



David McPeak
Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants

8 March 2016

Dear David

**Consultation Paper – Meeting Future Expectations of Professional
Competence: A Consultation on the IAESB’s
Future Strategy and Priorities**

ACCA (The Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above consultation paper. ACCA is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 178,000 members and 455,000 students in 181 countries, helping them to develop successful careers in accounting and business, with the skills required by employers.

ACCA works in the public interest, assuring that its members are appropriately regulated for the work they carry out and, promoting principles-based approaches to regulation. We actively seek to enhance the public value of accounting in society through international research and we take a progressive stance on global issues to ensure accountancy as a profession continues to grow in reputation and influence.

ACCA is very supportive of the work of the IAESB and welcomes the opportunity to contribute to its future strategy and priorities. Our answers to the five questions put forward in the consultation paper can be found in the enclosure.

If you have any further queries or wish to discuss our responses, please do not hesitate to contact Katrina Smyth, Head of Education Recognition, at the e-mail address katrina.smyth@accaglobal.com.

Yours sincerely



Alan Hatfield
Executive Director – Strategy & Development

Enc. ACCA Response to 'Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities'.

ACCA Response to IAESB Consultation Paper on Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities.

1. What enhancements, if any, do you feel should be made to the existing International Education Standards (IESs)?

As noted in the consultation document, ACCA believes that time is needed to allow IFAC member bodies to implement fully the revised IESs before assessing whether the aims of the revised IESs are being achieved. At this stage, therefore, we do not believe that any enhancements should be planned. Rather, an IAESB priority post 2016 should be to undertake research into the adoption and implementation of the existing IESs, and from that work identify any enhancements, or adoption and implementation support, that may be necessary.

We note that IES7 can be viewed as an exception to this as it was redrafted rather than revised as part of the Clarity Project on the IESs. Please see Q2 for our views on IES7.

ACCA agrees that the dynamic impact of IT requires professional accountants to constantly upgrade their knowledge and skills. However, we believe that the existing IESs reflect this changing environment. Specifically, IES 2 includes learning outcomes on Information Technology including (h)(ii) Explain how information technology contributes to data analysis and decision making, and (h)(iii) Use information technology to support decision making through business analytics. Also IES 3 includes a learning outcome (d)(vi) Apply appropriate tools and technology to increase efficiency and effectiveness and improve decision making. These learning outcomes appear to have been carefully drafted to be future-proofed as they are not referencing specific tools or technology, which rapidly become obsolete.

Both IES 2 and IES 3 also carry a requirement for IFAC member bodies to 'regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.'

ACCA does not support updating the existing IESs as we believe this area is already adequately addressed as demonstrated above. However, the competence area of IT may be suitable to produce an information paper or

toolkit which demonstrates to IFAC member bodies how the Learning Outcomes within the IES can be translated into professional accounting education program content, based on today's IT environment.

ACCA does not support IAESB developing practical guidance for professional accountants in the area of IT. We do not see this as the role of the standard setter, firstly because we believe that the IAESB's pronouncements should be addressed to IFAC member bodies and secondly because any practical guidance should be around the design and delivery of effective IPD and CPD, which is the IAESBs area of expertise, rather than on specific competence areas.

2. How can the IAESB align the requirements of IES 7, Continuing Professional Development (2014) to support the learning outcomes approach of the other IESs, including IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)?

We believe it is sensible for the IAESB to revisit IES 7 in light of the other revisions which have taken place. The output and combination approaches in IES 8 do lend themselves well to the learning outcomes approach adopted in IES 2, 3, 4 and 8. And IES 7 already includes the assessment of learning outcomes achieved as one of the examples of verifiable evidence for the output-based approach. However, ACCA recognises the potential conflict presented by IES 7, which also allows input measures, and IES 8 which is based on an output and outcomes approach. As part of any potential changes, we would draw the attention of the board to the issue that the existing IES7 adopts the same approach to measurement of CPD as the revised IES5 does for practical experience eg output-based, input-based and combination approaches. This relationship should also be considered as part of any revisiting of IES7.

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

ACCA agrees with the IAESB that professional scepticism 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 scepticism 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 scepticism 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 scepticism 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 scepticism 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 scepticism 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.

4. What new IESs, if any, do you suggest be developed to address emerging matters related to the education of aspiring professional accountants and professional accountants?

ACCA does not believe that there is a need for any new IESs at this time. The existing, recently revised IESs 1-7 adequately address the IPD and CPD needs of the wider accounting profession. IES 8 provides standards for engagement partners responsible for audits of financial statements. This role is defined within the International Standards on Auditing, has a well understood and discrete skills set, and is a reserved occupation within the

majority of jurisdictions. ACCA does not believe that there are other accounting roles that fit these criteria and that cannot be adequately addressed through the requirements of IES 7.

ACCA is concerned by the reference to developing material related to standards in partnership with leaders in the relevant fields. ACCA values the independence of IAESB as a standard setter and would be disappointed to see it aligning too closely with bodies in specific fields when there will be many other IFAC member bodies operating within those same fields. The IFAC Gateway already provides an excellent vehicle should IFAC member bodies wish to disseminate their learning and development material, such as competence frameworks for specialist roles, to advance the wider profession.

5. What other activities, if any, do you suggest the IAESB prioritize for the period 2017-2021 (for example, implementation support; guidance; communications; thought leadership publications)?

As noted in our response to question 1, an IAESB priority post 2016 should be to undertake research into the adoption and implementation of the existing IESs, and from that work identify any enhancements, or adoption and implementation support, that may be necessary.

ACCA also believes that further promotion of the existing IESs is necessary to ensure they are known and understood, not just by the IFAC member bodies, but by the many other educational bodies who are responsible for the development and delivery of professional accounting education programs.

ACCA is supportive of the proposal for thought leadership on the importance of the accountancy educator and its centrality to developments in accounting education. Consideration of the competences expected of accounting educators would be particularly welcome.