



**The Japanese Institute of
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Mr. David McPeak

Principal

International Accounting Education Standards Board

International Federation of Accountants

529 Fifth Avenue 6th Floor New York, NY 10017

Dear Mr. McPeak:

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

The Japanese Institute of Certified Public Accountants

March 4, 2019

The Japanese Institute of Certified Public Accountants (JICPA) appreciates the opportunity to comment on Exposure Draft *Proposed Revisions to IESs 2, 3, 4, and 8—Information and Communications Technologies and Professional Skepticism* of the International Accounting Education Standards Board (IAESB).

The following are our responses to the questions raised by the IAESB.

Comments

Question1. 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?

Reply: While we generally support the proposed revisions, we would also like to suggest a few changes (see “Comments on Other Matters” below).

Question2. Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?

Reply: While one of the objectives of ICT is to make more efficient and improve

the work of accountants (such as audits), since situations can be imagined where it will be specialists (such as system engineers) who will use ICT, we propose that the following three learning outcomes be added to IES 2.

- Able to propose ways of using ICT
- Understand the risks of using ICT
- Able to discuss the potential of using various technologies in business

Question3. 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?

Reply: We support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment.

Intellectual Agility will likely be difficult to translate appropriately in the non-English-speaking world, and we would like the process by which it was added to the Glossary of Terms explained further. We would also like to see examples of IES 3 Table A (a) (v). It is difficult to think of an appropriate term, at least in Japanese, with the current definition.

Question 4. Are there any terms within the new and revised learning outcomes of IEss2, 3, 4, and 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?

Reply: There are such terms. Since “critical thinking” and “questioning mindset” are two terms that are likely to have the same meaning in the non-English-speaking world, we would like to see a clear definition of these terms (or a clear explanation of their difference).

Comments on Other Matters

1. Regarding IES 2 Table A (f) “Governance, risk management and internal control,” if “(iii) Apply ICT to support the identification, reporting and management of risk in an organization” is included here, we believe that examples of “Apply ICT . . .” should also be added to other competence areas such as (a) to (e).

2. With regard to IES 2 Table A (f) (vi), we believe that the learning outcomes to be achieved by aspiring professional accountants by the end of Initial Professional Development (IPD) are high for technical competence. We believe it would be appropriate to make this a foundation level or to change “assess” to something like “analyze” or “understand.” Also, the difference from IES 2 Table A (h) (i) is unclear.
3. For IES 2 Table A (h), the ICT competence required is intermediate (see Appendix 1 for a description of levels of proficiency). This can be read as requiring a similar level of competence with “(a) Financial accounting and reporting” and other competence areas, which gives the impression of being a high requirement.
4. With regard to IES 2 Table A (h) (vi), the definition is too vague. It is difficult to know how to measure achievement with what outcomes. The definition can be read as indicating the sort of IT literacy required of ordinary adults. We would like to see specific examples.
5. We propose that throughout IES 2 the abbreviation “ICT” be spelled out as “information and communications technologies (ICT)” on first occurrence (IES 2 Table A (h) (iii) in the Exposure Draft) and that the abbreviation be used in subsequent occurrences (Exposure Draft Appendix A #6, IES 2 A9).
6. We request a clear explanation of how to distinguish between “critical thinking” in IES 3 Table A (a) (ii) and “professional skepticism.”
7. Learning outcomes for problem solving are added with IES 3 Table A (a) (iv) “Recommend solutions to unstructured, multi-faceted problems.” In Appendix 1, however, learning outcomes for problem solving are recorded only for foundation and advanced levels and not for the intermediate level. We believe the addition of intermediate learning outcomes for problem solving is meaningful. However, to better contrast the difference from foundation and advanced levels, we propose that learning outcomes for problem solving be added to the intermediate section of Appendix 1 rather than to Table A.

Although the verb “recommend” is not used in Appendix 1, we request that

the appropriateness of using this verb here be reconsidered. While a description of “Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise” is recorded for the foundation level, we wonder if “Recommending solutions to superiors regarding complex problems that have been referred” is sufficient for the intermediate level. We propose that, even if highly complex problems are referred to superiors, solving problems of intermediate complexity be made a learning outcome at the intermediate level.

8. There are two IES 3 Table A (b) (iii). We propose that the latter be made (iv) and that the following revisions are made. (iii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations.
 - (iv) Demonstrate awareness of cultural and language differences in all communication.
 - (v) Apply active listening and effective interviewing techniques.
 - (vi) Apply negotiation skills to reach solutions and agreements.
 - (vii) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities.
 - (viii) Present ideas and influence others to provide support and commitment.
9. With regard to IES 3 Table A (c) (vi) “Demonstrate an awareness of personal and organizational bias,” we propose that the reference to “organizational” be made in the “(d) Organizational” section rather than in the “(c) Personal” section.
10. With regard to IES 4 Table A (a) (iii) “Apply techniques to reduce bias,” we would like to see specific examples of techniques for reducing bias.
11. We propose that “inquiry” be deleted from IES 8 Table A (m) (v). We believe that audit procedures (methodology) should be entrusted to IAASB and that there is no need to refer to inquiry and critical thinking within IES. This may also be contrary to a principles-based approach.

We will be pleased if these comments contribute to the IAESB examination.