INTRODUCTION

1. The aim of this Issues paper is to assist IAESB members in their discussion on developing an Exposure Draft that asks for public comment on: i) revised and new ICT and professional skepticism learning outcomes within IESs 2, 3, 4, and 8; ii) clarified and conforming learning outcomes within IESs 2, 3, 4, and 8; and iii) presentation of the learning outcomes.

2. This agenda item contains the following materials:

   - Agenda Item 7-4: Conforming and Clarifying Changes to Extant Learning Outcomes – Marked-up version (10/18).
   - Agenda Item 7-5: Proposed Draft of International Education Standard [x], Initial Professional Development – Accounting Education Programs (10/18)

BACKGROUND

3. As a result of projects that evaluated whether the extant IESs 2, 3, 4, and 8 are “fit for purpose” from ICT and professional scepticism perspectives, the Board has decided to revise and develop new learning outcomes for these standards. These changes have led the task forces to propose conforming and clarifying changes to ensure that terminology is consistent and properly understood among the full set of learning outcomes. Finally, the Board recognizes that the learning outcomes of

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IESs, 2, 3, and 4 are the basis for developing and maintaining professional competence, and is proposing to present the tables of learning outcomes for IESs, 2, 3, and 4 in a combined IES.

**DISCUSSION**

4. Not to preclude the decisions made by the Board because of agenda items on ICT, Professional Skepticism, and the Combined IES 2, 3, and 4, Agenda Item 7-2 proposes an outline for the structure and content of the Explanatory Memorandum that would accompany the Exposure Draft.

**Exposure Draft – Section 1: ICT and Professional Skepticism Learning Outcomes**

5. Section 1 of the proposed Exposure Draft will present the 4 tables of learning outcomes from IESs 2, 3, 4, and 8 with the revised and new ICT and Professional Skepticism learning outcomes (See Agenda Item 7-3). Each of the four tables would be referred to as a separate Appendix (e.g., Appendix 1, Appendix 2, Appendix 3, and Appendix 4) of the Exposure Draft which will enable easy referencing when posing questions to respondents.

**Action Requested:**

A. Is the Board satisfied with the proposed revised and new ICT and Professional Skepticism learning outcomes (See Agenda Item 7-3)? If not, what changes would you suggest?

B. Should the 3 tables of learning outcomes from IESs 2, 3, and 4 be separated from the table of learning outcomes from IES 8 and presented in a separate Exposure Draft? If so, why?

**Exposure Draft – Section 2: Conforming and Clarifying Changes to Extant Learning Outcomes**

6. Section 2 of the proposed Exposure Draft will provide conforming and clarifying changes to the extant learning outcomes (See Agenda Item 7-4). Those extant learning outcomes that have undergone conforming and clarifying changes will be presented as Appendix 5 of the Exposure Draft which will enable easy referencing when posing questions to respondents.

**Action Requested:**

C. Is the Board satisfied with the conforming and clarifying changes made to the extant learning outcomes of IESs 2, 3, 4, and 8 (See Agenda Item 7-4)? If not, what changes would you suggest?

**Exposure Draft – Section 3: Combined IES 2, 3, and 4**

7. Section 3 of the proposed Exposure Draft will present IESs 2, 3, and 4 as a combined IES with three separate tables of learning outcomes. Agenda Item 7-5 provides a draft of the combined IES 2, 3,
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and 4 and will be presented as Appendix 6 of the Exposure Draft which will enable easy referencing when posing questions to respondents.

Action Requested:

D. Is the Board satisfied that the proposed draft of the combined IES 2, 3, and 4 (See Agenda 7-5)? If not, what changes do you suggest?

Proposed Content of the Explanatory Memorandum

8. Agenda Item 7-2 provides an outline for the content of the Explanatory Memorandum that will accompany the Exposure draft. The content of the Explanatory Memorandum has been sourced from the Issues papers that formed the basis of discussion with the Board and CAG members and is representative of the overall direction of the three projects on ICT professional scepticism and combining IESs 2, 3, and 4. An important part of the Explanatory Memorandum are the requests for general and specific comments which are set out as questions for respondents.

Action Requested:

E. Is the Board satisfied with the proposed questions for each section of the Exposure Draft (See Agenda Item 7-2)? If not, what changes do you suggest?

F. Does the Board agreed with an effective date for implementation of the Revised IESs 2, 3, 4, and 8 of January 1st, 2021? If not, why?

G. Does the Board agree with a 90-day exposure period? If not, why?

PROPOSED WAY FORWARD

9. Upon approval of the content of the Exposure Draft, the task force chairs and IFAC staff will finalize Explanatory Draft and its accompanying Explanatory Memorandum for exposure to obtain public comment.

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1 For reference a summary of the project’s direction is provided in Appendix 1 of this paper

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SUMMARY OF PROJECT DIRECTION TO REVISE & DEVELOP NEW ICT & PROFESSIONAL SKEPTICISM LEARNING OUTCOMES, INCLDE CONFORMING CHANGES, AND DEVELOP A COMBINED IES 2, 3, AND 4

The project is driven by the Board’s focus on improving professional competence and the development of the knowledge, skills, and behaviors needed in ICT and professional skepticism by professional accountants to perform their roles.

PROJECT OBJECTIVES AND HOW IT SERVES THE PUBLIC INTEREST

A. Project Objectives
   The primary objective of the project is to revise and develop new learning outcomes which support development of aspiring and professional accountants in the competence areas of ICT and professional scepticism. The project also aims to develop an inventory of skills which will be used in implementation support materials to assist Professional Accountancy Organizations in implementing those International Education Standards that prescribe learning outcomes.

B. Serving the Public Interest
   Identifying the ICT and professional skepticism skills needed by accountants serves the public interest by enabling the accounting profession to provide high quality financial reporting, auditing, or other related financial and accounting services in the digital age.

   The revised and new learning outcomes of IESs 2, 3, 4, and 8 for ICT and professional skepticism are also expected to improve the consistency, quality, and relevance of IPD and CPD undertaken by aspiring and professional accountants. This serves the public interest by improving the quality of professional accounting education, and enhancing the professional competence of the accountancy profession.

OUTLINE OF THE PROJECT

A. Project Scope
   Following the completion of extensive research and consultation activities, the IAESB decided to revise or develop new learning outcomes and develop support materials to

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3 See Agenda Item 6 on ICT project proposal from the November 2017 IAESB meeting.

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assist in the implementation of learning outcomes for ICT and professional skepticism. This decision was based on:

a. Discussions of the breadth and depth of the information gathering activities to-date and the related results.

b. A mapping of the underlying skills for professional scepticism and five ICT elements to existing IESs that highlighted gaps.

c. Acknowledgement that the speed of change in ICT has presented an opportunity to revisit the IESs through a digital lens.

d. Acknowledgement that more can be done in professional accounting education to improve the exercise of professional skepticism for aspiring and professional accountants.

In addition to the Board’s decision to revise and develop new learning outcomes for IESs 2, 3, 4, and 8. These changes have led the task forces to propose conforming and clarifying changes to ensure that terminology is consistent and properly understood among the full set of learning outcomes. Finally, the Board recognizes that the learning outcomes of IESs 2, 3, and 4 are the basis for developing and maintaining professional competence, and is proposing to present the tables of learning outcomes for IESs, 2, 3, and 4 in a combined IES.

B. Key Issues that the Project will Address

Identification of 5 ICT Elements

The Board has identified and developed 5 ICT Elements that have assisted in conducting outreach activities by providing a guide to obtaining input from a wide-range of stakeholders. These 5 ICT Elements have also assisted the Board in identifying granular skills that enabled a gap analysis of the extant learning outcomes of IESs 2, 3, 4, and 8. The identification and development of the 5 ICT Elements represent an important step in the process to validate the need to revise and develop new learning ICT outcomes.

The Need for More Disaggregation of the Learning Outcomes

The Board recognized the appropriateness of using a principles-based approach to setting learning outcomes for competence areas within the IESs, but also realized that identifying granular skills will be of most value to stakeholders in the form of implementation guidance. Granular skills were seen as a means to inform the development of curricula for accounting education programs, to improve the selection of appropriate assessment methods, and to assist in disaggregating learning outcomes.

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4 See Agenda Item 5-1 of the April 2018 IAESB meeting.
Importance of Professional Skepticism to the Competence of All Professional Accountants

Professional skepticism is an integral part of a professional accountant’s skill set and adopting and applying a skeptical mindset is ultimately a personal and professional responsibility to be embraced by every professional accountant. As a result, IAESB members agreed that the concept of professional skepticism in the IESs should continue to be interpreted to apply to the broader context of the role of professional accountants and not just auditors. The Board recognizes that it needs to engage in discussions with the SSBs, the PAIBC, and the SMPC to support expanding the concept of professional skepticism to apply to all professional accountants and explore the benefits and implications of this change at the level of learning outcomes for the professional accounting education of aspiring and professional accountants.

Pervasiveness of Skills Relevant to Professional Skepticism across Several Competence Areas

As a result of a review of the professional scepticism literature, discussions with academics, surveys of practitioners and professional accountants in business, and findings from investigations by regulators on audit engagements, the Board recognizes that improving the application of professional scepticism is linked to several competence areas within the IPD and CPD IESs. The Board will undertake a review of the learning outcomes to support the underlying skills and behaviours needed to exercise professional scepticism by all professional accountants.

Value of Integration of IPD Accounting Education Requirements for Professional Competence

A combined IES 2, 3, and 4 may have potential public interest benefits because it provides an integrated and comprehensive view of the IPD accounting education requirements. In addition, a combined IES 2, 3, and 4 has the potential to extend some key concepts (e.g. reflective activity) across all 3 areas of professional competence (i.e., Technical Competence, Professional Skills, and Professional Values, Ethics, and Attitudes). The Board will consult with interested stakeholders on the implications of combining IESs 2, 3 and 4.

DEVELOPMENT PROCESS

A. Project timetable and milestones

The proposed milestones and expected completion dates for the project are:
B. RESOURCES

The ICT task force members are Anne-Marie Vitale (Chair), Helen Partridge (Secretary), David McPeak (IAESB Staff), Keryn Chalmers, Mienkie Etcheverrigaray, Sue Flis, Sarah Jakubowski, Steve Matzke, Greg Owens, Sidharta Utama, and Robert Zwane.

The Professional Skepticism task force members are Dave Simko (Chair), Sue Flis (Secretary), Bruce Behn, Keryn Chalmers, Elizabeth Gammie, and David McPeak.

The Drafting Working Group members are Gareth Wellings (Chair), Bruce Behn, Rachel Banfield, and David McPeak.

The CRT members are Elizabeth Gammie, Brian McGuire, Catherine Edwards, Raef Lawson, and Karl Thaesler.

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\textsuperscript{5} The Board will discuss whether one or two exposure drafts will be issued due to the planned changes to initial professional development standards IES 2, 3, and 4 and IES 8 during the October 2018 meeting.