

## **Generic comments**

The Belgian Institute of Registered Auditors (IBR-IRE) fully supports the rationale behind the Exposure Draft (ED) of IES 8, namely the focus on the requirement that prescribes the learning outcomes that demonstrate the professional competence of professional accountants serving in the role of the audit engagement partner. The current text of IES 8 ED refers in its paragraph A18 to the “essential” character of developing and applying professional scepticism in the context of determining the reliability and sufficiency of the audit evidence obtained. Therefore, indirectly this ED is stating that the competence area (n) is to be considered “key”, which leads to the vital question whether it would make sense to distinguish between “key” and “non key” competence areas. If this difference is considered important, then an additional column might need to be added into Figure A, providing an overview of relevant learning outcomes. If this difference, however, is considered not to be important, paragraph A18 needs to be re-written such that the description of the importance of professional scepticism and professional judgement does not lead to the possible interpretation that (n) is more important than the other learning outcomes. Having read the current text of this paragraph A18, we also believe that competence areas (k) and (m) are “key”, so where do you draw the line in terms of “importance”? In this context, we suggest to combine the current paragraph A2 with A18, as the former refers to the difference between professional competence on the one hand and knowledge of principles, standards, concepts, facts and procedures on the other. We further believe that this difference merits attention in the introductory section of the standard, and not in an explanatory “A” paragraph written down at p. 17 of the ED, as this would enhance the understanding of the reader of IES 8 of what this standard is really about.

Some of the listed learning outcomes refer to the audit strategy already (see e.g. f (ii))). We, however, suggest to incorporate an additional “technical competence” area related to the development of an audit strategy, in particular balancing (for non-significant risks of material misstatement) between the use of Test of Controls and Substantive Audit Procedures to be performed during the audit of the financial statements.

Please find our answers to the questions listed in IES ED as follows:

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

We believe that it would be better to describe the objective in terms of establishing “the professional competence areas that professional accountants performing the role of an engagement partner need to maintain and further develop through CPD”, in order to enhance the link between paragraph 9 and Table A included in paragraph 10.

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

We suggest to modify as follows : (a)(vi) Approve or establish an appropriate audit strategy in relation to “the auditor’s overall objective” (+ insert reference to ISA 200) instead of the “audit objective”, as ISA 200 clarifies what the link is between the auditor’s overall objective, the objective of the audit and an objective of an individual ISA. According to ISA 200, it is the auditor’s overall objective to obtain sufficient and appropriate audit evidence that the financial statements are free from material misstatement.

(a)(vii) “Evaluate significant deficiencies in internal control and other matters to be communicated to those charged with governance” (so leave out the word “in”);

(b)(iii) “Assess the reasonableness of financial statements”: We believe this wording is not appropriate, as reasonableness relates to e.g. the assessment of the reasonableness of accounting estimates or obtaining reasonable assurance on whether the financial statements as a whole are free from material misstatement. Therefore, we suggest to rephrase this sentence as follows:

“Assess the true and fair view, or the fair presentation (in all material respects) of the financial statements”;

(e)(i) : “(..) assess the effect of the results of procedures (or the possible effects of a limitation in the scope of the audit procedures ”, in order to also be able to cope with situations dealing with the impossibility to obtain sufficient and appropriate audit evidence in a number of audit areas.

(j)(ii) : “Resolve conflict” : does this also apply to conflicts arising within the audit team, or is this only viewed in relation to communication with the audited entity (management, those charged with governance, other persons or bodies, ..)?

**Question 3 : Do you agree with the proposed learning outcomes provided in Table A ?**

We refer to our generic comments and our answer to Question 2.

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

No opinion.

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

No. We suggest, however, to rephrase some of the A-paragraphs as follows:

A11 : “This IES is applicable to professional accountants serving in the role of audit engagement partner”. As the introductory section of this IES clearly stipulates that it does NOT apply to professional accountants serving in a role other than audit engagement partner, we suggest to eliminate the phrase “*Similarly, many of the learning outcomes required for an audit of financial statements may be relevant to those engagement partners responsible for assurance engagements relating to non-financial statement information, such as environmental or social reporting*”. We agree, however, with the content of this phrase, but also believe that the due process to be followed within IFAC should also be followed such that if the IAESB intends to create requirements related to competence areas for engagements other than audits, a different standard should be created. If this is not the intention, the IAESB should NOT include these indirect requirements (not black or white but some kind of a “grey” paragraph which is NOT clear) into this IES ED. So in order to foster the clarity of this IES, we suggest to eliminate this phrase.

A13: We suggest to rephrase “enhances audit quality” by “contributes to audit quality”, as the term “enhance” is too strong (is rather a statement of fact than rather referring to a possible/likely impact on audit quality).

**Question 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 ?**

Yes.

**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.**

We refer to our answers to the questions above.