

*Comments of the Institute of Chartered Accountants of Pakistan
International Education Standards (IESs)*

**Proposed Revisions to IESs 2, 3, 4, and 8 –
Information and Communications Technologies and
Professional Skepticism**

General Comments

The learning outcomes given in IESs follow the pattern of using action verbs to indicate the level of proficiency. The levels of proficiency have been described in Appendix. The action verbs used in both the documents should be in alignment. For example, when IESs requires intermediate level of proficiency, the action verbs cannot be “assess” or “make judgment” or “recommend” which are advanced level as per the Appendix.

Another area where the standard needs strengthening is “Professionalism” ie keeping client interest first, resolving conflicts, confidentiality, conduct, etc..

However, given the emphasis of regulators on Professional Skepticism, the changes should be enhanced rather than restricted. More clarity is needed in this area so that professional Accountants are ready to face the challenge.

Specific Comments

We have made our comments against each proposal in the annexures.

- 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?
- Question 2. Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?
- Question 3. Do you support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment added to the IAESB Glossary of Terms? If not, what changes would you suggest?
- Question 4. Are there any terms within the new and revised learning outcomes of IESs 2, 3, 4, and 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?

Appendix A

Proposed Changes to IES 2, Initial Professional Development – Technical Competence

#	Paragraph	Proposed change	Rationale	ICAP Comments
1	3	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 3, <i>Initial Professional Development – Professional Skills (2015 Revised)</i> , and IES 4, <i>Initial Professional Development – Professional Values, Ethics, and Attitudes (2015 Revised)</i> , specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.	Years 2015 to be revised to effective date when proposed IESs 3 and 4 are approved by IAESB.	Agree

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2	4	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants</i> (2015) are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms</i> (2015 Revised).		Year 2015 to be revised when proposed definitions are approved by IAESB.	Agree
3	5	This IES is effective from July 1, 2015 January 1, 2021 .		Date changed to reflect proposed effective date for IES 2 (Revised).	Agree
4	7 Table A: Learning Outcomes for Technical Competence	(a) Financial accounting and reporting (Intermediate)	(vi) Interpret reports that include non-financial data, for example, sustainability reports and integrated reports information .	Learning outcome revised to improve clarity – Examples of Integrated reports and Sustainability reports eliminated that may inadvertently limit its scope.	Disagree. The examples bring clarity instead of limiting the scope. More examples can be added. It also ensures that inclusion of such reports in the curriculum. The following words should be added in the end to improve clarity: “using different techniques, such as, ratio analysis”

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#	Paragraph	Proposed change	Rationale		
		(b) Management accounting (Intermediate)	<p>(iii) Analyze financial and non-financial data to provide relevant meaningful information for to support management decision making.</p> <p style="text-align: center;">-</p>	Learning outcome revised to improve clarity and conciseness – The phrase, ‘financial and non-financial’, was seen as too constraining; the word, ‘meaningful’, better qualifies the desired type of information than the word, ‘relevant’ for decision making by management.	Agreed.
			<p>(iv) Prepare reports information to support management decision making, on topics including reports that focus information on planning and budgeting, cost management, quality control, performance measurement, and benchmarking, comparative analysis.</p>	Learning outcome revised to improve clarity – The word, ‘information’ better qualifies the types of output needed to support decision-making than ‘reports’ which implies a written, periodic method of communicating; The use of the word ‘topics’ reduce the redundancy of using ‘information’; and the phrase ‘comparative analysis’ better captures the work of professional accountants in business than ‘benchmarking’.	Agreed with the usage of the word information.

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(e) Audit and assurance (Intermediate)	(ii) Apply relevant auditing standards (for example, International Standards on Auditing), (or relevant auditing standards) and applicable laws and regulations applicable to an audit of financial statements.	Learning outcome was revised to improve clarity – The word, 'applicable' is misplaced and should apply to International Standards on Auditing, laws, and regulations.	Agreed.
	(vi) Assess audit evidence for appropriateness and sufficiency.	New learning outcome included to reflect an important underlying competency for professional accountants in applying professional scepticism effectively.	It appears as over emphasizing skepticism. It has been properly covered in first learning outcome. This practice of picking up individual area because of any focused project is not based on principle, but is an attempt to doing it for the sake of doing.
(f) Governance, risk management and internal control (Intermediate)	(iii) Apply ICT to support the identification, reporting and	New learning outcome included to reflect an underlying ICT competency for professional accountants in supporting the	Agreed.

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#	Paragraph	Proposed change	Rationale	ICAP's Comments	
			<p>management of risk in an organization. Analyze an organization's risks and opportunities using a risk management framework.</p>	<p>identification, reporting and management of risk in an organization.</p>	
			<p>(iv) Analyze an organization's risks and opportunities using a risk management framework. Analyze the components of internal control related to financial reporting.</p>	<p>Learning outcome deleted and existing learning outcome (f) (iii) repositioned for purposes of sequencing flow of skills and competencies.</p>	<p>Agreed</p>
			<p>(vi) Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information.</p>	<p>New learning outcome included to reflect the underlying ICT competencies for professional accountants when working with data and information.</p>	<p>Agreed</p>
	<p>(g) Business laws and regulations (Intermediate)</p>		<p>(iii) Apply data protection and privacy regulations when accessing, storing, generating, using and sharing data and information. Analyze the adequacy of general information technology controls and relevant application controls.</p>	<p>New learning outcome included to reflect the underlying ICT competencies for professional accountants when working with data and information.</p>	<p>Agree</p>

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		<p>(h) Information and communications technologies</p>	<p>(i) Analyze the adequacy of processes and controls. Analyze the adequacy of general information technology controls and relevant application controls.</p>	<p>Learning outcome revised to improve clarity – The changes in wording remove the limiting references to ‘general information technology controls’ and ‘relevant application controls’.</p>	<p>This would require same learning as given in (f)(iv) above. ICT as a separate topic will be redundant when all its components are very nicely embedded in other competence areas. ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.</p>
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#	Paragraph	Proposed change	Rationale	ICAP's Comments	
		<p>(h) Information-technology (Intermediate)</p>	<p>(ii) Recommend improvements to processes and controls. Analyze the adequacy of processes and controls.</p>	<p>New learning outcome included to reflect an expectation for professional accountants to demonstrate a higher level of proficiency for ICT processes and controls.</p>	<p>ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.</p>
			<p>(iii) Apply ICT to increase the efficiency and effectiveness of processes.</p>	<p>New learning outcome included to reflect the impact of ICT on processes and the resultant expectation for professional accountants to apply ICT to increase the efficiency and effectiveness of processes.</p>	<p>ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.</p>
			<p>(iv) Explain how ICT supports data analysis and decision making. Use ICT to analyze data and information technology to support decision making through business analytics.</p>	<p>Learning outcome revised to improve clarity – The changes in wording reflect an expectation for professional accountants to use their competence to explain how ICT supports data analysis and decision making while not focusing solely on business analytics.</p>	<p>ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.</p>
			<p>(v) Use ICT to analyze data and information. Explain how information technology contributes to data analysis and decision making.</p>	<p>New learning outcome that reflects a higher expectation for professional accountants to 'use ICT' rather than 'explain how to' when analyzing various types of data and information.</p>	<p>Similar to the (iv) above. ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.</p>
			<p>(vi) Use ICT to communicate with impact and influence others.</p>	<p>New learning outcome included to reflect an expectation for professional accountants to use ICT</p>	<p>This could be part of non-authoritative detailed of learning outcomes of (i)(ii) below.</p>

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			for purposes of communications and influencing others.	
	(i) Business and organizational environment (Intermediate)	(i) Describe the environment in which an organization operates, including the main primary economic, legal, political, technological, social, technical, international, and cultural forces. aspects.	Learning outcome revised to improve clarity – The changes in wording remove ambiguity and improve understanding by providing aspects that are more relevant to an organization's environment.	

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#	Paragraph	Proposed change	Rationale	ICAP's Comments	
			(ii) Explain the impact of ICT developments on business and organizational environments.	New learning outcome included to reflect an expectation for professional accountants to use their expertise to advise on the impact of ICT developments on business and organizational environments.	Agree
			(iv) Identify the features of globalization, including the role of multinationals, e-commerce , and emerging markets.	Learning outcome revised to improve clarity – The term, 'e-commerce' was deleted because it is not a defining characteristic of globalization given the pervasiveness of ICT in processing electronic transactions and transferring of data electronically in a marketplace.	Agree.
		(k) Business strategy and management (Intermediate)	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.	Learning outcome revised to improve clarity – The words, 'develop and' were included to better reflect the expectations of professional accountants to contribute their ICT expertise in developing the strategy of an organization.	

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5	A3	<p>The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (20142020).</p>	<p>Year 2014 changed to reflect effective date of IES 7 (Revised).</p>	<p style="text-align: center;">Agree</p>
6	A9	<p>In the design of professional accounting education programs, the 11 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information technology and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting and/or auditing and assurance. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program.</p>	<p>Learning outcome revised to improve clarity – The change to ‘Information and Communications Technologies’ was made to reflect a wider scope than ‘Information Technology.’</p>	<p style="text-align: center;">Agree</p>

Proposed Changes to IES 3, Initial Professional Development – Professional Skills

#	Paragraph	Proposed change	Rationale	ICAP's Comments	
1	3	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 2, <i>Initial Professional Development – Technical Competence (2015 Revised)</i> , and IES 4, <i>Initial Professional Development – Professional Values, Ethics, and Attitudes (2015 Revised)</i> , specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.	Year 2015 to be revised to effective date when proposed IESs 2 and 4 are approved by IAESB.	Agreed.	
2	4	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)</i> are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms (2015 Revised)</i> .	Year 2015 to be revised when proposed definitions are approved by IAESB.	Agreed.	
3	5	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 3 (Revised).	Agreed.	
4	7 Table A: Learning Outcomes	(a) Intellectual (Intermediate)	(i) Evaluate data and information from a variety of sources and perspectives through research, analysis, and	Learning outcome revised to improve clarity – The addition of the phrase, 'data and' reflects a wider range on input and the repositioning of 'analysis' reflects	Agreed.

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	for		integration, and analysis.	a better sequencing in the flow of skills.	
			(ii) Apply critical thinking skills to solve problems. Apply —professional	Existing learning outcome deleted and content repositioned to IES 4, New learning outcome added to	The critical thinking should not be just restricted to solve problems. The LO should be reworded as follows: “Apply critical thinking skills to gather and evaluate information in order to make professional judgment.”

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#	Paragraph	Proposed change	Rationale	ICAP Comments	
	Professional Skills		<p>judgment, including identification and evaluation of alternatives, to reach well-reasoned conclusions based on all relevant facts and circumstances.</p>	<p>reflect that critical thinking skills are an underlying competency of professional skepticism and used in solving problems.</p>	
			<p>(iii) Identify when it is appropriate to consult with specialists others to solve problems and reach informed conclusions.</p>	<p>Learning outcome revised to Improve clarity – The changes reflect the need to include a variety of perspectives when consulting to reach a conclusion.</p>	<p>Agreed</p>
			<p>(iv) Recommend solutions to unstructured, multi-faceted problems. Apply reasoning, critical analysis, and innovative thinking to solve problems.</p>	<p>Existing learning outcome (a) (iv) deleted because content is captured in new learning outcome (a) (ii). The learning outcome (a) (iv) is replaced by existing learning outcome (a) (v).</p>	<p>Agree.</p>
			<p>(v) Demonstrate intellectual agility. Recommend solutions to unstructured, multi-faceted problems.</p>	<p>Existing learning outcome (a) (v) repositioned to (a) (iv) and new learning outcome added to reflect the expectation that professional accountants need to re-evaluate conclusions in response to new or existing facts and identify new or</p>	<p>Agree.</p>

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		alternative ways of working and, adapt quickly to changing circumstances.	
(b) Interpersonal and communication (Intermediate)	(ii) Demonstrate collaboration skills.	New learning outcome included to reflect an important underlying competency that professional accountants need to demonstrate in the workplace.	Agree.
			The following learning outcome should be amended: “Display cooperation, teamwork and team building skills when working towards organizational goals.”
	(iii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations, both in writing and orally.	Learning outcome revised to Improve clarity and conciseness– The deletion of the phrase, ‘both in writing and orally’ was seen as limiting due to the many ways communications can and will occur.	Agreed.
(c) Personal (Intermediate)	(ii) Set high personal standards of delivery performance and monitor personal performance, through	Existing learning outcome (c) (ii) deleted because content is captured in IES	

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		feedback from others and through reflection. Apply professional skepticism through questioning and critically assessing all information.	4 and is now replaced by existing learning outcome (c) (iii).	
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#	Paragraph	Proposed change	Rationale	ICAP Comments	
			<p>(vi) Demonstrate an awareness of personal and organizational bias.</p>	<p>New learning outcome added to reflect that awareness of personal and organizational bias is an underlying competence for professional accountants to apply professional scepticism effectively.</p>	<p>Agree.</p>
			<p>(vii) Reflect on experiences to improve future actions.</p>	<p>New learning outcome added to recognize that reflection of experiences is an underlying competence for professional accountants to apply professional skepticism.</p>	<p>Agree.</p>
		<p>(d) Organizational (Intermediate)</p>	<p>(vi) Apply appropriate tools and technology to increase efficiency and effectiveness and improve decision making.</p>	<p>Existing learning outcome (d) (vi) deleted because content is captured in the IES 2 competence area of Information and Communications Technologies.</p>	<p>Agree</p>
<p>5</p>	<p>A4</p>	<p>The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (20142020).</p>	<p>Year 2014 changed to reflect effective date of IES 7 (Revised).</p>	<p>Agree</p>	

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6	A5	<p>Within this IES, professional skills are categorized into four competence areas:</p> <ul style="list-style-type: none"> (a) Intellectual relates to the ability of a professional accountant to solve problems, and to make decisions, and to exercise professional judgment; (b) Interpersonal and communication relate to the ability of a professional accountant to work and interact effectively with others; (c) Personal relates to the personal attitudes and behavior of a professional accountant; and (d) Organizational relates to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available. 	<p>Paragraph revised to Improve clarity – Bullet (a) amended to reflect a change in scope of the Intellectual competence area. The learning outcome on professional judgment has been repositioned to IES 4.</p>	Agree.
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Appendix C

Proposed Changes to IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes

#	Paragraph	Proposed change	Rationale	ICAP Comments
1	3	Learning and development continue throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to continuing professional development (CPD) as careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical issues threats .	Paragraph revised to improve clarity – The change from 'issues' to 'threats' was made to conform to wording used in IESBA Code.	Agree.
2	5	This IES specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 2, <i>Initial Professional Development – Technical Competence</i> (2015Revised), and IES 3, <i>Initial Professional Development – Professional Skills</i> (2015Revised), specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the	Year 2015 to be revised to effective date when proposed IESs 2 and 3 are approved by IAESB.	Agree.

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		end of IPD.		
3	6	<p>Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants</i> (2015) are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms</i> (2015 Revised). Additional terms from the pronouncements of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) pronouncements are also included in the Explanatory Material.</p>	<p>Paragraph revised to improve clarity – Year 2015 to be revised when proposed definitions are approved by IAESB and editorial changes made to recognize both IESBA and IAASB pronouncements as additional sources.</p>	Agree

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#	Paragraph	Proposed change	Rationale	ICAP Comments	
4	7	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 4 (Revised).	Agree	
5	9	IFAC member bodies shall provide, through professional accounting education programs, a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) exercise professional skepticism and professional judgment —and—professional skepticism , and (b) act in an ethical manner that is in the public interest.	Paragraph revised to improve clarity – The editorial change was made to conform to the title of the competence area, ‘professional scepticism and professional judgment.’	Agree	
6	11 Table A: Learning Outcomes for Professional Values, Ethics, and Attitudes	(a) Professional scepticism and professional judgment (Intermediate)	(i) Apply a questioning mindset critically to assess—financial mind when assessing data and information—and other relevant data.	Learning outcome revised to improve clarity – The changes were made to conform to the IAESB definition of professional skepticism and to align with the wider scope of working with data and information.	Agreed
			(ii) Demonstrate curiosity by exploring beyond what is immediately apparent. Identify and—evaluate reasonable alternatives—to	Existing learning outcome (a) (ii) repositioned to (a) (iv). A new learning outcome is included to recognize the importance of curiosity when in applying professional skepticism.	Agreed

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			<p>reach—well- reasoned- conclusions based on—all—relevant facts—and circumstances.</p>		
			<p>(iii) Apply techniques to reduce bias.</p>	<p>New learning outcome included to recognize the need to reduce bias for professional accountants to apply professional scepticism effectively.</p>	<p>Agree.</p>
			<p>(iv) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action. Identify and evaluate—reasonable—alternatives—to reach—well- reasoned conclusions based on—all—relevant facts and circumstances.</p>	<p>Existing learning outcome (a) (ii) was repositioned (a) (iv) and has also been revised to reflect that critical thinking skills are an underlying competency of professional skepticism and used when identifying and evaluating alternatives.</p>	<p>Agree.</p>
		<p>(b) Ethical principles (Intermediate)</p>	<p>(iii) Identify ethical issues threats and determine when which ethical principles</p>	<p>Learning outcome was revised to improve clarity – The change from ‘issues’ to ‘threats’ was made to conform to wording used in</p>	<p>Agreed</p>

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	apply.	IESBA Code and to recognize the need to identify which ethical principles apply.	
	(iv) Analyze alternative courses of action and determine the to address ethical threats and their related consequences of these .	Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.	Agree.
	(v) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas threats and determine an appropriate approach.	Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.	Agree.
	(vi) Apply ethical principles when accessing, storing, generating, using and	New learning outcome included to reflect the need for professional accountants to apply ethical principles when working with data and information.	Agree

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		sharing data and information.		
	(c) Commitment to the public interest (Intermediate)	(i) Explain the role importance of ethics within the profession and in relation to the concept of social responsibility.	Learning outcome was revised to improve clarity – The word, 'role', was changed to 'importance' to recognize the need for ethics within the context of social responsibility.	Agree
		(ii) Explain the role importance of ethics in relation to business and good governance.	Learning outcome was revised to improve clarity – The word, 'role', was changed to 'importance' to recognize the need for ethics within the context of business and governance.	Agree

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#	Paragraph	Proposed change	Rationale	ICAP Comments	
7	A1	This IES uses the following terms already defined within the IAASB Glossary of Terms³ and used within IAASB–IESBA pronouncements. Table B shows these terms and the current definitions in the IAASB Glossary of Terms.	Paragraph revised to improve clarity – Wording now clarifies the sources of the definitions.	Agree	
8	A1	Table B: IAASB and IESBA Definitions Adopted in IES 4	Paragraph revised to improve clarity – Wording now clarifies the sources of the definitions and includes definition of professional judgment which is sourced from the IESBA Code.		
		Defined Term		Definition in IAASB Glossary of Terms and IESBA	
		Professional Skepticism (IAASB)		An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.	

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		<p>Professional Judgment (IESBA)</p>	<p>The Professional judgment involves the application of relevant training, professional knowledge, skill and experience, within the context provided by auditing, accounting commensurate with the facts and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances, including the nature and scope of the audit engagement particular professional activities, and the interests and relationships involved.</p>	
9	A2	<p>IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. References in the IAASB's</p>	<p>Paragraph A2 deleted because its content is captured in paragraph A1 (See above).</p>	<p>Agree</p>

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#	Paragraph	Proposed change	Rationale	ICAP Comments
		<p>pronouncements regarding ‘professional skepticism’ and ‘professional judgment’ are therefore limited to the context of audit, assurance, and related service engagements. Within this IES, however, these terms are to be interpreted as applying to the broader context of a role as a professional accountant.</p>		
10	A8	<p>The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (20142020).</p>	<p>Year 2014 changed to reflect effective date of IES 7 (Revised).</p>	<p style="text-align: center;">Agree</p>
11	A25	<p>IFAC member bodies, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but would not be restricted to:</p> <ul style="list-style-type: none"> (a) Role playing; (b) Discussion of selected readings and online materials; (c) Analysis of case studies that involve business situations involving ethical dilemmas 	<p>Paragraph revised to improve clarity – The change from ‘dilemmas’ to ‘threats’ was made to conform to wording used in IESBA Code.</p>	

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		<p>threats;</p> <p>(d) Discussion of disciplinary pronouncements and findings;</p> <p>(e) Seminars using speakers with experience of corporate or professional decision making; and</p> <p>(f) Use of online forums and discussion boards.</p>		
12	A27	<p>Ethical Principles and Issues-Threats</p> <p>Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories, and the fundamental principles of professional ethics, and (b) the opportunity to practice their application in a</p>	<p>Paragraph revised to improve clarity – The changes from ‘issues’ to ‘threats’ were made to conform to wording used in IESBA Code.</p>	<p>Agree</p>

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#	Paragraph	Proposed change	Rationale	ICAP Comments
		non-workplace setting can help aspiring professional accountants to recognize and address ethical issues -threats.		Agree
13	A28	Learning and development for aspiring professional accountants on ethical principles and issues -threats may address (a) particular ethical issues -threats likely to be faced by all professional accountants, (b) those ethical issues -threats more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical issues -threats.	Paragraph revised to improve clarity – The changes from ‘issues’ to ‘threats’ were made to conform to wording used in IESBA Code.	Agree
14	A30	Ethical issues —threats and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member body, where there is doubt about the ethical aspects of a course of action or situation.	Paragraph revised to improve clarity – The change from ‘issues’ to ‘threats’ was made to conform to wording used in IESBA Code.	Agree

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15	A36	<p>In providing guidance to aspiring professional accountants and professional accountants on the nature, format, and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member bodies may consider factors, for example confidentiality, legal, and regulatory requirements. For example example, certain ethical situations could be sensitive and subject to legal or disciplinary actions, actions and would therefore not be suitable for aspiring professional accountants to document and discuss.</p>	<p>Paragraph revised to improve clarity – The changes correct for punctuation.</p>	<p style="text-align: center;">Agree</p>
16	A40	<p>In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:</p>	<p>Paragraph revised to improve clarity – The change from 'databanks' to 'repositories' was made to remove any</p>	

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#	Paragraph	Proposed change	Rationale	ICAP Comments
		<p>(a) Creating datbanks repositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies;</p> <p>(b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases;</p> <p>(c) Using objective testing of ethical aspects of professional accounting education programs; and</p> <p>(d) Using case study group assignments and workshops to assess ethical analysis and decision-making.</p>	<p>limitations and reflect the broader ways information is stored.</p>	<p style="text-align: center;">Agree</p>
17	A41	<p>Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:</p> <p>(a) Discussion and facilitated resolution of ethical dilemmas threats as they arise in the workplace; and</p> <p>(b) Reviews of ethical decision-making combined with performance reviews and appraisals.</p>	<p>Paragraph revised to improve clarity – The change from ‘dilemmas’ to ‘threats’ was made to conform to wording used in IESBA Code.</p>	<p style="text-align: center;">Agree</p>

Proposed Changes to IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

#	Paragraph	Proposed change	Rationale	ICAP's response
1	2	<p>This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have a responsibility for the Continuing Professional Development (CPD) of professional accountants, and for fostering a commitment to lifelong learning among professional accountants. Under IES 7, <i>Continuing Professional Development</i>² (20142020), IFAC member bodies require all professional accountants to develop and maintain professional competence relevant and appropriate to their work and professional responsibilities. IES 8, <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</i> (2016Revised) applies this IES 7 requirement to the role of an Engagement Partner. It is the responsibility of the professional accountant performing the role of an Engagement Partner to develop and maintain professional competence by undertaking relevant CPD activities, which include practical experience.</p>	<p>Year 2014 updated to 2020 to reflect Effective date of IES 7 and year 2016 to be revised to effective date when proposed IES 8 is approved by IAESB.</p>	<p>Agreed</p>

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2	5	Definitions and explanations of the key terms used in the IES and the <i>Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants</i> (2015) are set out in the International Accounting Education Standards Board (IAESB) <i>Glossary of Terms</i> (2015 Revised). Additional terms from the International Auditing	Year to be revised when proposed definitions are approved by IAESB.	
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#	Paragraph	Proposed change	Rationale	ICAP's response	
		and Assurance Standards Board (IAASB) pronouncements are also included in the Explanatory Material.			
3	6	This IES is effective from July 1, 2015 January 1, 2021 .	Date changed to reflect proposed effective date for IES 8 (Revised).		
4	9 Table A: Learning Outcomes for the Professional Competence of an Engagement Partner	(a) Audit (Intermediate)	(i) Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team.	New learning outcome included to reflect the importance of the engagement partner in setting 'tone at the top' to ensure proper application of professional scepticism at all phases of the engagement.	
			(iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.	New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate when evaluating audit evidence to make informed decisions and reach conclusions.	
			(v) Evaluate whether the audit was performed and documented in accordance with applicable International Standards on Auditing (or relevant auditing standards (e.g., ISAs) and relevant laws and regulations applicable to an audit of the	Learning outcome revised to improve clarity – The phrase, 'and documented' was seen as redundant and is captured through the word, 'performed'. In addition, the word, 'applicable' is misplaced and should apply to International	

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		financial statements.	Standards on Auditing, laws, and regulations.	
		(vi) Develop an appropriate audit opinion and related audit auditor's report, including a description of key audit matters as applicable.	Learning outcome revised to Improve clarity – The change corrects for a grammatical error.	
	(h) Information and	(i) Evaluate the information technology (IT) ICT environment to identify controls that relate to the financial statements to	Learning outcome revised to Improve clarity – The change to use 'ICT' was made to reflect a wider scope than 'Information Technology.'	

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#	Paragraph	Proposed change	Rationale	ICAP's response
		<p>communications technologies</p> <p>(h) Information technology</p> <p>(Intermediate)</p>	<p>determine the impact on the overall audit strategy.</p>	
		<p>(i) Intellectual- (Intermediate)</p>	<p>(i) Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyze outcomes.</p>	<p>Existing learning outcome (i) (i) repositioned to the competence area of professional skepticism and professional judgment.</p>
		<p>(ji) Interpersonal and communication (Intermediate)</p>	<p>(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit.</p>	<p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate when the performance of the audit.</p>
		<p>(k) Personal (Intermediate)</p>	<p>(i) Promote and undertake lifelong learning.</p>	<p>Learning outcome was revised to improve clarity – The phrase, ‘and undertake’ was seen as redundant and captured in the learning outcome of IES 3 (c) (i).</p>
			<p>(iv) Promote reflection on experiences to improve future actions.</p>	<p>New learning outcome included to reflect the importance of the engagement partner in setting ‘tone at the top’ to ensure proper application of professional scepticism.</p>

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	<p>(A1) Commitment to the public interest (Intermediate)</p>	<p>(i) Promote audit quality in all activities and compliance with professional and regulatory standards with a focus on protecting the public interest.</p>	<p>Learning outcome was revised to Improve clarity – The phrase, ‘and compliance with professional and regulatory standards,’ reflects the competence, including professional skepticism that engagement partners shall demonstrate when promoting audit quality and compliance to standards.</p>	
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#	Paragraph	Proposed change	Rationale	
		<p>(am) Professional skepticism and professional judgment (Intermediate)</p>	<p>(i) Apply a skeptical mindset and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.</p> <p>(ii) Apply a questioning mind to critically assess audit evidence and other relevant information obtained during the course of an audit to reach informed conclusions.</p> <p>(iii) Evaluate the potential impact of bias on conclusions.</p> <p>(iv) Apply knowledge and experience to challenge management's assertions and representations.</p> <p>(v) Resolve audit issues using inquiry and critical thinking to consider alternatives and analyze outcomes.</p>	<p>Learning outcome revised to Improve clarity – The change was made to avoid redundancy with new learning outcome (m) (ii).</p> <p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate by applying a questioning mind to assess audit evidence and other relevant information.</p> <p>New learning outcome included to reflect the competence, including professional skepticism that engagement partners are expected to demonstrate by evaluating the potential impact of bias on conclusions.</p> <p>New learning outcome included to reflect the importance of technical competence that the engagement partner is expected to demonstrate in applying professional scepticism effectively.</p> <p>New learning outcome included to reflect the importance of inquiry and critical thinking skills that the engagement partner is expected to demonstrate in applying professional scepticism effectively.</p>
		<p>(en) Ethical principles (Intermediate)</p>	<p>(i) Apply the ethical fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior</p> <p>Learning outcome was revised to improve clarity – The changes were made to conform to wording used in IESBA Code.</p>	

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			in the context of an audit and determine	
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#	Paragraph	Proposed change	Rationale
		<p style="text-align: center;">an appropriate resolution to ethical dilemmas threats.</p> <p>(iii) Protect the confidential Act ethically when accessing, storing, generating, using and sharing data and information of the entity in accordance with ethical responsibilities and relevant legal requirements.</p>	<p style="text-align: center;">New learning outcome included to reflect the importance of the engagement partner to act ethically when working with an entity's data and information.</p>
5	A12	<p>ISQC 1¹¹ requires the firm to establish policies and procedures designed to provide reasonable assurance that the firm has sufficient personnel with the competence, capabilities and commitment to ethical principles, including independence requirements, necessary to (a) perform engagements in accordance with professional standards and applicable legal and regulatory frameworks, and (b) enable the firm or Engagement Partners to issue reports that are appropriate in the circumstances.</p>	<p>The paragraph was revised to Improve clarity – The phrase, 'including independence requirements' was included to reflect changes resulting from revisions to IESBA Code.</p>

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6	A28	<p>Evaluating whether the audit was performed in accordance with applicable auditing International Standards on Auditing (or other relevant standards (e.g., ISAs), and with relevant laws and regulations, includes:</p> <ul style="list-style-type: none"> • evaluation of the sufficiency and appropriateness of audit evidence obtained and of the related documentation; • consideration of significant deficiencies in internal control and in other matters to be communicated to those charged with governance; and • consideration of bias in management’s estimates and other areas of judgment. 	<p>The paragraph was revised to Improve clarity – The change in wording provides the primary reference for international auditing standards, International Standards on Auditing, while also recognizing other relevant standards.</p>
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#	<i>Paragraph</i>	<i>Proposed change</i>	<i>Rationale</i>
7	A30	<p>A key aspect of any audit is evaluating whether sufficient and appropriate audit evidence has been obtained to support the conclusions on which the auditor’s opinion is based. Professional skepticism involves the application of a questioning mindset mind for the critical assessment of audit evidence. The ISAs also require Engagement Partners and their teams to exercise professional judgment in planning and performing an audit of financial statements. Professional judgment is exercised, for example, when challenging management assertions and assumptions contained within the financial statements, and when considering whether accounting standards are appropriately applied by an entity and determining an appropriate overall audit strategy.</p>	<p>The paragraph revised to improve clarity – The change was made to conform to the IAESB definition of professional scepticism.</p>

