

DRAFT (17 April 2014)

Mr David McPeak
Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
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Dear David,

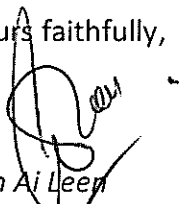
Exposure Draft (December 2013)
Proposed International Education Standard (IES) 8, Professional Development for
Engagement Partners Responsible for Audits of Financial Statements

The Institute of Singapore Chartered Accountants appreciates the opportunity to comment on the exposure draft IES 8 and IAESB's efforts in redrafting the IESs under the clarity project.

We are in full support of the adoption of a principles-based approach which has enhanced the clarity and consistency across all IES. However, the effectiveness of IES 8 could be further enhanced by providing practical guidance to facilitate adoption and implementation.

Our comments on the exposure draft IES 8 are set out in the attachment. If you require any clarification on the comments, please contact Lee Zhen Ni, Manager of Examinations & Qualification, at zhenni.lee@isca.org.sg or +65 6704 9837.

Yours faithfully,



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General Comments:

The proposed amendments to IES 8 are appropriate and aligned with the IAESB Drafting Conventions and its Framework (2009) document. We note and commend IAESB's efforts in clarifying the scope, objective and requirement sections of the IES from the last exposure draft in August 2012. In general, we support the adoption of a principles-based approach and the IES 8 provides a comprehensive and concise presentation of the learning outcome requirements for engagement partners during Continuing Professional Development (CPD). However, IES 8 could be enhanced with more practical guidance to facilitate adoption and implementation.

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

9. The objective of this IES is to establish the professional competence that professional accountants performing the role of an engagement partner need to maintain and further develop through CPD.

Yes, we agree with the Objective statement as it summarises clearly the intent of IES 8.

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

10. IFAC member bodies shall require professional accountants performing the role of an engagement partner to undertake CPD that maintains and further develops the professional competence required for this role. Such professional competence is demonstrated by the achievement of the learning outcomes listed in Table A.

Yes, we agree with the Requirement as it is appropriately aligned with the Objective statement and provides an overview of the expectations required of professional accountants performing the role of an engagement partner. However, it would be useful for IAESB to further clarify the learning outcomes listed in Table A. Please refer to comments in Questions 3 and 5.

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

Table A of the proposed IES 8 (Revised) will serve as a useful guide in mapping the competence areas to learning outcomes and level of proficiency.

The professional competence of an engagement partner can be achieved through CPD and working experience. Some of the technical competencies in Table A are at a level of proficiency that must be acquired through considerable further experience within the audit

firms. We recommend that IAESB provide practical guidance on how member bodies can monitor whether engagement partners have achieved the learning outcomes. Please also refer to our comments in Questions 5 and 9.

For details on suggested amendments to the learning outcomes, please refer to Appendix A.

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

Yes, we agree that the levels of proficiency for the competence areas should not be included in Table A as the minimum levels of proficiency are implicit in the descriptions of the learning outcomes (i.e. in the verbs used). Non-inclusion of the levels of proficiency also eliminates the difficulty associated with the interpretation of the minimum levels of proficiency which is subjective.

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

We suggest that IAESB provide additional explanatory paragraphs to clarify the underlined sentence in Paragraphs A16 and A19 below:

Extract from IES 8

A16. Table A identifies the learning outcomes for (a) technical competence, (b) professional skills, and (c) professional values, ethics and attitudes, which establish the content and depth of knowledge understanding, and application required for each specified competence area. The learning outcomes are likely to be demonstrated within the context of a work environment.

In accordance with IES 7, Continuing Professional Development (Redrafted) Paragraphs 13 and 15, member bodies implementing an input-based approach shall require the professional accountant to:

- Complete at least 120 hours (or equivalent learning units) of relevant professional development activity in each rolling three-year period, of which 60 hours (or equivalent learning units) shall be verifiable;
- Complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year; and
- Measure learning activities to meet the above requirements.

With reference to the above extracts from IES 7 and 8, it would be useful for IAESB to clarify:

- The relevance of 120 hours in the context of paragraph A16. Since the learning outcomes are likely to be acquired through work experience, why is it necessary to prescribe a minimum of 120 hours of CPD? and

- How do engagement partners demonstrate that they have achieved the learning outcomes in Table A through their work environment?

Extract from IES 8

A19. CPD does not on its own provide assurance that engagement partners will act with due professional care. Developing an attitude that includes a questioning mind and critically assessing audit evidence is also important. Audit engagements....

We recommend that IAESB further guidance on how engagement partners could demonstrate that they have achieved the learning outcomes in Table A for Professional Values, Ethics and Attitudes.

Question 6: Does figure 1 of the 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, figure 1 has provided a clear illustration of the responsibilities of various stakeholders that impact the professional competence of engagement partners.

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?

With the revisions made to IES 8 and our suggested revisions outlined above, we are of the view that the terms have been adequately clarified.

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)?

We envisage that with greater guidance as highlighted in our comments to Questions 3, 5 and 9, it will facilitate the implementation of the new requirements in this IES.

Question 9: What topics or subject areas should implementation guidance cover?

We would suggest implementation guidance on:

- How member bodies can monitor whether the engagement partners have achieved the learning outcomes; if possible, it would be helpful for IAESB to share best practice examples.
- Evidence to demonstrate that the engagement partners have achieved the learning outcomes through their work environment (For example, would the reports prepared during their course of work or certification by independent parties suffice?); and

- Optimum composition of input-based approach, output-based approach and combination approach to verify the areas of competence achieved as a result of CPD.

We noted that transitional arrangements are not included in IES 8 and we propose the inclusion of transitional arrangements to facilitate the adoption and implementation of IES 8. These transitional arrangements should be communicated prior to effective date of July 1st, 2016 to facilitate the communication of these requirements to all engagement partners.

Comments on Other Matters

We do not foresee any translation issues arising from the redrafted standard. The proposed effective date of July 1st, 2016 is considered reasonable and we do not foresee significant difficulties for developing nations to adopt the redrafted standard.

We recognise that the professional accounting education is continuously evolving to meet the changes and demands in the marketplace. It would be in the interest of member bodies and other interested stakeholders who use the IESs in developing their CPD programmes and activities to assess the success and the relevance of their programmes. Therefore, we would like to propose that a feedback mechanism be made available for member bodies to share their development or implementation issues, including any difficulties encountered in complying with the revised standards, to facilitate the development of their CPD that meets the objectives of the revised IESs.

Submitted by:

Examinations & Qualification Department

Institute of Singapore Chartered Accountants

17 April 2014

Competence Area	Existing Learning Outcomes	Proposed Amended/Additional Learning Outcomes	Rationale for Amendment/ Addition
Technical Competence			
(a) Audit of financial statements	(iii) Assess the entity's ability to continue as a going concern	(iii) Evaluate the management's assessment of the entity's ability to continue as a going concern. (xi) Evaluate the accounting estimates, including fair value estimates made by management.	It is management's responsibility to assess the entity's ability to continue as a going concern (ISA 1). Review of accounting estimates requires technical competence in audit.
Engagement Quality Control Review (EQCR) [Proposed addition to the competence areas]		(i) Ensure proper EQCR process is properly managed and carried out, while assuming primary responsibility and accountability for the audit.	Insertion of a new technical competence area. EQCR plays a significant role in ensuring audit quality by providing independent evaluation of the key judgements that have been made and in assessing if related audit procedures and documentation can support the audit conclusions reached.
Professional Skills			
(i) Intellectual	(i) Evaluate the accounting estimates, including fair value estimates made by management.		Proposed reclassification from "Professional Skills" to "Technical Competence". Review of accounting estimates requires technical competence in audit.

Competence Area	Existing Learning Outcomes	Proposed Amended/Additional Learning Outcomes	Rationale for Amendment/ Addition
		(iii) Identify and assess the need for consultation from specialists/ experts (for eg. Information Technology, valuation of financial instruments etc).	Specialist knowledge should be considered where it is required to assist in the audit process.
		(iv) Evaluate the adequacy of the work of specialists/ experts if appropriate.	Specialist knowledge should be considered where it is required to assist in the audit process.
(I)Organizational	(i) Manage audit engagements by providing leadership and <i>project management</i> of engagement teams.	(i) Manage audit engagements by providing leadership and <i>supervision</i> of engagement teams.	Engagement partners' role in the audit team is that of an engagement supervisory role instead of a project managerial role.