

17 April 2014

For submission via IAESB website

ACCA's response to the IAESB Exposure Draft

IAESB Exposure Draft: Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised)

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above. ACCA is the largest and fastest-growing global body for professional accountants with over 162,000 members and 428,000 students in 173 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

General Comments

ACCA supports the revision of this IES 8. The proposed revisions are preferable to the previous standard.

1. Is the Objective statement (see paragraph 9) of the proposed IES 8 Exposure Draft (December 2013) appropriate and clear?

ACCA: Yes.

2. Is the Requirement (see paragraph 10) of the proposed IES 8 Exposure Draft (December 2013) appropriate and clear?

ACCA: Yes.

3. Do you agree with the proposed learning outcomes provided in Table A?

ACCA: Yes, however the personal characteristics are a little light, primarily in j and k of Table A. While there is a base line on technical knowledge that is well captured, to ACCA the audit partner role is all about how this is applied. This is

primarily in the CPD camp from an educational perspective, and unlikely to be met by formal courses.

Specifically:

- An audit engagement partner needs to be robust in arguing their case and standing up to challenge. Table A j ii talks about conflict management in a rather weak way, but there are times when it is important that the EP stands up for what is right even if that creates conflict;
- It is important that the engagement partner is a strong enough person that they cannot be put under undue pressure for example by the threat of losing the assignment if they do not do what the client wants or in fee negotiations;
- To counteract the slightly 'awkward' characteristics above, there is also the willingness to consult and seek support in difficult situations (whether technical, ethical or commercial);
- Can the characteristics between partner and a good manager be clarified? Most of the technical requirements would be the same. The difference is in accepting personal responsibility – which is why many firms provide support for managers making this transition.

4. Do you agree that levels of proficiency for the competence areas should not be included in Table A?

ACCA: Yes, including levels of proficiency would cause unnecessary complication.

5. Are there any additional explanatory paragraphs needed to better explain the requirement of the proposed IES 8 Exposure Draft (December 2013)?

ACCA: No.

6. Does figure 1 of Explanatory Material section for the proposed IES 8 Exposure Draft (December 2013) assist in understanding which stakeholders have responsibilities that impact the professional competence of engagement partners?

ACCA: The inclusion of Initial Professional Development should be reflected as the engagement partner would be building on initial audit skills.

Question 7. Are there any terms within the proposed IES 8 Exposure Draft (December 2013) which require further clarification? If so, please explain the nature of the deficiencies?

ACCA: No.

Question 8. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirement included in this proposed IES 8 Exposure Draft (December 2013)?

ACCA: There are significant implications for ACCA in implementing the requirements included in this proposed IES 8 Exposure Draft (December 2013). ACCA will need to identify individuals on our database, verify compliance with the standard at monitoring visits and capture information on annual CPD returns. ACCA will develop our licensing and CPD requirements for engagement partners.

Question 9. What topics or subject areas should Implementation guidance cover?

ACCA: Does the standard reflect that if a firm holds an auditing certificate but conducts no audits the engagement partner is still required to maintain competence? With regards to the implementation date, will organisations have to be ready to implement on the date the standard is approved?