

March 1, 2019

Mr. David McPeak  
Principal  
IAESB

Sent Via Email:

Dear David,

This submission to comment on the Exposure Draft issued by the IAESB on *Proposed Revisions to IESs 2,3,4 and 8 – Information and Communications Technologies and Professional Skepticism* is sent by Keith Bowman, FCPA, FCA, CEO at The Public Accountants Council for the Province of Ontario (PAC) and Dr. W. Morley Lemon, PhD, FCPA, FCA, CPA (Texas), Professor Emeritus, University of Waterloo.

We are generally in agreement with the changes being proposed and we applaud the IAESB for moving quickly to embed ICT and Professional Skepticism competencies in IES 2, 3, 4 and 8.

We have set out my responses to the questions 1 through 4:

**Question 1.**

**Do you support the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies ("ICT") and Professional Skepticism provided in Appendices A, B, C, and D? If not, what changes would you suggest?**

Yes – the evidence from the research done for this Exposure Draft, the evidence from what is happening in the workplace of accounting firms, and the feedback heard from global public accounting regulators points to a clear need to update IESs 2, 3, 4 and 8 to reflect the new competencies required at the Initial Professional Develop stage for new accountants.

**Question 2.**

**Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?**

**We have set out comments below by IES**

**IES 2**

**Paragraph 7 (h)**

There are six new learning outcomes – (i) Analyze the adequacy of processes and controls; (ii) Recommend improvements to P and C; (iii) Apply ICT to increase the efficiency and effectiveness of processes; (iv) Explain how ICT supports data analysis and decision making; (v) Use ICT to analyze data and information; and (vi) Use ICT to communicate with impact and

influence others.

First, we suggest a more logical ordering of the learning outcomes as follows:

- i. Explain how ICT supports data analysis and decision making;
- ii. Apply ICT to increase the efficiency and effectiveness of processes and controls;
- iii. Recommend improvements to processes and controls;
- iv. Analyze the adequacy of processes and controls;
- v. Use ICT to analyze data and information; and
- vi. Use ICT to communicate with impact and influence others.

Further comments follow:

- We suggest that (ii) be amended as indicated.
- The new (ii) seems like a stretch competency for the aspiring accountant at the IPD level of learning. Acknowledging that the level of learning is set at the Intermediate level, the majority of information system processes are likely to be at a sophisticated enough level that it would be unreasonable to expect the aspiring accountant to increase their efficiency. This comment may well also apply to the new (iii) above.

### **IES 3**

#### **Paragraph 4 (vi) Demonstrate an awareness of personal and organizational bias.**

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.

### **IES 4**

#### **Paragraph 6 11 (a)**

Paragraph 11 (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 ~~Apply~~ 'Use a questioning mind free of innate biases<sup>1</sup> when assessing data and information'. If the questioning and

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<sup>1</sup> Research by psychologists and behavioral economists has clearly demonstrated we are not rational; in fact we are naturally irrational. Deeply embedded biases affect every decision we make, there are conscious factors, learned from experience, subconscious cognitive biases and affective factors including our feelings and emotions at the time the decision is made. The challenge is to accept people as they are and then work rationally within our innate biases; this needs a rational approach to an irrational problem!

"Everything we hear is opinion, not fact; everything we see is perspective, not the truth." Derived from: Marcus Aurelius.

unbiased assessment of information is carried out, the learning outcome ‘Demonstrate curiosity by exploring beyond what is immediately apparent’ is not necessary.

**Question 3.**

**Do you support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment added to the IAESB Glossary of Terms? If not, what changes would you suggest?**

Mostly Yes, with the caveat that the definition for Intellectual Agility is quite general and abstract.

This definition would be improved with adding ‘learning and applying’ somewhere in the words? Perhaps something like (suggested changes in italics):

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

**Question 4.**

**Are there any terms within the new and revised learning outcomes of IESs 2, 3, 4, and 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?**

We have no other suggestions.

Yours truly,



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PAC



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