



**The Japanese Institute of
Certified Public Accountants**

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December 11, 2012

Mr. David McPeak
IAESB Technical Director
International Accounting Education Standards Board
International Federation of Accountants
529 Fifth Avenue 6th Floor New York, NY 10017

Dear Mr. McPeak :

Re: JICPA Comments on the Exposure Draft, *Proposed International Education Standard (IES) 8, Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised)*

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the above-captioned Exposure Draft (ED).

Responses to Specific Questions

Question 1

Does the proposed change to focus on the engagement partner provide greater clarity, improve the effectiveness and implementation of the proposed IES 8 (Revised)? If not, explain the nature of any deficiencies?

We agree with the proposed change as it improves effectiveness, and assists with the implementation of the standard.

Question 2

Does Table A of the proposed IES 8 (Revised) on learning outcomes provide clarity with respect to the competence areas and levels of proficiency you would expect to see of a newly appointed engagement partner? Are there any learning outcomes you would expect to see included or eliminated?

While we are supportive of the proposed Table A which includes clarification of the learning outcomes and levels of competency, when compared to the extant IES 8, we suggest for the Board to consider further the following issues, by referring to the Appendix attached to this comment letter:

1. We note that more complex and higher levels of learning outcomes are required for some competence areas in IES 8, in view of the fact that they are for professional accountants responsible for audits of financial statements. However, specified minimum levels of proficiency for some competence areas do not seem to correspond to the levels and complexities outlined in some learning outcomes. Also, given that the learning outcomes stated in the proposed IES 8 are additional ones, that should be built on the proposed learning outcomes identified in IESs 2, 3 and 4, and would be expected of individuals assuming the role of engagement partners, the minimum levels of proficiency for competence areas required in proposed IES 8 should be generally higher than those expected of professional accountants in IESs 2, 3, and 4.
2. Some differences exist in the way the competence areas are listed and categorized in the proposed IES 8, as compared to those in IESs 2, 3, and 4. In order to maintain consistency between the IESs, we would recommend for the IAESB to align Table A in IES 8 with those in IESs 2, 3, and 4.
3. With the limited information provided in Appendix 1 of the ED, it is not clear to us as to how the IAESB decided on the minimum levels of proficiency for each competence area. Therefore, the IAESB needs to provide authoritative references as to why the proposed minimum levels of proficiency are essential and appropriate for each competence area, and why the required proficiency levels in Table A are believed to be sufficient, as a minimum, for each competence area.

Question 3

<p>Does Appendix 1 of the proposed IES 8 (Revised) Exposure Draft provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 13 of the proposed IES 8 (Revised)? If not, what changes do you suggest?</p>

We believe that Appendix 1 is not sufficient enough, and the distinction between each of

the four classifications of proficiency is not clear, or very difficult to understand. Therefore, we would recommend for the IAESB to replace the proposed simple two-column table with the multiple columns layout as exemplified below, to clearly indicate the differences between the four proficiency levels:

Level of Proficiency	Levels of Ambiguity, Complexity and Uncertainty	Work Situations	The Scope of Communication (Stakeholders)	(Any Others)
Foundation	Low	Under appropriate supervision	Supervisors or those with specialized expertise	
Intermediate	Moderate	Independently	Narrow	
Advanced	High	Manage and lead projects	Wide	
Mastery	High	Manage and lead complex projects	Internal and external, Top management	

Question 4

Do the revised requirements in respect of more complex audits provide greater clarity and assist with implementation of the proposed IES 8 (Revised)?

We believe that the revised requirements assist implementation of the proposed IES 8, by providing examples of activities and areas that may be relevant to CPD of serving engagement partners as stated in paragraphs A 39 and A40 respectively.

Question 5

Does the inclusion of a number of references to Small and Medium Practitioner (‘SMP’) engagement partners and their context provide appropriate coverage of their professional development needs? Do you have any further recommendations in respect of how the proposed IES 8 (Revised) could be more aligned toward the needs of SMPs?

Yes, we believe that the references in the proposed IES 8 provide appropriate coverage of the development needs of SMP engagement partners. Additional examples of

developments that already have been undertaken in some jurisdictions may also be helpful.

Question 6

Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the new requirements included in this proposed IES 8 (Revised)?

We believe that the proposed new requirements would not have much impact in practice in Japan.

The CPA system in Japan currently follows requirements in the extant IES 8, and as such, while careful study of the new requirements in the proposed IES 8 may be necessary, we do not expect any resulting significant impact on our CPA system.

Question 7

If the IAESB was to issue implementation guidance together with this IES (Revised), what would you envisage the guidance look like?

There are some variations in qualification or licensing systems of professional accountants and engagement partners between jurisdictions, and the relationship between experience, IESs, and the role of an engagement partner, shown in Schedule 1 of the ED, may not be relevant to some member bodies. Therefore, we suggest the IAESB to explore qualification or licensing systems of major IFAC member bodies, and based on the knowledge of those systems, provide several model cases for representative types of the systems for becoming professional accountants.

Question 8

In respect of your jurisdiction, in which areas of the proposed IES 8 (Revised) would you consider it useful to have implementation guidance to help you meet the requirements of this IES?

Yes, and we believe that the implementation guidance on development of technical competence for engagement partners in SMPs and the guidance on learning outcomes for complex audits would be useful.

Question 9

Would you consider examples of current practice in developing competency models useful in helping you meet the requirements of the proposed IES 8 (Revised)?

We believe that the guidance on development models that would be provided according to various sizes of audit firms would also be beneficial.

Question 10

Is the objective to be achieved by a member body, stated in the proposed revised IES 8, appropriate?

It is generally appropriate, however, the objective of an IFAC member body stated in paragraph 12 cannot be understood properly, unless it is read in conjunction with paragraph A15. That is, without explanations in paragraph A15, paragraph 12 may be misunderstood that, providing professional education for aspiring engagement partners is the objective of a member body. Also, it seems that paragraph A15 provides even more specific objectives, or ultimate objectives, to be achieved by a member body. We believe that this separation of objectives in the standard and the explanatory material may confuse the readers when understanding the standard.

Question 11

Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?

We have no objection to the criteria to determine the requirement of the Standard to being a) necessary to achieve the objective stated in the Standard, b) expected to be applicable in virtually all situations to which the Standard is relevant, and c) the objective stated in the Standard is unlikely to have been met by the requirements of other Standards. We agree that the criteria identified by the IAESB promote consistent implementation of requirements by the member bodies.

Question 12

Are there any terms within the proposed IES 8 (Revised) which require further clarification? If so, please explain the nature of the deficiencies.

There are no terms that need further clarification.

Comments on Other Matters

1. Translations

We do not see any potential issues when translating the document.

2. Effective Date

We believe that sufficient period is assured.

3. Other

It is difficult to see how the indicative verbs listed in the classification of proficiency levels of Appendix 1 relate to those verbs used in the Table A of paragraph 13.

As shown in the list below, there are cases when verbs not listed in Appendix 1 are used in Table A, and verbs listed under the advanced level in Appendix 1 are used to express the intermediate level of proficiency required at a minimum, for a certain competence area in Table A.

Table A			Appendix 1 of IES 8
Competence Area	Learning Outcomes	Minimum Level of Proficiency	
(a) Audit of financial statements	(iii) <u>Approve</u> or recommend an appropriate audit strategy in relation to the audit objective. (vi) Identify and <u>assess</u> the risks of material misstatement of the financial statements, including fraud or error, and <u>customize</u> the audit strategy accordingly.	Advanced	The verbs “approve”, “assess” and “customize” are not listed under any levels of proficiency.
(b) Financial accounting and	(iii) <u>Assess</u> the reasonableness of financial	Advanced	The verb “assess” is not

reporting	statements when compared to the understanding and financial situation of an entity.		listed under any levels of proficiency.
(f) Taxation	<p>(i) <u>Determine</u> the procedures to be performed in the audit of taxation balances with, if appropriate, the assistance of a tax professional.</p> <p>(ii) <u>Evaluate</u> procedures performed to address the risks of material misstatement in respect of taxation, and assess the effect of the results of procedures on other areas of an audit.</p>	Intermediate	The verb “determine” is not listed under any levels of proficiency, and the verb “evaluate” is listed as an indicative verb for advanced level of proficiency
(g) Information technology	<p>(i) <u>Evaluate</u> the information technology (IT) environment to identify controls that relate to the financial statements. Assess the effect of IT controls on the audit strategy, and on the potential risks of material misstatements</p> <p>(ii) <u>Determine</u> which of the identified control deficiencies need to be communicated.</p>	Intermediate	The verb “evaluate” is listed as an indicative verb for advanced level of proficiency, and the verb “determine” is not listed under any levels of proficiency.
(h) Business laws and regulations	(i) <u>Evaluate</u> the impact on the audit of a potential breach of laws and regulations.	Intermediate	The verb “evaluate” is listed as an

	(ii) <u>Evaluate</u> security and stock exchange regulations as they apply to the risks of material misstatements and presentation requirements of audit engagements.		indicative verb for advanced level of proficiency.
(j) Management accounting	(ii) Evaluate the risk that performance management systems will incentivize employees to override controls.	Intermediate	The verb “evaluate” is listed as an indicative verb for advanced level of proficiency.
(l) Personal	(i) <u>Promote</u> and <u>undertake</u> lifelong learning to safeguard audit quality and, ultimately, the public interest.	Advanced	The verbs “promote” and “undertake” are not listed under any levels of proficiency.
(m) Interpersonal and communication	(i) <u>Present</u> , <u>discuss</u> , and <u>defend</u> views effectively.	Advanced	The verbs “present”, “discuss” and “defend” are not listed under any levels of proficiency.
(n) Organizational	(ii) <u>Initiate</u> and manage changes in audit strategy.	Advanced	The verb “initiate” is not listed under any levels of

			proficiency.
(o) Commitment to the public interest	(i) <u>Assess</u> the effect on the public interest, the profession, and wider society of a specific course of action in respect of an entity.	Advanced	The verb “assess” is not listed under any levels of proficiency.
(p) Professional skepticism and professional judgment	(i) <u>Adopt</u> a skeptical mindset in light of the nature of an entity, management, and the evidence obtained during the audit. (ii) <u>Exercise</u> professional judgment in planning and performing an audit of financial statements, including (a) determining and assessing risks of material misstatement, (b) designing and executing audit procedures, and (c) reaching conclusions on which to base an auditor’s opinion. Exercise professional judgment in respect of engagement acceptance and continuance, assessment of independence, and using the work of an expert.	Advanced	The verbs “adopt” and “exercise” are not listed under any levels of proficiency.
(q) Ethical Principles	(iii) <u>Implement</u> and <u>maintain</u> appropriate safeguards to ensure confidentiality of the audited entity’s information.	Advanced	The verbs “implement” and “maintain” are not listed under any levels of

			proficiency.
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We trust you will find our comments of assistance to you.

Sincerely yours,

Tatsuya Kato

Executive Board Member - CPE

The Japanese Institute of Certified Public Accountants

Appendix

Competence Area (IES 2)	Learning Outcomes	Minimum Level of Proficiency	Competence Area (IES 8)	Learning Outcomes	Minimum Level of Proficiency	Required Changes
			Technical Competence			
(e) Audit and assurance	<ul style="list-style-type: none"> (i) Analyze the risk profile of an entity to identify the components of audit risk (ii) Describe the objectives of an audit of financial statements (iii) Describe the activities involved in performing an audit of financial statements (iv) Identify applicable auditing standards (e.g., ISAs), laws and regulations relevant to an audit engagement (v) Understand the key elements of assurance service engagements 	Intermediate	(a) Audit of financial statements	<ul style="list-style-type: none"> (i) Evaluate the risk of engagement continuance or acceptance. (ii) Evaluate the audit risk profile of an engagement in respect of components of audit risk. (iii) Approve or recommend an appropriate audit strategy in relation to the audit objective. (iv) Evaluate whether the applicable auditing standards (e.g., ISAs) and relevant laws and regulations have been appropriately applied on the audit engagement. (v) Lead the process of planning, performing, and completing the audit of financial statements. (vi) Identify and assess the risks of material misstatement of the financial statements, including fraud or error, and customize the audit strategy accordingly. (vii) Evaluate the sufficiency and appropriateness of audit evidence obtained. (viii) Identify significant deficiencies or other matters to be communicated. (ix) Prepare an appropriate audit report on the financial statements. 	Advanced	
(a) Financial accounting and reporting	<ul style="list-style-type: none"> (i) Apply accounting principles to transactions and other events (ii) Apply IFRS or other relevant standards to a range of transactions and other events (iii) Classify financial data appropriately in financial statements (iv) Prepare primary financial statements, including consolidated financial statements, in accordance with laws and regulations (v) Evaluate the appropriateness of accounting policies used to prepare financial statements (vi) Interpret specialized reports including 	Advanced	(b) Financial accounting and reporting	<ul style="list-style-type: none"> (i) Analyze the presentation and disclosures of financial statements in the context of the relevant financial reporting framework. (ii) Evaluate accounting policies to determine whether an entity has adopted and presented them as required by the relevant financial reporting framework. (iii) Assess the reasonableness of financial statements when compared to the understanding and financial situation of an entity. (iv) Evaluate the accounting treatment and disclosure of transactions, including accounting estimates and the use of fair values. 	Advanced	Minimum level of proficiency required in IES 8 should be Mastery Level

	sustainability reports and integrated reports					
(f) Governance, risk management and internal control	(i) Explain the principles of good governance, including the rights and responsibilities of owners, and the role of stakeholders in governance, disclosure, and transparency requirements (ii) Analyze the components of an organization's governance structure (iii) Analyze an organization's risks and opportunities within a risk management framework (iv) Analyze the components of internal control	Intermediate	(c) Governance and risk management	(i) Manage communication with those charged with governance of an entity. (ii) Evaluate corporate governance structure, tools, and risk assessment processes to identify risks of material misstatement affecting an entity. (iii) Consider an entity's risk management process and the way it is monitored as part of the assessment of risks of material misstatements.	Advanced	
			(d) Internal control	(i) Develop an understanding of the control environment and evaluate the design and implementation of controls, to identify risks of material misstatement. (ii) Evaluate tests of operating effectiveness performed. (iii) Evaluate effects of deficiencies in internal control and communicate deficiencies to those charged with governance of an entity.	Advanced	
(i) Business and organizational environment	(i) Describe the environment in which an organization operates, including the main economic, legal, political, social, technical, international, and cultural forces and their influences and values (ii) Analyze key features in the global environment that affect international trade and finance (iii) Explain the impact of legal, political, cultural, and technological contexts on the processes of internationalization of an organization (iv) Identify the characteristic features of globalization, including the role of multinationals, e-commerce and emerging markets	Intermediate	(e) Business and organizational environment; Economics; Business management	(i) Analyze relevant industry, regulatory, and other external factors (e.g., market, competition, product technology, environmental requirements) that are used to form auditor expectations. (ii) Apply knowledge of the entity (e.g., group, parent, or components) in order to identify and assess the risks of material misstatement.	Intermediate	Minimum level of proficiency in IES 8 should be Advanced level for Business and organizational environment and Business management. For Economics, minimum level of proficiency should be Intermediate Level.
(j) Economics	(i) Describe the fundamental principles of microeconomics and macroeconomics (ii) Interpret the effect of movements in key indicators of microeconomic and macroeconomic activity (iii) Explain the competitive environment facing organizations under different types of market structures, including competitive markets, monopoly, monopolistic competition, and oligopoly	Foundation				
(k) Business	(i) Explain the various ways that organizations may be	Intermediate				

management	<p>designed and structured</p> <p>(ii) Explain the purpose and importance of functional areas, such as human resource management, project management, procurement, technology management, and marketing</p> <p>(iii) Explain the external and internal factors that may influence the formulation of an organization's strategy</p> <p>(iv) Analyze relevant factors in the internal and external business environment that impact on managerial work and organizational performance</p> <p>(v) Compare how various theories of organizational behavior may be used to enhance the performance of the individual, teams, and the organization</p>					
(d) Taxation	<p>(i) Explain domestic taxation compliance and filing requirements</p> <p>(ii) Prepare tax calculations for direct and indirect taxes for individuals and organizations</p> <p>(iii) Analyze the taxation issues associated with non-complex international transactions</p> <p>(iv) Explain the difference between tax planning, tax avoidance, and tax evasion</p> <p>(v) Identify when it is appropriate to refer matters to taxation specialists</p>	Intermediate	(f) Taxation	<p>(i) Determine the procedures to be performed in the audit of taxation balances with, if appropriate, the assistance of a tax professional.</p> <p>(ii) Evaluate procedures performed to address the risks of material misstatement in respect of taxation, and assess the effect of the results of procedures on other areas of an audit.</p>	Intermediate	Minimum level of proficiency in IES 8 should be Advanced Level.
(h) Information technology	<p>(i) Describe the basic hardware and software components of information systems</p> <p>(ii) Identify general computer controls and application controls required for effective accounting information systems</p> <p>(iii) Analyze the adequacy of controls for relevant application systems</p> <p>(iv) Explain the components of an information systems continuity plan</p>	Intermediate	(g) Information technology	<p>(i) Evaluate the information technology (IT) environment to identify controls that relate to the financial statements. Assess the effect of IT controls on the audit strategy, and on the potential risks of material misstatements</p> <p>(ii) Determine which of the identified control deficiencies need to be communicated.</p>	Intermediate	Minimum level of proficiency in IES 8 should be Advanced Level.
(g) Business laws and regulations	<p>(i) Explain the laws and regulations that are relevant to the environment in which professional accountants operate</p> <p>(ii) Explain different legal forms of businesses and the legislation and regulations that govern each form</p>	Foundation	(h) Business laws and regulations	<p>(i) Evaluate the impact on the audit of a potential breach of laws and regulations.</p> <p>(ii) Evaluate security and stock exchange regulations as they apply to the risks of material misstatements and presentation requirements of audit engagements.</p>	Intermediate	

	(iii) Identify when it is appropriate to refer matters to legal specialists for help					
(c) Finance and financial management	(i) Compare the various sources of finance available to an organization, including banking finance, financial instruments, and different capital markets (ii) Analyze an organization's cash flow and working capital requirements (iii) Analyze the current and future financial position of an organization, using techniques such as ratio analysis, trend analysis, and cash flow analysis (iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital (v) Apply appropriate capital budgeting techniques to the evaluation of capital investment decisions	Intermediate	(i) Finance and Financial management	(i) Analyze the various sources of finance available to an audited entity to be able to understand the effect on the entity and plan appropriate testing and review procedures. (ii) Analyze an audited entity cash flow, budgets, and forecasts, as well as working capital requirements to assess going concern. (iii) Analyze the components of the cost of capital to determine their appropriateness in the areas of interest (iv) Analyze the various types of financial instruments used by the audited entity to design the corresponding audit strategy.	Intermediate	Minimum level of proficiency in IES 8 should be Advanced Level.
(b) Management accounting	(i) Apply techniques such as product costing, variance analysis, inventory management, and budgeting and forecasting to improve the performance of an organization (ii) Analyze and integrate financial and nonfinancial data to provide relevant information for managerial decision making (iii) Prepare reports to support managerial decision making, including reports that focus on planning and budgeting, cost management, quality control, performance measurement, and benchmarking (iv) Compare and evaluate the performance of products and business segments	Intermediate	(j) Management accounting	(i) Analyze the most common types of cost and management control concepts and tools and determine their effect on an entity. (ii) Evaluate the risk that performance management systems will incentivize employees to override controls.	Intermediate	Minimum level of proficiency in IES 8 should be Advanced Level.
Competence Area (IES 3)	Learning Outcomes	Minimum Level of Proficiency	Competence Area (IES 8)	Learning Outcomes	Minimum Level of Proficiency	Required Changes
			Professional Skills			
(a) Intellectual	(i) Research and evaluate information from a variety of sources and perspectives and draw appropriate conclusions. (ii) Identify, evaluate, and recommend solutions to unstructured, multifaceted problems. (iii) Apply innovative and critical thinking to solving	Advanced	(k) Intellectual	(i) Evaluate the assertions of entity management on a range of audit and accounting matters. (ii) Resolve audit issues using (a) inquiry, abstract, and logical thought, and (b) critical analysis to consider alternatives and analyze outcomes during an audit.	Advanced	Minimum level of proficiency in IES 8 should be Mastery Level.

	problems.					
(b) Personal	<ul style="list-style-type: none"> (i) Apply the principles of lifelong learning. (ii) Set high personal standards of delivery and monitor personal performance, through feedback from others and through reflection. (iii) Evaluate professional commitments and manage time and resources for their achievement. (iv) Proactively anticipate challenges and plan potential solutions. (v) Display openness to new ideas and opportunities. 	Intermediate	(l) Personal	<ul style="list-style-type: none"> (i) Promote and undertake lifelong learning to safeguard audit quality and, ultimately, the public interest. (ii) Act as a mentor or coach to aspiring engagement partners in respect of developing professional competence. 	Advanced	
(c) Interpersonal and communication	<ul style="list-style-type: none"> (i) Promote cooperation and teamwork, working towards organizational goals. (ii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations, both in writing and orally. (iii) Use active listening and effective interviewing techniques. (iv) Use negotiation skills to reach appropriate solutions and agreements. (v) Use consultative skills to minimize and resolve conflict in a work environment (vi) Display sensitivity to cultural and language differences in all communication. (vii) Present ideas and persuade others to provide support and commitment. 	Intermediate	(m) Interpersonal and communication	<ul style="list-style-type: none"> (i) Present, discuss, and defend views effectively. (ii) Resolve conflict through formal, informal, written, and spoken communication. (iii) Resolve audit issues, consulting when appropriate. (iv) Manage negotiations effectively. 	Advanced	
(d) Organizational	<ul style="list-style-type: none"> (i) Undertake work assignments in accordance with established methodologies and within the prescribed deadlines. (ii) Review work to determine whether it complies with the organization's quality standards. (iii) Use effective people management skills to motivate and develop others. (iv) Use effective delegation skills to deliver work assignments. (v) Demonstrate effective leadership skills. (vi) Apply appropriate technology to work tasks. 	Intermediate	(n) Organizational	<ul style="list-style-type: none"> (i) Manage audit engagements by providing leadership of audit teams and project management. (ii) Initiate and manage changes in audit strategy. 	Advanced	

Competence Area (IES 4)	Learning Outcomes	Minimum Level of Proficiency	Competence Area (IES 8)	Learning Outcomes	Minimum Level of Proficiency	Required Changes
			Professional Values, Ethics, and Attitudes			
(c) Commitment to the public interest	(i) Explain the role of ethics within the profession and in relation to the concept of social responsibility; (ii) Explain the role of ethics in relation to business and good governance; (iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest; (iv) Compare the consequences of unethical behavior to the individual, to the profession, and to society at large.	Intermediate	(o) Commitment to the public interest	(i) Assess the effect on the public interest, the profession, and wider society of a specific course of action in respect of an entity.	Advanced	
(a) Professional skepticism and professional judgment	(i) Apply a skeptical mindset to critically assess financial information and other data relevant to the role of a professional accountant. (ii) Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.	Intermediate	(p) Professional skepticism and professional judgment	(i) Adopt a skeptical mindset in light of the nature of an entity, management, and the evidence obtained during the audit. (ii) Exercise professional judgment in planning and performing an audit of financial statements, including (a) determining and assessing risks of material misstatement, (b) designing and executing audit procedures, and (c) reaching conclusions on which to base an auditor's opinion. Exercise professional judgment in respect of engagement acceptance and continuance, assessment of independence, and using the work of an expert. (iii) Act as a role model to aspiring engagement partners.	Advanced	
(b) Ethical principles	(i) Explain the nature of ethics. (ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics. (iii) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas and determine an appropriate resolution. (iv) Apply the relevant ethical requirements to professional behavior and compliance with standards.	Intermediate	(q) Ethical Principles	(i) Apply the ethical principles of integrity, objectivity, professional competence, due care, and professional behavior. (ii) Identify, consider and evaluate conflicts of interest that can occur during an audit engagement (iii) Implement and maintain appropriate safeguards to ensure confidentiality of the audited entity's information.	Advanced	