



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

ICAEW welcomes the opportunity to comment on the consultation *Proposed Revisions to IESs 2, 3, 4, and 8—Information and Communications Technologies and Professional Skepticism* published by the *IAESB*. Our comments are provided below.

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**ICAEW REPRESENTATION– IAESB– CALL FOR EVIDENCE**

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## INTRODUCTION

- 1 ICAEW supports the establishment of high-quality standards in accountancy and recognises that the profession is undergoing significant changes with the globalisation of business and technology. Professional accountancy bodies and their members therefore must be able to meet these demands to remain relevant.
- 2 ICAEW is particularly focused on ensuring that the profession continues to serve the public interest. We support global standards that facilitate the raising of standards for professional competence. Professional accountants must increasingly adapt and develop their competencies as new challenges emerge. However, we believe that the existing IESs should remain principles-based and in this regard we are concerned that enhanced guidance for implementation could lead to IESs as rule-based education standards. We also are concerned that these proposed changes to the IESs should not be introduced while the IAESB is currently undergoing changes in its structure and function.
- 3 Please find below our answers to the consultation questions.

## RESPONSES TO SPECIFIC SECTIONS

**Question 1: Do you support the proposed revisions to learning outcomes related to the areas of ICT and professional skepticism provided in appendices A, B, C and D? If not what changes would you suggest.**

- 4 Yes, but we are concerned that some (although not all) of the revisions proposed may be too prescriptive and may not be adoptable by all professional accountancy organisations (please see PAR 10 below). External factors such as changes in technology and market forces will vary significantly according to jurisdiction, institutional settings, and the size of the professional accountancy organisation, and therefore developing a one size fits all global set of IESs or enhancing existing IESs in areas such as IT competence may not be attuned to the regional differences in which the profession operates.
- 5 Specifically for IES2, we believe that the new proposed ICT skills are not made clear. In particular the inclusion of the ICT competency area, as well as the addition of specific ICT related competencies added to some of the other competency areas, but not all, may make it difficult to construct an ICT curriculum that meets all relevant learning outcomes.
- 6 We also highlight that we would be concerned with the removal of the existing learning outcomes to “analyse the adequacy of general information technology controls and relevant application controls” as this remains fundamental to audit work performed today and there are currently skills and knowledge gaps on these concepts.
- 7 Furthermore, below are our queries of the new learning outcomes in Appendix D, Table A, *Learning outcomes for the professional competence of an engagement partner*.

H (I): How applicable will this be to the smaller firms that have principally local (UK) audits and that do not have overseas transactions, branches or personnel? Does this learning outcome refer to cultural differences between audit team members, or at the audit client or both?

J (ii): We assume that this is aimed at encouraging a culture of learning from mistakes to improve future audit quality. We suggest that the audit team not only ‘reflect’ on their experiences, but to also act on them.

M(iii): It will be difficult for new engagement partners/applicants to demonstrate this outcome particularly those at the smaller firms.

N(ii): It is not clear how this outcome can be evidenced or demonstrated by a new engagement partner/applicant.

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

- 8 No, however we suggest that ethical considerations should be given more prominence. Particularly in the case of a firm not being independent. The lack of independence could have a significant impact.
- 9 Within IES8 we would also like to see more clarity on the expectation for partners to coach engagement team members. We also consider in relation to IES8 that “promote lifelong learning” could be split into 3 constituent parts being “commitment to lifelong learning”, “demonstrate personal commitment to lifelong learning” and “support the lifelong learning of others”.

**Question 3: Do you support the new definitions of information and communication technologies, intellectual agility, and professional judgement added to the IAESB glossary of terms? If not what changes would you suggest?**

- 10 Yes, we support the new definitions added to the IAESB glossary of terms.
- 11 We would like to suggest that the definition of Information and Communications Technologies may be somewhat unclear as it could be construed as just relating to areas of IT related to communications. We consider that the same definition could be used with the term “Information Technologies” rather than “Information and Communications Technologies”.
- 12 We question the new item of demonstrating ‘curiosity’ (page 23 in Appendix C, Table Item 6). This implies taking an interest for the sake of it, but skepticism is more focused than this. We suggest, therefore, that ‘curiosity’ could be replaced with ‘professional inquisitiveness’. And if the word ‘curiosity’ is absolutely desired, then ‘professional curiosity’ is more appropriate.
- 13 We further note that all references to ethical ‘issues’ and ethical ‘dilemmas’ are proposed to be changed to ethical ‘threats’. This may suggest that a professional accountant need not consider any ethical matter that is not perceived to be a threat. Perhaps it is more appropriate to refer to ethical ‘risks’ rather than ethical ‘threats’ or to leave these as ‘ethical issues’ and not change the terminology.

**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**

- 14 We question the introduction of the new learning outcome “use ICT to communicate with impact and influence others” (page 40, IES 2, Table A). We suggest that the terms impact and influence be clarified, including how communication impact and influence would be measured or evaluated as this wording does not relate to technical knowledge or competence nor necessarily connote a positive outcome.
- 15 We also query the new learning outcome “apply ethical principles when accessing, storing, generating, using and sharing data and information” (page 15, IES2). This new learning outcome is too prescriptive and would potentially require a significant change in the knowledge and skills elements set out in a syllabi for a qualification. We suggest therefore that this learning outcome be revised as it is not necessary to require such a change in the syllabi of an IFAC member body.

- 16 Lastly, we believe that there has been considerable focus on appropriate communications with Engagement Quality Control Review (ECQR) in Europe and we may have expected this topic to be included in IES8. And more specifically on IES8, PAR9(a)(v), we do not believe that 'and documented' is redundant given the continued focus on this area.