



Association
of International
Certified Professional
Accountants®

March 4, 2019
David McPeak
IAESB Principal
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

Dear Mr. McPeak:

The Association of International Certified Professional Accountants (Association) combines the strengths of the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA) to power opportunity, trust and prosperity for people, businesses and economies worldwide. It represents 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. With broad reach, rigor and resources, the Association advances the reputation, employability and quality of CPAs, CGMAs and accounting and finance professionals globally.

We appreciate the opportunity to comment on the Exposure Draft of the Proposed Revisions to International Education Standards™ (IESs) 2,3,4, and 8 --*Information and Communication Technology and Professional Skepticism*. We commend the International Accounting Education Standards Board™ (IAESB) for its ongoing efforts to enhance education which increases the competence of the global accountancy profession and strengthens public trust.

Below are the Association's general comments and responses:

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?

- In some respects, the IESs are principles-based standards; however, the inclusion of learning objectives within the IESs is prescriptive. There are an infinite number of learning objectives applicable to the accounting and finance profession and the competencies needed within the profession continue to evolve more rapidly than ever due to factors such as globalization, increasing complexity of business transactions, and technology disruptions. There is not significant value in including, versus discussing at a high level, that it is the professional's responsibility to ensure their professional development focuses on the knowledge and skills (which combined equal competency) most relevant to their current role and responsibilities. Similarly, it is professional

associations and education sponsors' responsibilities to ensure they provide applicable education and resources to support competency development within the profession.

Further, paragraphs 2 of each Scope section of these IESs discusses IFAC member bodies' responsibilities for ensuring Initial Professional Development meets the requirements of IESs. Recognizing the size and sophistication of IFAC member bodies differ, their ability to meet these educational needs will vary; however, where there is market demand, other educational providers will meet the demand.

However, if inclusion of learning objectives remains a goal of the IESs, there are non-technical skills critical to the profession that are currently omitted from the IESs including those the World Economic Forum, [in its 2018 Future of Jobs](#) report (p. 12) identifies as the top 10 skills for 2022 including:

- Active learning and learning strategies
- Creativity, originality, and initiative
- Technology design and programming
- Leadership and social influence
- Emotional intelligence
- Reasoning, problem solving, and ideation

Similarly, we have commented on the inclusion of learning objectives throughout this comment letter in the event they remain in the IESs despite our concern expressed previously.

- If learning objectives are to remain in the IESs, we would support the findings outlined in pages 6 & 7 of the document that, in particular, learning outcomes in relation to ICT need to be strengthened. These findings directly correlate with our own findings from our global research into the [Future of Finance](#); namely that advances in technology and automation within finance and business are becoming more rapid and causing increasing disruption, leading to the need for finance professionals to have a better understanding of these topics.
- "Gathering" or "collecting" should be added to all sections addressing Privacy (GDPR).

IES 2

- IES 2 paragraph 7, Table A, (h) (iv) – The reference is mainly to 'data analysis' but this could be expanded to look to explain other technologies and how they can be used to turn data into information to give insight. There are multiple ways of using data and many skills needed to make use of the data...there are also implications for the finance function in relation to this.

- IES 2 paragraph 7, Table A, (k) – Consider incorporating a reference to risk and its potential impact on strategy and management.
- IES 2 paragraph 7, Table A, (b) Management Accounting – We suggest the following in order to update the terminology relating to Management Accounting:
 - (b) (i) Apply techniques to support management decision making, including product and service costing, variance analysis, inventory management, budgeting and forecasting, and other techniques to deliver operational improvement and optimization.
 - (b) (ii) Apply appropriate quantitative techniques to analyze the causal reasons for cost behavior
- IES 2 paragraph 7, Table A, (h) (vi) – This statement requires clarification: “Use ICT to communicate with impact and influence others.” Is the intent to include a comma after “communicate with”?
- IES 2 paragraph 7, Table A, (i) – Consider further explanation of how different aspects of the environment interact with each other.
- IES 2 paragraph 7, Table A, (i) (i) – We disagree with the removal of technical as a force or now what is referred to as an aspect. The term technical encompasses a broad range, including the technical standards and regulatory aspects the organization is subject to. These are critical to a professional’s work and should not be removed here.
- IES 2 paragraph 7, Table A, (f) (iii) – ICT has not been previously spelled out and abbreviated and should be at first mention within each standard.

IES 3

- As a general point there should be more emphasis on how the professional works vertically and horizontally across the organisation; i.e. With colleagues who are above and below them as well as partnering with colleagues across the organisation.
- Within this IES there is limited mention of leadership (only in IES 3 paragraph 7, Table A, (d) organisational competence area); this could be highlighted more in both IES 3 paragraph 7, Table A, (b) (c) as it would complement personal developments and dealing with others.
- Also, within IES 3 paragraph 7, Table A, (b), could there be some reference to coaching and mentoring others in the organisation?
- IES 3 paragraph 7, Table A, (b) (ii) – Collaboration could be expanded to include ‘partnering’ to reflect the internal and external relationships needed to achieve organisational goals.
- IES 3 paragraph 7, Table A, (c) (vi) – We applaud the inclusion of recognition of organisation and personal bias specially to further the work around diversity and

inclusion. We encourage additionally adding not just recognition, but efforts to eliminate biases from the organisation and decision-making processes.

- IES 3 paragraph 7, Table A, (c) (vii) – We applaud the inclusion of reflecting on experiences to improve future actions as it conveys the message that it is okay to fail provided that professionals learn from those experiences.

IES 4

- IES 4 paragraph 6, Table A (b) (vi) – We support the important reference to ethics and the use of data.
- IES 4 paragraph 11, Table A, (b) – Ethical principles are not currently defined in the IESs. Consider defining it in alignment with the IESBA Code, if included there.

IES 8

- IES 8 paragraph 9, Table A, (m) (ii) – Consider using “professional skepticism” in place of “questioning mind”.
- IES 8 paragraph 9, Table A, (m) (ii) – Consider including not only “evaluate”, but “eliminate”.
- IES 8 paragraph 9, Table A, (m) (iv) – Reads “Apply knowledge and experience to challenge management’s assertions and representations” yet later in IES 8 paragraph A30 it reads “Professional judgment is exercised, for example, when challenging management’s assertions and assumptions...” Consider revising IES 8 paragraph 9, Table A (m) (iv) to state “Apply professional judgment to challenge...” for alignment within the IESs.

Question 2. Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring professional accountants?

- It is not clear if information security (which includes cyber security) as well as privacy, is included (page 6) or if they are intended to be part of data management. We recommend clarifying.
- Application of ICT permeates a professional’s work. A successful professional uses ICT throughout his/her work, so we disagree with how it is being added to certain learning objectives versus others. ICT is specifically added in certain learning outcomes (e.g. IES 2 paragraph 7, Table A, (f) (iii)), but it is not just applicable to that one learning outcome. As just one example, consider IES 2 paragraph 7, Table A, (b), (iii) and (iv). When we typically discuss a broad concept like ICT, professional judgment, or professional skepticism we note expect the professional applies it throughout their work. This is the same for ethical considerations as well. All of these (ICT, professional judgment,

professional skepticism, and information and communication technologies) permeate the professional's work. By only noting it for some learning objectives, it seems to defeat the purpose of how pervasive it is and the expectation that professionals embrace and use ICT to their fullest ability and extent. One consideration is that it could just be addressed in IES 2 paragraph 7, Table A, (h) and indicate that those learning objectives are to be applied to all work the professional performs. (IES 2 in A9 even acknowledges this broad applicability itself.)

Question 3. Do you support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgement added to the IAESB Glossary of Terms? If not, what changes would you suggest?

- Consider clarifying the definition of ICT by referencing the fact that some of these technologies are established but that many are emerging...The word diverse could be extrapolated to include these points.
- Intellectual agility definition (page 11) refers to "...in response to new or existing facts...". The reality is professionals not only must respond to facts, but non-factual information, speculation, etc. in today's complex world. Consider replacing reference to "facts" with information. Deciphering between what is fact and not, as well as considering what sources of both types of information (factual and speculative) is relevant to the situation is critical to the professional's success as well. Consider integrating such consideration into the definition.

Question 4. Are there any terms within the new and revised learning outcomes of IESs 2, 3, 4, and 8, which require further clarification? If so, please explain the nature of the changes.

No additional comments.

Respectfully submitted,

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Association of International Certified Professional Accountants