experience record system etc.) can fully conclude the effects of the changes brought about by the new standards.

We consider, therefore, that the standard setting role of the IAESB should in principle continue, but we cannot see any 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.

Adoption and implementation

The IAESB has confirmed its existing role as supporting the implementation of the newly revised IES's (paragraph 22). We would question why this is considered a primary activity of a standard-setting board.

IFAC is set up to support its member bodies through a number of alternative channels. The Professional Accountancy Organization Development Committee (PAODC) has, as its first objective, the support of the establishment in strengthening of professional accountancy organizations in all countries of the world. It further advocates that it will work with the IFAC member body compliance program to respond to development needs in the most appropriate manner through accessing resources in the IFAC membership. These expert groupings supported by the IFAC Education Secretariat would, in our view, be a more effective use of IFAC resources. Implementation assistance should be focused through the PAODC rather than a standard setting board.

Further, when one considers the role of the IFAC member body compliance program it leads to a question of whether a standard setting board should be concerned to any significant degree with adoption. Adoption is a matter for the IFAC Compliance Advisory Panel (CAP) in its implementation of the IFAC member compliance program. IFAC's member body compliance program has the capacity to gather appropriate data on the adoption of the existing IES, and in partnership with the PAODC should be able to identify the areas where assistance may be required. IFAC member bodies continue to offer their assistance to other IFAC member bodies through a number of channels and IFAC requires the capacity to facilitate and encourage this outside the constraints of the standard setting board.

It is our view that a natural end point has been reached to the IAESB's activities.

ICPAK

It is important for the Board to first provide sufficient time for IFAC member bodies to implement fully the (recently) revised IESs, before assessing whether the aims of the revised IESs are being achieved. We suggest that rather than

focus on developing new and amending existing IESs, the Board should prioritize implementation monitoring exercise to establish difficulties, IFAC member bodies face in complying with or understanding the standards, as it would provide a basis for the identification of the need, if any, for enhancements in specific areas in the longer future, and specifically inform the Board as to how it could best consider aligning IES 7 to its other standards.

IDW These revisions now need to be acted upon.

In this context, we note that the IAESB itself has confirmed its recognition that time is needed for IFAC member bodies to implement fully the (recently) revised IESs, before assessing whether the aims of the revised IESs are being achieved. We agree with this statement, and also that it should form the basis for the IAESB's intention to set its strategy and priorities for a period of five years instead of a shorter period, that might otherwise be appropriate. Furthermore, in view of the afore-mentioned need for a period of "digestion", we do not believe that now is the appropriate point in time for the Board to be simply asking respondents to state their "feelings" as to the need for enhancements. We suggest instead the Board conduct a thorough implementation monitoring exercise to establish where those who have experience in applying its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others) have faced difficulties in complying with or understanding the standards. This would provide a solid foundation for the identification of the need, if any, for enhancements in specific areas in the longer future, and in particular to inform the Board more fully as to how it could best consider aligning IES 7 to its other standards. For these reasons, we do not support the development of any new standards or the revision of existing standards for the short or medium term.

IFAC SMPC The SMP Committee (the Committee) recognizes the importance of the establishment and maintenance of high-quality professional accountancy education standards and guidance. It supports the IFAC Board's commitment to the goal of developing a set of Standards of Membership Obligations (SMOs) that provide clear benchmarks to current and potential IFAC member bodies and to assist them in ensuring high-quality performance by professional accountants. The Committee supports the promotion of the adoption and implementation of international standards as required by IFAC's SMOs.

The global environment is changing rapidly and many of the trends identified will impact the profession and may have potential implications for the IAESB's International Education Standards (IESs) in the future. Businesses are evolving and innovating more quickly than ever before. The IFAC Strategic Plan for 2016-2018 Charting the Future of the Global Profession identified Information and Communications Technology (ICT) as one of the key future macro trends. For example, it is forecasted that there will be 25 billion devices connected by the end of 2020, or three for every person on the planet. In addition, McKinsey & Company research recently found that 45% of work activities could be automated using already demonstrated technology. The 2015 IFAC Global SMP Survey found that 72% of respondents viewed keeping up with technology to be a moderate, high or very high challenge and technology developments were the third highest environmental factor considered to have a potential impact on SMPs over the next five years, after regulatory environment and competition.

In addition to technology, there are many changes in the business environment (e.g. internationalization and rising complexity) and increasing demands by society (e.g. for non-financial information and integrated reporting). Professional accountants will need to maintain their relevance by equipping themselves to help clients and employers proactively manage the rapid change and innovation. Continuing professional development (CPD) is very important to ensure that accountants are able to respond to these developments.

IIRC The accountancy profession has become a significant advocate for Integrated Reporting <IR>, both through IFAC (with which the IIRC enjoys a successful collaboration and Memorandum of Understanding) and many of its member bodies. Several of those bodies have already adopted <IR> within their core professional syllabuses. In addition, a number of IFAC member bodies and international accounting firms are members of the IIRC Council and advocate for its adoption.

We believe that <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. This in turn will strengthen the decision-making facility of boards and engagement with providers of financial capital. This is set out in a range of reports – for example, IFAC's own report, Creating Value with Integrated Thinking, which sets out the role of the professional accountant in promoting integrated thinking in their organizations.

ISCA We would like to highlight the importance of the principles-based approach of the IESs in such proposed revisions / additions as suggested in our comments below, to allow flexibility to member bodies in their adoption and implementation.

JICPA As we see more and more professional standards surrounding the accounting profession become increasingly internationalized, we recognize the crucial importance of the efforts to develop and implement the International Education Standards (IESs) that are designed to develop professionals who can appropriately apply and implement these international standards.

Thanks to the efforts of members of the IAESB, the IESs underwent significant revision to transform them into principles-based standards. Given these significant changes, we believe that ensuring appropriate adoption and implementation of these standards is the foremost importance to the IAESB going forward, and that we believe the IAESB should dedicate its activities to adoption and implementation support. In light of the optimum use of the limited resources of the IAESB, and how we can best achieve the appropriate adoption and implementation of the revised IESs, we believe that the IAESB should carefully consider whether enhancing existing standards or developing new IESs is really necessary at this point in time. Should the IAESB, as a result of its deliberations, decide to carry out activities other than adoption and implementation support, the rationale for such decision needs to be clearly articulated and the extent to which the IAESB executes such activities would require through deliberations.

Furthermore, in promoting the adoption and implementation of IESs, it would also be necessary to revisit the discussion on the most suitable structure and organization for the IAESB.

PWC We support the consideration of how the IESs may be updated to keep pace with the changes in the profession. However, we caution against tackling individual specific areas or specialisations with additional Standards – given the pace of change, there is a risk that the volume of IESs will become unmanageable to either maintain or implement.

We highlight the underlying premise of Continuing Professional Development (CPD) – namely the responsibility of the professional accountant to maintain and develop competence to perform their role. The changing nature of their role does not change this requirement, and while we appreciate the efforts of the IAESB to support the understanding of

those changing roles, consideration will be needed to avoid outcomes being too prescriptive and outdated before they are published.

We encourage a focus on:

- Broad implementation of the recently revised Standards, supporting those doing so with implementation guidance where demand is identified, and
- Evaluating 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.

We also encourage increased sharing and dialogue amongst impacted parties on the emerging issues for the education of professional accountants, including not only technical areas, but also learning trends, preferences and innovation. For example, encouraging member bodies and their accountants to engage in a dialogue about potential development opportunities and evaluation, as well as the evolving role of the professional accountant.

SAICA Leading professional accountancy bodies can continue to work with the IAESB in the public interest, however, at the heart of our response we recommend 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. We further suggest that the responsibilities and work of the IAESB may need to be redefined.

WPK We appreciate that the IAESB recognizes that time is needed to allow IFAC member bodies to fully implement the revised IESs before assessing whether the aims of the revised IESs are being achieved. This is in our view a crucial point: Education takes time. The regular time period for qualifying as a professional accountant after general schooling may be seven years or even longer. It therefore seems advisable to monitor the implementation of the revised IESs for a certain period before deciding on enhancing the existing IESs or developing new ones. This monitoring should encompass potential difficulties in understanding or complying with the standards. The IAESB might then consider preparing material to support adoption and implementation of the IESs. It should be made clear that this supporting material is intended to help IFAC member bodies and is therefore non-authoritative by nature.

We encourage the IAESB to advance the international debate on relevant issues. The IAESB is the right place to discuss these issues on a global level. This will support mutual understanding of local and regional circumstances in accounting education.

Ali A highlight of our recommendations, in response to the questions posed, is as follows:

The education of Accountants is a matter of global public interest, not to be left at the sole discretion of the individual professional bodies by restricting IAESB's activities or diverting its resources¹; in fact, resources should be made available to the IAESB for interacting with member bodies, specially in developing countries². Provide a forum to the professional bodies to present their views on the implementation of IES. Develop education benchmarks for measuring the implementation of the IESs via a formal monitoring mechanism of the member bodies at pre- and post-qualification levels. Reduce the scope of interpretation of the IES. Ensure timely annual reporting of the IAESB activities³ with financial disclosures.

¹ According to Note 18 of the 2014 IFAC Financial Statement, the IAESB made a surplus of (\$ in '000s) of \$100 and \$92 in 2013 on revenues of \$749 and \$523 respectively, if PIOB costs are added back to surplus. Why these surplus resources were not used for the cause of education appears to be a IFAC Board policy.

² We have gone through the annual report 2014 of the IAESB. There is no mention of any interaction of the IAESB with any professional body, specially in a developing country.

³ The last available at the website is 2014 IAESB Annual Report. Note 18 contains financial details of IAESB as follows (\$'000s)- Revenues \$749; Expenses \$734 (Employee cost \$408 +Travel and meeting \$213 + Consultants \$9 + Other \$20 + PIOB \$85); Surplus \$15 (2013: \$36). The PIOB cost pro-rated as per percent of total expense prior to it. Current assets \$66, and current liabilities \$65. We found the fact that the IAESB made a surplus of \$100 in 2014 (2013: \$92) to be relevant, which should have been mentioned in this document.

III. Responses to Specific Questions

Question 3: What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?

AAT

It is unlikely that the importance of both professional skepticism and professional judgement will diminish in the near future. Professional competence should be improved through both awareness and understanding of these concepts. One approach could be to issue an “education” piece which explores both concepts in detail. It could take the form of an expanded guidance note or similar featuring explanations and case studies. The note could outline:

- the concepts
- the importance of the concepts
- how to apply them in response to a situation which could be to modify the approach to the audit or obtain further evidence for example
- the circumstances when professionals may be challenged in meeting the concepts such as working with a longstanding and trusted client, when trying to build a long term engagement and when audit assignments are time pressured
- the culture required in the firm to support the concepts, such as tone at the top, audit supervision and training.

ACCA

ACCA agrees with the IAESB that professional skepticism and professional judgment are critical skills, which are central to strengthening public trust and confidence in professional accountants. As part of the Clarity Project, ACCA understands that considerable thought was given to the areas of professional skepticism and professional judgment. As a result, as noted in the consultation paper, IES 2, 3, 4 and 8 all include learning outcomes relating to both professional skepticism and professional judgment.

ACCA welcomes the fact that those references included in IES 2, 3 and 4 apply to ALL professional accountants, not just those who work within audit. We encourage the working party to continue to consider the wider community of professional accountants and not just those working on the audits of financial statement.

ACCA does not believe that changes to the existing IESs will address the growing concerns around lack of professional skepticism or professional judgment in the profession. As IES 4 states, planning effective learning and development in these areas involves due care and may include learning methods in which mentoring, reflective activity, time and experience play a role. This is reinforced in IES 8 which states that effective CPD in the areas of professional skepticism and professional judgment require a blend of learning methods in which mentoring, reflection and practical experience within the context of a work environment often play a key role.

ACCA believes it is additional guidance around the approach to planning effective learning and development for professional skepticism and professional judgment which would assist the profession, perhaps in the form of a tool kit or information paper, rather than further changes to the standards themselves.

AICPA-PCEEC

We note that the International Auditing and Assurance Standards Board (IAASB) has formed a working group comprised of representatives from the IAESB and the International Ethics Standards Board for Accountants (IESBA) to explore the topic of professional skepticism to consider what actions may be appropriate to enhance professional skepticism. We believe there is no additional action needed at this time by the IAESB. Once the results of other efforts are realized, the IAESB can consider those conclusions.

ANAN

The Association of National Accountants of Nigeria is of the opinion that the action that IAESB should take to improve the professional competence related to the appropriate exercise of professional skepticism and professional judgement is to lay more emphasis on IES 7.

BDO

Professional skepticism and professional judgment are skills that underpin the profession and in our view they are of paramount importance. However, accounting firms often receive comments from regulators noting that audit findings are a result of a lack of application of professional skepticism. Given the importance of these skills across all roles undertaken by professional accountants, we believe that the task of reviewing the

application of professional skepticism and professional judgment should not fall solely to the IAESB, but should also include input from the various IFAC standard-setting boards. On that basis we support the work currently being undertaken by the Joint Working Group on professional skepticism and we ask as part of the work of this group that learning and development methods as well as benchmarks be fully considered.

While the IESs address the exercise of professional skepticism and professional judgment in IES 2, IES 3, IES 4 and IES 8, in our view the IAESB could do more to facilitate the implementation of these learning outcomes through the provision of guidance or implementation support. In addition, IES 7 does not provide specific guidance on the types of CPD that would be most effective with regards to these matters.

Areas of guidance and implementation support that the IAESB should consider in respect of these learning outcomes include:

- The types of CPD that could be most effective to enable the demonstration of appropriate professional skepticism and professional judgment
- How IFAC member bodies or providers of learning and development content can provide materials for learning that enable an individual to demonstrate achievement of the learning outcomes on professional judgment and professional skepticism
- How IFAC member bodies can identify, monitor and measure the learning associated with achievement of the learning outcomes on professional judgment and professional skepticism
- Whether there should be more focus on the communication, interviewing and critical thinking skills already identified in the existing suite of IPD IESs and in particular how the learning outcomes could be developed to enable application of professional skepticism and professional judgment
- Whether IES 5 on practical experience should have specific learning outcomes or guidance in respect of using a professional judgment framework as part of day to day workplace activity or through the mentoring process adopted by the practical experience supervisor
- Consideration by the IAESB of the comparable professional judgment and professional skepticism learning outcomes for those performing non-audit roles within the financial reporting supply chain (e.g., preparers of financial statements, advisors, tax practitioners)

The formats of guidance provided by the IAESB may include the release of practical guidance and examples on this topic, thought leadership, and potential collaboration with, or support of, scholars and researchers. As research on this topic continues to evolve, the standard-setting boards of IFAC should ensure that this remains at the forefront of the profession's collective consciousness and we would ask that the IAESB work with the IAASB following their Invitation to Comment on Enhancing Audit Quality to identify specific areas of support that would be beneficial from a learning and development perspective.

CAP Australia

CPA Australia acknowledges the critical role that professional skepticism and professional judgement play in the accounting profession. It is recommended that the IAESB could utilize case-based examples to provide guidance to member bodies and to illustrate best practice in these areas. A series of case studies would provide an opportunity to show some of the diverse situations in which these skills are applied and would assist members in evaluating their individual approach to relevant professional issues.

CICPA

There has been a large body of auditing literature on audit professional skepticism and professional judgment. The IAESB may benefit from considering establishing task forces to study and analyze relevant literature (particularly the syntheses of literature), thus sorting incrementally useful notions or practices for the standard setting. Below are some examples of prior literature on professional skepticism and professional judgment.

Regarding professional skepticism:

Nelson, M. W. 2009. A Model and Literature Review of Professional Skepticism in Auditing. *AUDITING: A Journal of Practice & Theory* 28 (2):1-34.

Hurtt, R. K., H. Brown-Liburd, C. E. Earley, and G. Krishnamoorthy. 2013. Research on Auditor Professional Skepticism: Literature Synthesis and Opportunities for Future Research. *AUDITING: A Journal of Practice & Theory* 32 (Supplement 1):45-97.

Hurtt, R. K. 2010. Development of a Scale to Measure Professional Skepticism. *AUDITING: A Journal of Practice & Theory* 29 (1):149-171.

Regarding professional judgment:

Nelson, M., and H. T. Tan. 2005. Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective. *AUDITING: A Journal of Practice & Theory* 24 (s-1):41-71.

Trotman, K. T. 2005. DISCUSSION OF Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective. *AUDITING: A Journal of Practice & Theory* 24 (s-1):73-87.

Hammersley, J. S. 2011. A Review and Model of Auditor Judgments in Fraud-Related Planning Tasks. *AUDITING: A Journal of Practice & Theory* 30 (4):101-128.

Nolder, C., and T. J. Riley. 2014. Effects of Differences in National Culture on Auditors' Judgments and Decisions: A Literature Review of Cross-Cultural Auditing Studies from a Judgment and Decision Making Perspective. *AUDITING: A Journal of Practice & Theory* 33 (2):141-164.

CIMA The appropriate exercise of professional skepticism and professional judgment is of paramount importance to professional accountants. It is felt that the IESBA Handbook of the Code of Ethics for Professional Accountants – 2015 edition, adequately covers this topic. It is felt that there is enough guidance provided to professional bodies, in order for them to convey to their members.

CIPFA The revised IES8 effectively considers matters relating to professional skepticism and professional judgement in the context of the work of the audit professional. However, these competencies do not just inform the work of auditors but of all professional accountants, who have a duty to ensure effective ethical and lawful financial management. CIPFA does not propose any further revisions to the new IESs to take account of this, but recommends that the IAESB considers how best to bears these matters in mind as it plans to develop thought leadership and other guidance materials for the implementation of the new IESs.

Common Content In our view, the IAESB should limit its activities to having implementation monitoring performed. However, we recognize that professional skepticism and professional judgment are areas that the other standard setters under the auspices of IFAC are currently looking to address in their respective standards.

If, despite our view that the IAESB should not undertake initiatives in this area at this time, the IAESB chooses to commence work in these areas, the IAESB should coordinate such an approach with other standard setters, because it is imperative that the IAESB ensures that its treatment of professional skepticism and professional judgment is aligned with the treatment of these matters by the IAASB.

- CPA Canada
- It is our understanding that the IAASB is in consultation on “A Focus on Professional Skepticism, Quality Control and Group Audits”. We believe that the IAESB should stand back until the IAASB has completed that consultation and determined whether revised or new standards are required. The IAESB can then use that information to determine the best way to assist member bodies implement any new IAASB requirements.
- Accordingly it is premature to establish this area as a strategic priority at this time. At most we would possibly see a future role for IAESB in thought leadership and guidance in this area and not in standards.
- CPAPNG
- The best way to address this would be through the CPDs. The IAESB can develop guidelines for PAOs in terms of what the competency requirements are so that accountants can be measured against it.
- DTT
- The importance of personal and professional values and attitudes, as well as communication of expectations of professional accountants, must not be underestimated within a professional accounting education. Effective demonstration of professional skepticism and professional judgement by professional accountants is in the public interest, and directly impacts public opinion about the accountancy profession.
- We strongly endorse the proposed review of how professional skepticism and professional judgement are integrated into the IESs and encourage continued participation in the joint working group with the other Boards as described in paragraphs 18 and 19.
- Key challenges for many aspiring and professional accountants are to both understand their own personal, cultural or psychological barriers to implementing these mindsets and to know what practical measures they can apply to integrate a mentality of professional skepticism and judgment into everything they do. Potential barriers arising from psychological challenges (confirmation bias, anchoring etc.) and cultural politeness (over-adherence to hierarchy, avoidance of direct questions etc.) can only be mitigated if accountants are aware of them and understand how they can be overcome.

The IAESB should establish the components that contribute to professional skepticism and professional judgement, and offer guidance on how these are developed in practice i.e. what activities, learning approaches etc. best support effective adoption including sharing examples of innovative approaches in these areas.

In addition, providing examples of what good, and bad, practice look like in relation to the exercise of professional judgement would provide valuable insight into how to think critically, and practical support to those designing and developing learning content in this area.

EAA Some of the accounting scandals that have been observed over the last decades might have highlighted issues for some auditors to remain independent and resist to client pressure during particular circumstances.

Reinforcing topics related to engagement partners' negotiation skills would then become relevant. It would be relevant that engagement partners would have strong "customer service orientation" but it should not be at the expense of their independence and skepticism. The provision of an auditing service, even if it is paid for by a company, should be carried out in the public interest, being the audit report the only document in a financial statement prepared by an external part, different from the company. This peculiarity makes such a report very important for all company's stakeholders thus engagement partners should never lose their professional skepticism and professional judgment. In protecting public interest, IAESB could reinforce the emphasis on topics related to engagement partners' negotiation skills, due to their delicate position: they do not have only a client (the firm) but they must satisfy the expectations of several other "clients", i.e. all the several stakeholders of a company.

EYG Given the fact that professional skepticism is a priority topic in the International Auditing and Assurance Standards Board (IAASB) Invitation to Comment (ITC), we believe that the IAESB should consider the input received from stakeholders as part of the ITC before determining the next steps on how to address professional skepticism and professional judgment in the IESs.

FEE We do not see a role for the IAESB to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment.

The IAESB is a standard setter for professional accounting education; it has developed IESs which are addressed to IFAC member bodies. IESs 2, 3, 4, and 8 refer to learning outcomes regarding professional skepticism and professional judgement, both in initial education and in CPD of professional accountants.

Apart from these education-related subjects in the IESs, we doubt that the IAESB can take action to improve professional competence within its mandate. If any, it may be the IAASB which could influence professional competence via the ISAs, as far as these are used in the various countries, and it appears that the IAASB has already started an initiative in this regard.

HKICPA

In the consultation document the IAESB acknowledges that the exercise of professional skepticism and professional judgment are already well covered in other standards such as International Auditing Standards and IFAC Code of Ethics. The IAESB will also be aware that the Boards responsible for those standards, the IAASB and the IESBA, are currently working on the topics, as are many IFAC member bodies and regulators worldwide. We believe that this is the correct approach. More standards are not the answer to improving professional judgement and skepticism as there needs to be practical, on the ground implementation assistance. IAESB may work closer with other standard setting boards such as IESBA and IAASB in promulgating professional skepticism and professional judgment particularly in the area of audit and quality assurance but does not need to develop initiatives of its own.

ICAEW

ICAEW agrees that “professional scepticism” and “professional judgement” are of essential importance for professional accountants. The IESs currently address these topics adequately and these are supported in-depth by the 2015 IESBA Code of Ethics for Professional Accountants.

ICAEW supports the joint working group between the IAASB, IESBA and IAESB. Professional scepticism is clearly covered by all three boards and we welcome efforts to ensure a coordinated and consistent approach. ICAEW will be responding to the IAASB consultation “a Focus On Professional Scepticism, Quality Control And Group Audits” as part of this collaborative approach.

The IAESB proposes to focus its future strategy on reviewing and expanding references to learning outcomes on the topics of professional scepticism and professional judgement (paragraph 8). We question whether further expansion or work is necessary in this area of the IESs. We also recommend that IAESB activity should be coordinated with the IAASB. Nothing should be taken forward until the IAASB has completed its consultation on “a Focus On Professional Scepticism, Quality Control And Group Audits” and progressed what it will be doing with regard to revised and new standards.

We have consistently taken the view that the onus should be on the requirements for firms, i.e. from the IAASB standards, to ensure that their audit teams and engagement partners have the necessary competencies. In practice this is seen in our implementation of IES 8 where we will require firms to ensure RIs have the IES 8 competencies and then our ICAEW Quality Assurance Department has a role in reviewing whether firms are achieving this.

ICAG IAESB may prescribe CPD requirements for attaining such professional competence. Also, the attributes of professional skepticism and professional judgment should be clearly articulated so that professional accountants can exercise them in the course of their work.

ICAP This problem is very complex and has many other dimensions. We believe that professional skepticism and professional judgment had been the hall mark of professional qualification. In last two decades, introduction of highly sophisticated accounting and auditing soft-wares have impacted the mental development and practice of professional accountants in these areas. During IPD phase aspiring professional accountants face the following issues:

- Heavy size of data
- Complexities of transactions
- Absence of tangible trails due to digital processing
- Time and cost constraints

The solution they find is to use tools, checklist, SOPs and soft-wares, which sometimes lead them to compromise on using professional skepticism and professional judgment and at times they end up box ticking.

In view of the above, we suggest that IAESB may 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.

ICAS The exercise of professional scepticism and professional judgement are applications of standards and skills existing in other areas of the standards map i.e., ISA and IFAC Code of Ethics. Whilst we consider there has been a lack of correspondence, and crossover between the standard setting boards in the past, we do not think that IAESB should become involved as a standalone authority in this area. It is our view that the IAASB and IESBA, would benefit from the expertise of an IFAC education specialist in some of their deliberations. There is no need for such a specialist to come from another standard setting board.

We see that IFAC should consider using its education expertise across the organisation rather than supporting one standalone body.

ICPAK We believe that the IAESB should limit its activities to implementation monitoring. We recognize that professional scepticism and professional judgment are areas that the other standard setters are currently looking to address in their respective standards and believe that the IAESB can participate in this in the same manner that the IAASB contributes to the IESBA projects and vice versa.

ICPAR Guidance and Communication

ICPAU We believe that steps should be taken to ensure that during the phase of Initial Professional Development, skills of intellectual, interpersonal and organisational skills are blended with professional skepticism and judgement. This could be for instance be achieved by ensuring that assessments focus on scenario-based challenges which address the issues of professional skepticism and professional judgement.

IDW At this stage, we believe that the IAESB should limit its activities to implementation monitoring. We recognize that professional skepticism and professional judgment are areas that the other standard setters under the auspices of IFAC are currently looking to address in their respective standards.

If, despite our view that the IAESB should not undertake initiatives in this area at this time, the IAESB chooses to commence work in these areas, the IAESB should coordinate with other standard setters, because it is imperative that the IAESB ensures that its treatment of professional skepticism and professional judgment is aligned with the treatment of these matters by the IAASB.

IFAC SMPC Both professional skepticism and professional judgment are difficult to encourage and enforce by standards alone. The concepts are closely related. For example, professional skepticism can facilitate an individual being able to appropriately exercise professional judgement and the application of professional skepticism requires professional judgement. We welcome the joint working group which has been established to consider professional skepticism by the Board, the IAASB and the International Ethics Standards Board for Accountants (IESBA) to make recommendations to each standard setting board whether there is standard-setting or related work that can be undertaken. We believe that coordination on this issue is important and any action the Board decides to take should be aligned with the treatment of these matters by the other boards.

The Committee considers that the development of practical tools, such as short video case studies, may assist member organizations with fewer resources for use in their training materials. It may also be particularly helpful if these can be provided on-line, most notably for members who are located at long distances from their member body central offices. Both concepts can be difficult to understand, especially for students, and material with examples and guidance on how to effectively exercise professional judgment and skepticism may be useful. However, we believe that the establishment of the joint working group is currently sufficient and the IAESB itself should take no further action on these topics at this stage. In general, the SMPC believes that standard setting boards such as IAESB are not the appropriate party to produce practical tools, such as described above.

IIRC We agree with the emphasis on professional scepticism in your paper and the linkages to enhanced competence. The IAESB's comment letter on the<IR> Competence Matrix made this point eloquently: 'The application of a principles-based approach requires greater emphasis on an individual's professional judgment and scepticism'. We believe that a greater emphasis on the linkages between strategy, the business model, risks and risk appetite, as well as competences around future-oriented information and prospects may provide useful in this regard.

As a wider comment, we believe that it will be beneficial to the corporate reporting system as a whole for accountants to continue to embrace their role of innovation, in keeping with their public interest remit, to ensure that corporate reporting remains relevant, market-led and links to wider trends – such as promoting financial stability and sustainable development. Enhancing skills in professional judgment and scepticism will be valuable to support this direction.

INCP El IAESB debe ser un líder en las metodologías sugeridas a seguir cuando se enseña y cuando se ejerce el escepticismo profesional y juicio profesional. Una metodología que pueda asistir el proceso de capacitación que los profesionales de contaduría deben tener. Metodologías que deben ser incorporadas a las IESs existentes.

Metodologías basadas en las mejores prácticas de aquellos que son expertos en estos temas y de los cambios que a nivel global se enfrenta la profesión contable.

La incorporación del "Working Group" es un mecanismo que hará desde la Auditoría, Ética y los IESs ver las mejoras que se puedan considerar al hablar de escepticismo profesional y juicio profesional y a desarrollar una metodología integral.

Cuando estas metodologías existan se puede pedir a los miembros del IFAC que las mismas se incorporen a sus programas de formación (contaduría como carrera) y/o actualización de la profesión con un grado de regularidad y un grado de intensidad en los programas respectivos dejando evidencia del completamiento de los mismos.

English Translation

The IAESB must be a leader in the suggested methodologies to follow when it is taught and when there is the professional skepticism and professional judgment. A methodology that can assist the training process that accounting professionals should have. Methodologies that should be incorporated into the existing IESs.

Methodologies based on best practices of those who are experts on these issues and the changes facing global accounting profession.

The incorporation of the "Working Group" is a mechanism that will make from the audit, ethics and the IESs see improvements which may be deemed to speak of professional skepticism and professional judgment and to develop a comprehensive methodology.

When these methodologies can be ordered members of the IFAC them join its programs of training (accounting as a career) and/or update of the profession with a degree of regularity and a degree of intensity in the respective programs leaving evidence of the completion of the same.

With reference to the IAASB definitions included in IES 4:

ISCA

Defined Term	Definition in IAASB <i>Glossary of Terms</i>
Professional Skepticism	An attitude that includes a questioning mind, being alert to conditions which may include possible misstatement due to error or fraud, and a critical assessment of evidence.
Professional Judgment	The application of relevant training, knowledge and experience , within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.

Professional competence related to the appropriate exercise of professional scepticism and professional judgment involves the attitude of the professional accountant with relevant training, knowledge and experience. As such, we suggest that IAESB provide practical guidance and compilation of literature (e.g. red flags in past fraud cases), which act as resources for professional accountants to critically think through issues and different considerations before arriving at conclusions.

We do not recommend extensive expansion of references to these topics in existing or new IESs, as the revisions could be too prescriptive in nature, which will be contrary to the nature of professional scepticism and professional judgment.

- Paragraph 18: "...The IAESB is evaluating what actions it should take to support the development, maintenance, and demonstration of professional skepticism and professional judgment for professional accountants. Potential actions include reviewing existing references to these competences in the IESs or expanding references to these topics in existing or new IESs."

Paragraph 19: "...a joint Working Group has been formed with representatives from these three independent standard-setting boards (SSBs) to make recommendations to each SSB whether there is standard-setting or related work that can be undertaken. The IAESB will continue to be guided in its approach to professional skepticism and professional judgment by the work of this joint Working Group, as well as the feedback on this consultation."

We commend IAESB's efforts in its participation in the joint Working Group for a holistic approach towards addressing the growing importance of the competence areas of professional skepticism and professional judgment. IAESB may consider including appropriate references from other applicable standards to IES 4, IPD- Professional Values, Ethics and Attitudes (2015), so as to increase awareness for the legal / moral obligations for professional accountants. However, to ensure clarity, we do not suggest the duplication of these standards in the revised IESs.

JICPA

To ensure the appropriate exercise of professional skepticism and professional judgment from an educational perspective, the IAESB should amend International Education Practice Statement (IEPS) 1 Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes to make the guidelines more comprehensive. The IESs stipulate that competence areas within professional values, ethics, and attitudes include professional skepticism and professional judgment, yet the IEPS 1 barely mentions these attributes. If their importance is increasing, there is an urgent need to amend the IEPS 1 accordingly.

Furthermore, the IAESB should look into the most effective ways of learning about the professional skepticism and professional judgment and develop appropriate learning tools. It is no use in practice, for instance, if individuals simply memorize the definitions of these terms and reproduce them accurately on a test paper, and it would be very difficult to gain professional experience of a range of scenarios in a systematic and efficient way within the workplace. As we are reminded by the proverb "Fools say they learn from experience; I prefer to learn from the experience of others," professionals should not rely on their own practical experience alone, but should learn from the experiences of their predecessors. As the IAESB has already addressed professional ethics education with the release of the "Ethics Education Toolkit Videos" and "Ethics Education Toolkit Study Guides," we believe that similar initiatives can be taken with regard to the professional skepticism and professional judgment.

KASNEB-ICPAK

The concept of professional skepticism is complex and difficult to address because of behavioral and psychological aspects. The board should concentrate on providing guidance how to effectively respond to issues related to the dynamic nature of professional skepticism.

PWC

We support the cross Standard Setting Board project on professional skepticism, but would 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.

We believe that training on “how to be professionally skeptical” of “applying professional judgment” will have limited impact.

SAICA

SAICA believes at this stage that the IAESB activities should be limited to implementing monitoring and possibly issuing further implementation guidance based on areas of difficulties member bodies are facing in implementation of the revised education standards.

We agree that “professional scepticism” and “professional judgement” are of essential importance for professional accountants. The IESs currently address these topics adequately if not in more detail than needed when considered in addition to the in-depth 2015 IESBA Code of Ethics for Professional Accountants.

SAICA is in support of the joint working group between the IAASB, IESBA and IAESB, as scepticism is clearly covered by all three boards and they do need to be coordinated and consistent.

The IAESB proposes to focus its future strategy on reviewing and expanding references to learning outcomes on the topics of professional scepticism and professional judgement (paragraph 8). We question whether further expansion or work is necessary in this area of the IESs.

We also recommend that IAESB activity should be coordinated with the IAASB. Nothing should be taken forward until the IAASB has completed its consultation on “A Focus On Professional Scepticism, Quality Control and Group Audits” and progressed what it will be doing with regard to revised and new standards.

WPK

We are not convinced that the IAESB should take actions here. If the IAESB nevertheless de-cides to start working in this area, it should coordinate with other Standard-Setting Boards in order to avoid misunderstandings.

Xi Wu

There has been a large body of auditing literature on audit professional skepticism and professional judgment. The IAESB may benefit from considering establishing task forces to study and analyze relevant literature

(particularly the syntheses of literature), thus sorting incrementally useful notions or practices for the standard setting. Below are some examples of prior literature on professional skepticism and professional judgment.

Selected literature regarding professional skepticism:

Nelson, M. W. 2009. A Model and Literature Review of Professional Skepticism in Auditing. *AUDITING: A Journal of Practice & Theory* 28 (2):1-34.

Hurtt, R. K., H. Brown-Liburd, C. E. Earley, and G. Krishnamoorthy. 2013. Research on Auditor Professional Skepticism: Literature Synthesis and Opportunities for Future Research. *AUDITING: A Journal of Practice & Theory* 32 (Supplement 1):45-97.

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Nelson, M., and H. T. Tan. 2005. Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective. *AUDITING: A Journal of Practice & Theory* 24 (s-1):41-71.

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Hammersley, J. S. 2011. A Review and Model of Auditor Judgments in Fraud-Related Planning Tasks. *AUDITING: A Journal of Practice & Theory* 30 (4):101-128.

Nolder, C., and T. J. Riley. 2014. Effects of Differences in National Culture on Auditors' Judgments and Decisions: A Literature Review of Cross-Cultural Auditing Studies from a Judgment and Decision Making Perspective. *AUDITING: A Journal of Practice & Theory* 33 (2):141-164.

Ali We consider the role of the Board to be central of the three independent standard setting boards, without under-estimating the place of professional skepticism and professional judgment in the ISAs and International Ethics Standard Board.

Reviewing the existing references in the IES or expanding on it in the existing or new IES is at best, a low to medium priority from our point of view.

Silva Ferreira This question depends what IAESB wants to develop as roles because considering question 2 and definition of the PCAOB that as follows, I understand that in this moment is fundamental establish sense in each region around the world for appropriate exercise to improve professional.

Juvenal

PCAOB explains about professional skepticism as an attitude that includes a questioning mind and a critical assessment of audit evidence and the auditor exercises professional judgment in evaluating the reasonableness of accounting estimates based on information that could reasonably be expected to be available prior to the completion of field work.

VI Respondents

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	Financial Reporting Council (UK)
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

*Consultation Paper, Meeting Future Expectations of Professional Competence:
A Consultation on the IAESB's Future Strategy and Priorities. - Comment Analysis*

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 Públicos 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