



18 September 2013

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By email:

Dear David

2014 – 2016 IAESB STRATEGY AND WORK PLAN

ICAEW is grateful for the opportunity to comment on the proposals for the IAESB's 2014 – 2016 Strategy and Work Plan.

We note that the IAESB's proposed strategy for 2014 – 2016 seeks to cover a wide field of work with particular focuses on: (a) completing the revision of existing and assessing the need for future IESs; (b) engaging stakeholders to promote the adoption and endorsement of the revised IESs; and (c) supporting and providing guidance to facilitate the implementation of the revised IESs.

In summary

ICAEW has significant concerns with the IAESB's proposed strategy and work plan and we cannot support it in the form presented.

We believe that the natural limit of the IAESB's useful work has already been reached with the publication of IES 1 – 7 and near completion of IES 8. We judge that there is no compelling educational case for authorising significant new waves of work. And in a time of austerity, and given the need for all organisations to manage within ever-tighter budgets, we conclude that there is no strong business case either to justify the investment of considerable additional resources.

The proposed strategy appears to be predicated on the assumptions that the IAESB should push forward with a particular work-stream because it features on the existing schedule and that additional work-streams should be proactively identified and added. This approach overlooks that times and priorities change and that a viable strategy for future times must look at what can be reduced or stopped as well as what can be continued or initiated.

ICAEW's views on this matter accord with the views of the GAA, as expressed to IAESB and the PIOB in Stephen Harrison's letters of September 2012, June 2013 and September/October 2013. The amount of new and continuing work that is envisaged by the IAESB proposed work plan is not justified and is sharply at variance with the message from the ICAEW and the GAA that the IAESB should be placed on a care and maintenance basis, or formally mothballed.

We would urge the IAESB to rethink its plans and to very significantly curtail its proposed plan of work for the next three years.

IES 8

Turning to matters of detail, we provide comment first on the plan for finalisation of IES 8. While we are grateful that serious consideration is being given to recalibrating IES 8, we are concerned by the proposal that IAESB will take until quarter 4 of 2014 to finalise the document. This seems an excessive period of time given the number of years that IES 8 has already been in development and the amount of consultation that has already taken place. If it will take the IAESB a further 18 months to reach publication stage, this indicates that there is an insufficient degree of agreement among member bodies on the way ahead. This underlines ICAEW's position, previously communicated to the IAESB, that IES 8 should be recalibrated as a voluntary guidance document for firms rather than a formal IES for member bodies.

We must therefore take this opportunity to remind the IAESB of the three crucial areas for improvement within IES 8:

1. Member bodies cannot be held responsible for ensuring implementation. Once a professional accountant has qualified with an IFAC member body, he or she will be subject to that body's general CPD regime but it will be the employing audit firm and the professional accountants themselves who will be responsible for the onward career momentum and the development and assessment of engagement partner competence.
2. There should not be a focus on 'aspiring engagement partners' as this conceptualisation and terminology re-creates the very problems removed by the deletion of 'audit professional' and 'significant audit judgement' from the 2010 iteration of the proposed Standard. It cannot be left open to question who is to be deemed an 'aspiring engagement partner' and at what point in an auditor's career they are identified as such.
3. Given the above, IAESB should re-issue IES 8 as a voluntary guidance document on professional competence for the development of audit engagement partners for use by those audit firms (and only those firms) who would find this helpful.

Other activities

We note with concern the wide range of additional activities that are planned by the IAESB over the coming three years. The fact that many of the entries that are listed in Appendix 1 have been designated 'in progress' or 'committed' should not mean that this work is automatically carried forward. As explained above, priorities have to be reassessed in the light of changing times and we judge that the large majority of the proposed activities in Appendix 1 go well beyond the 'care and maintenance' activity that ICAEW can support.

ICAEW is particularly concerned by the proposal that the IAESB should, "Explore the need for new IESs and other types of guidance materials that identify the CPD requirements for other specialization pathways..." This appears to constitute a blank cheque of an unspecified and unbounded programme of work.

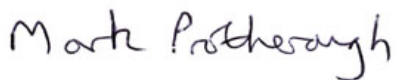
We would also question the need to revisit the definition of 'professional accountant'. We were unaware this work had been started. If such work is deemed to be essential, then it would appear to be a pan-IFAC matter rather than something which should fall within the remit of IAESB. We doubt too the benefits of revising the recent (2009) IAESB framework for IESs; and we do not see that the development of guidance on learning outcome approaches for professional accounting education is a priority either.

We recognise that it is important that there is member body (and wider) recognition of the revised IESs, but we think that the IESs are already wide-known and we question how cost-effective a new programme of awareness-raising work would be.

Finally, we note that a number of new IEPs and guidance documents are targeted for future development. We believe that the IESs that have already been published in these areas are likely to be sufficient and again we do not support the launching of new work in these areas.

Please contact Jonathan Jones, Head of Policy & Strategy, on jonathan.jones@icaew.com or +44(0)1908 248 292 if you would like any further clarification or information about our views on this consultation.

Yours sincerely



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