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**Re.: Exposure Draft: International Education Standards (IESs), Proposed Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism**

Dear David,

We would like to thank you for the opportunity to provide the IAESB with our comments on the Exposure Draft: “International Education Standards (IESs), Proposed Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism”, hereinafter referred to as “the draft”.

We have provided our responses to the questions posed in the Explanatory Memorandum in the appendix to this comment letter, but these are less important than the general comments on the draft in the body of this letter following.

We are not convinced that it is appropriate for the IAESB to issue an exposure draft to propose substantive changes to IESs 2, 3, 4, and 8 at this time for two main reasons.

First, we note that these IESs have recently been subjected to substantial change, including clarification, and were not effective until 2015 – in the case of IES 8 2016 – which means that many jurisdictions did not implement them until then or shortly thereafter. The length of the education pipeline (often three to four years at university plus a number of years of additional professional education) means that many of these changes will require several years to flow

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page 2/6 to the comment letter dated 8 March 2019 to the IAESB

through the education programs. This implies that in many cases, the effect on certain syllabuses did not take place until 2017 or 2018. It is too early to tell whether changes are needed at this stage without having undertaken a survey on how the new IESs have been implemented in practice.

Second, we note that IFAC is currently considering a fundamental restructuring of the IAESB at this time that will include considering the nature and extent of its standards setting competence and the continuing nature and authority of the IESs. The IAESB was aware of these considerations when it issued the exposure draft and we are also aware that some important CAG members questioned whether it is appropriate to issue new standards so close to such a fundamental restructuring of the IAESB and potentially to the authority of its standards. It also explains why the IAESB applied a shorter exposure period (three rather than four months) than would normally be the case. We also question whether, given the short time period of its current existence, the IAESB will be in a position to properly analyse and take into account the comments it receives on this draft prior to issuing the proposed standards in final form.

In our view, for these reasons the IAESB should not seek to change IESs 2, 3, 4, and 8 at this time.

We also note that the IAESB has not adequately liaised with IESBA and the IAASB on the appropriate use of professional skepticism and on the definition of professional judgment. We believe that in extending the exercise of professional skepticism to activities beyond those contemplated by IESBA and the IAASB, and by changing the meaning of professional judgment, the IAESB is exceeding its mandate to provide standards on education alone. We would be pleased to provide you with further information if you have any additional questions about our response and would be pleased to be able to discuss our views with you.

Yours truly,

Daniela Kelm  
Executive Director

Wolfgang Böhm  
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page 3/6 to the comment letter dated 8 March 2019 to the IAESB

## Appendix:

### Responses to the Questions Posed in Explanatory Memorandum

**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?**

We agree with the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT). However, we do not support the changes to professional scepticism because they do not reflect the latest work done by the IAASB (three agenda papers on fundamental issues) and IESBA (project on role and mindset of professional accountants). In particular, the project at IESBA limits professional skepticism to assurance engagements and deals with role and mindset issues separately from professional skepticism. The IAESB should not be issuing standards that are fundamentally at variance with those of the IAASB and IESBA.

We have the following issues with the detailed learning outcomes in Appendix A of the exposure draft:

*Page 14: IES2 Audit and Assurance (e) (vi).* In line with the terminology used at the IAASB, auditors shall “conclude whether sufficient appropriate audit evidence has been obtained” (see ISA 330.26 first sentence) – not “assess the sufficiency and appropriateness of the audit evidence obtained”. The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same.

We have a general comment on IESs 3 and 4: Unless used in an audit or assurance context, the term “professional skepticism” should no longer be used to describe the role and mindset of professional accountants (see first paragraph of the response to Question 1 above). For this reason, no reference should be made to professional skepticism in the learning outcome on page 24 of IES 4 paragraph 9 (and in (a) thereof) and to paragraph A1.

*Page 14, IES2 Management Accounting b)iii).* We suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term

**page 4/6** to the comment letter dated 8 March 2019 to the IAESB

and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

*Page 15 & 16 IES2 Information & Communications Technologies h i), ii) & iii).*

The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.

*Page 16 IES2 Information & Communications Technologies h vi).* This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement.

*Page 17 IES2 Information & Communications Technologies h ii).* The rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain” to a verb with a greater skill level.

*Page 19 IES3 a) Intellectual ii).* We suggest that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.

*Pages 19 & 20 IES 3.* The five outcomes under Intellectual at 7A contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at Intermediate) and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.

*Pages 20 & P21 a) v), and b) ii) & vii).* These learning outcomes need a business context and are too general as currently drafted.

*Page 24 IES 4 Professional Skepticism & Professional Judgement a) ii).* This should be “intellectual” curiosity and this learning outcome needs a business context.

*Paged 24 IES 4 Professional Skepticism & Professional Judgment: See* comment on paragraph 9, 9 (a), and A1 above.

*Page 24 IES 4 Professional Skepticism & Professional Judgment, paragraph A1.* The definition of professional judgment is not in line with that of the IAASB and IESBA (see response to Question 3 below) and needs to be changed in line with our response to Question 3 below.

*Page 33 IES 8, paragraph 9 (m) professional skepticism and professional judgment, item (i).* The words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence. *Item (ii).* Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the

page 5/6 to the comment letter dated 8 March 2019 to the IAESB

IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”. *Item (iii)*. The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one has reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”.

**Question 2. Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?**

We are pleased to see the introduction of learning outcomes in the areas of data and bias, but we note the absence of broad learning outcomes on quantitative skills. We recognize that the scope of work undertaken was on ICT and Professional Skepticism, but we believe that the ability to understand the data output and its limitations requires a high level of quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.

We appreciate the clarity of using ICT as a broad definition within the revised IESs but mention should be made of digital, cyber and other digital and technology changes in the new information age. The proposed definition appears to have a too heavy focus on data.

Given the fast-moving nature of technological changes, we believe that a learning outcome within IES3 which emphasised the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

**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?**

We agree with the proposed definition for Intellectual Agility, but, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies.

**page 6/6** to the comment letter dated 8 March 2019 to the IAESB

We do not agree with the definition of professional judgment, which aligns with neither the IAASB nor the IESBA definition. Both the IAASB and the IESBA definitions link the need to exercise professional judgment to making informed decisions about courses of action. This is the characteristic that distinguishes professional judgment from mere human or technical judgment. We therefore strongly recommend that the words “in making informed decisions about courses of action that are appropriate in the circumstances” be reinserted into the definition of professional judgment. We believe that it is beyond the mandate of the IAESB to define professional judgment in a manner that is different from that defined by IESBA and the IAASB.

**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?**

We do not believe that further changes are necessary.