

**Basis for Conclusions**  
**Prepared by the Staff of the IAESB™**  
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**IES™**

*International Education Standards™*

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Revisions to  
IESs 2, 3, 4, and 8 –

Information and  
Communications  
Technologies  
and  
Professional Skepticism

**IAESB**

International Accounting  
Education  
Standards Board™

This document was prepared by the Staff of the International Accounting Education Standards Board™ (IAESB™).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

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# **BASIS FOR CONCLUSIONS REVISIONS TO IES 2, 3, 4, AND 8 – INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND PROFESSIONAL SKEPTICISM**

The Basis for Conclusions document for *Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism* (“IESs 2, 3, 4, and 8 (Revised)”) has been prepared by the Staff of the International Accounting Education Standards Board (“IAESB” or “Board”). It relates to, but does not form part of IESs 2, 3, 4, and 8 (Revised).

## **Background**

1. IESs 2, 3, 4, and 8 (Revised) were developed with full consideration of comments received from the following sources:
  - (i) IAESB Consultative Advisory Group (“CAG”);
  - (ii) Respondents’ comment letters on the IAESB’s [Exposure Draft of Proposed Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism](#) (“IESs 2, 3, 4, and 8 (Revised) ED”);
  - (iii) Consultation with IFAC member bodies, academics, other interested stakeholders and representatives through online surveys (See [Agenda Item 4-2 of April 2018 IAESB meeting](#));
  - (iv) Reviews of academic and professional literature on Information and Communications Technologies (ICT) (See [Information and Communications Technology Literature Review](#), Agenda Item 6-2 of November 2017 IAESB meeting) and on professional skepticism (See [Professional Skepticism Academic Literature](#), Agenda Item 7-2 of November 2017 IAESB meeting), as well as an [Analysis of Competency Frameworks](#) (See Agenda Item 3-2 of July 2018 IAESB meeting) and an [Evaluation of IAASB, IESBA & PCAOB Standards](#) (See Agenda Item 3-5 of July 2018 IAESB meeting). In addition, Public Company Accounting Oversight Board (PCAOB) practice alerts, as well as competency frameworks were reviewed to identify underlying skills and behaviors needed for the exercise of professional skepticism;
  - (v) Targeted online ICT survey of IFAC member bodies (See Agenda Items [4-1](#), [4-2](#), [4-3](#), and [4-4](#) of April 2018 IAESB meeting) and a targeted online professional skepticism survey of Global Accounting Alliance Education Directors, members of IFAC’s Professional Accountants in Business Committee, and members of Forum of Firms (See [Agenda Item 5-6 of April 2018 IAESB meeting](#));
  - (vi) Consultation meetings with Professional Accountants in Business Committee, Global Accounting Alliance Education Directors, Financial Executives Institute, Forum of Firms; ICT Roundtables convened in Nairobi, Kenya; Mexico City, Mexico; and Chengdu, China; interactive webinars with academics; and
  - (vii) Respondents’ responses to the IAESB’s [Consultation paper, Meeting Future Expectations of Professional Competence: A Consultation on the IAESB’s Future Strategy and Priorities](#) (“SWP Consultation”).

## Findings from Information Gathering Activities

2. The findings obtained from online surveys, professional and academic literature, and respondents' comments from these consultation activities are:
  - a) a clear message from various types of stakeholders that professional skepticism is an integral part of a professional accountant's skill set and a fundamental concept that is core to audit quality ([Agenda Item 5-2 of the IAESB November 2016 meeting](#) and [Agenda Item 5-A of the IAASB September 2016 meeting](#)) and that technology is having a significant impact on accounting education ([Agenda Item 4-2 of the IAESB April 2018 meeting](#));
  - b) acknowledgement of the importance of underlying skills, competencies, and behaviors to apply professional skepticism effectively (Agenda Items [7-1](#) and [7-2](#) of the IAESB November 2017 meeting), as well as an increased awareness that new and emerging technologies partnered with a range of other skills, such as interpretative, analytical, ethical, change management and data handling skills ([Agenda Item 4-2 of the IAESB April 2018 meeting](#)); and
  - c) support from the majority of these stakeholders for a range of standard setting development activities, including provision of guidance, to address the changing skillsets needed by accountants, both now and in the future ([Agenda Item 4-2 of the IAESB April 2018 meeting](#); Agenda Items [6-1](#) and [7-1](#) of the IAESB November 2017 meeting).

Work was also performed to confirm the underlying skills, competencies, and behaviors that professional accountants need to demonstrate in the competence areas of ICT and professional skepticism (finding b above). This work was conducted through in-depth interviews with member bodies, and through roundtables and webinars that included professional accountants, ICT professionals, and academics. The identification of underlying skills, competencies, and behaviors for competence areas of ICT ([Agenda Item 2-2 of IAESB October 2018 meeting](#)) and professional skepticism ([Agenda Item 3-3 of IAESB October 2018 meeting](#)), was discussed with CAG members (Agenda Items [3-1](#), [3-4](#), [7-1](#), and [7-4](#) of the October 2018 CAG meeting) and agreed by the IAESB (Agenda Items [2-1](#), [2-4](#), [3-1](#), [3-4](#), [7-6](#), [7-7](#), [7-8](#), [7-9](#), [7-10](#), [7-11](#), [7-12](#) and [7-13](#) of the October 2018 IAESB meeting).

Finally, the underlying skills, competencies, and behaviors for competence areas of ICT ([Agenda Item 2-2 of IAESB October 2018 meeting](#)) and professional skepticism ([Agenda Item 3-3 of IAESB October 2018 meeting](#)) were converted into learning outcomes and mapped to the learning outcomes of extant IESs 2, 3, 4, and 8. The findings from this mapping showed that the ICT and professional skepticism learning outcomes of the extant IESs were not adequate or sufficient to cover the content and depth of knowledge, understanding, and application required in areas of ICT and professional skepticism. In addition, respondents' comments supported the view that a range of standard setting development activities, including provision of guidance, is needed (finding c above).

## Decision to Revise and Add New Learning Outcomes

3. Following a full discussion of the findings from these information gathering activities, the IAESB concluded that the extant IESs did not sufficiently address the learning and development needed in areas of ICT and professional skepticism for professional accountants to perform their roles competently, now and in the future. These findings also support the Board's view that the ICT and professional skepticism learning outcomes across various competence areas in the extant IESs

need to be enhanced so that professional accountants can provide quality services to their clients in an environment of increasing complexity and advancing technology. As a result, the Board decided to proceed with a revision project that revises and adds new ICT and professional skepticism learning outcomes to the extant IESs 2, 3, 4, and 8.

4. The IAESB released its IESs 2, 3, 4, and 8 (Revised) ED on December 4<sup>th</sup>, 2018 with a deadline for comments of March 4<sup>th</sup>, 2019. The IAESB received 32 comment letters (See Appendix 6) from a variety of respondents, including IFAC member organizations and associates, public accounting firms, professional accountancy education organizations, other professional organizations, and individuals and academics. The geographic distribution of ED responses included respondent letters from: Europe (32%), North America (6%), Africa (9%), Asia (16%), South America (9%), Oceania (6%), and global (22%).

### **How Has IESs 2, 3, 4, and 8 (Revised) Been Improved**

5. From the perspective of the public interest, the revisions to IESs 2, 3, 4, and 8 improve the consistency, quality, and relevance of IPD and CPD undertaken by aspiring and professional accountants. The addition and revisions to ICT and professional skepticism learning outcomes of IESs 2, 3, 4, and 8 (Revised) support the accounting profession in providing high quality financial reporting, auditing, or other related financial and accounting services in the digital age. In addition, the revised IESs improve the quality of professional accounting education and enhance the professional competence of the accountancy profession.
6. From the perspective of developing Initial Professional Development (IPD) and Continuing Professional Development (CPD) programs, the newly added and revised extant ICT and Professional Skepticism learning outcomes of IESs 2, 3, 4, and 8 enable Professional Accountancy Organizations, including IFAC member organizations to enhance professional competence of aspiring and professional accountants. The revised IESs 2, 3, 4, and 8 aim to identify:
  - Learning and development needed to modernize IPD and CPD programs for ICT and Professional Skepticism competence;
  - Competence areas affected by revisions to ICT and Professional Skepticism learning outcomes;
  - ICT and Professional Skepticism learning outcomes that develop and maintain professional competence of aspiring and professional accountants;
  - Cognitive levels and context of learning outcomes to determine whether aspiring professional accountants have achieved ICT and Professional Skepticism learning outcomes by the end of IPD;
  - Progression of ICT and professional skepticism knowledge, skills, and behaviors between IPD and CPD programs; and
  - Underlying skills in IESs 2, 3, and 4 which enable aspiring professional accountants to exercise professional skepticism.
7. From the perspective of clarifying and improving the understanding of the IESs, the newly added and revised extant ICT and Professional Skepticism learning outcomes of IESs 2, 3, 4, and 8:

- Align with terminology and concepts used in the IESBA's Code<sup>1</sup> and IAASB's ISAs<sup>2</sup>;
- Remove terms that are out-of-date while aligning terms, where needed, with existing IAESB concepts or definitions;
- Avoid introducing unnecessary IAESB definitions if dictionary definitions can be used to understand the meaning and achievement of the learning outcome;
- Provide sufficient context to meet or exceed, if PAOs choose, the proficiency levels of competence areas; and
- Support the required skills to comply with the requirements of the IESBA's Ethics Code and IAASB's ISAs.

## Significant Issues

### Support for Revising IESs 2, 3, 4, and 8

#### *Summary of Feedback Received on IESs 2, 3, 4, and 8 (Revised) Exposure Draft*

8. Twenty-six [Member organizations (17); Public Accounting Firms (4); Professional Accountancy Education Organizations (1); Other Professional Organizations (2); and Individual and Academics (2)] of 32 respondents indicated support for the proposed revisions to learning outcomes to the areas of Information Communications and Technologies (ICT) and Professional Skepticism in IESs 2, 3, 4, and 8. It should be noted that 3 of the 26 respondents provided unqualified support for proposed revisions; whereas 23 of the 26 respondents qualified their support by including comments to improve the clarity of the learning outcomes. These comments ranged from: providing editorial suggestions to improve the proposed learning outcomes; identifying potential unintended consequences because of the focus on professional skepticism; identifying emerging areas where professional skills needed to be emphasized; reviewing the cognitive level of the learning outcome statement; needing to link some ICT learning outcomes to specific competence areas; reviewing learning outcomes that are too prescriptive; recognizing the need for accountants to exercise a high degree of responsibility and accountability; ensuring consistency with revised IESBA Ethics Code; reviewing overlap of revised learning outcomes with extant learning outcomes; and keeping existing wording for improving context of learning outcome statements.
9. Four respondents [Member organizations (3) and Professional Accountancy Education Organizations (1)] of 32 respondents did not support the proposed revisions to ICT and Professional Skepticism learning outcomes. The range of comments that were provided for not supporting the revisions included: (i) Proposed revisions are coming too soon after the most recent revisions to these same standards; (ii) Insufficient life to the Board to sufficiently analyze and address comments, the nature and extent of future standards setting, and the continuing nature and authority of the IESs; (iii) Need further coordination with other boards to ensure the latest thinking of the IAASB and IESBA is considered; and (iv) Professional skepticism should not be

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<sup>1</sup> IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition.

<sup>2</sup> IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2018 Edition, Volume I.

mentioned in IESs 3 and 4. Two other respondents [Professional Accounting Firms (2)] suggested that further clarification by IFAC on appropriate custodianship, communications, and maintenance of the revised IESs was needed.

10. One respondent [Public Accounting Firm] indicated that it was supportive of the proposed changes to IES 3, 4 and 8 in relation to professional skepticism. The respondent indicated concern with the proposed changes related to ICT and IES 2 because the respondent does not believe the proposed revisions provide the clarification as to how ICT has been elevated or incorporated into the standards.
11. One respondent [Member Organization] did not respond to the question.
12. CAG members supported the view that the IAESB complete the proposed revisions to learning outcomes to the areas of ICT and Professional Skepticism in IESs 2, 3, 4, and 8. CAG members suggested that changes arising from respondents' comments should be considered when revising the IESs. CAG members also suggested that focus should be placed on underlying skills and behaviors needed to apply professional skepticism and not to be constrained by the definition of professional skepticism.

*IAESB Response to Feedback Relating to the Support for Revising IESs 2, 3, 4, and 8*

13. Following a full discussion of comments received from respondents to the Revision of IESs 2, 3, 4, and 8 ED and from CAG members, the Board concluded on revising IESs 2, 3, 4, and 8 by adding new or revising ICT and Professional Skepticism learning outcomes while clarifying the Introduction and Explanatory Material sections of the exposed IESs 2, 3, 4, and 8, where needed. This conclusion is based on:
  - The strong support [26 of 32 respondents] shown across all categories of stakeholders [Member organizations (17); Public Accounting Firms (4); Professional Accountancy Education Organizations (1); Other Professional Organizations (2); and Individual and Academics (2)] for the revision of IESs 2, 3, 4, and 8 in areas of ICT and professional skepticism. This support for revising the IESs in areas of ICT and professional skepticism was also seen in the findings from information gathering activities reported in the [Explanatory Memorandum for Exposure Draft, Proposed Revisions to IESs 2, 3, 4, and 8 – Information and Communications Technologies and Professional Skepticism](#);
  - The [important macro trends](#) that are impacting the professional competence of the accountancy profession require a timely reaction and the Board is serving the public interest by addressing the competence needs of the global accountancy profession in areas of ICT and professional skepticism ([General Statements of Support from ED respondents](#)<sup>3</sup>);
  - The areas of ICT and professional skepticism are pervasive to the work of all professional accountants<sup>4</sup> and any gaps need to be addressed to avoid rendering the IESs irrelevant;

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<sup>3</sup> Identified in the section of General Statements of Support from ED respondents: AAT, ACCA, AICPA, ANAN, CAANZ, CAI, CPA Australia, IAA, ICAS, ICPAU, ISCA, JICPA, KICPA, MIA, NASBA, BDO, DTT, EYG, KPMG, PWC, Bowman & Lemon, EFAA, PAIBC.

<sup>4</sup> Identified in the section of General Statements of Support from ED respondents: CAI, IAA, ISCA, KICPA, BDO, Bowman & Lemon, EFAA.

- The need to address underlying skills, competencies, and behaviors that contribute to professional skepticism and ICT proficiency in the workplace, while recognizing that these skills, competencies, and behaviors are further developed following IPD, through CPD<sup>5</sup>; and
  - The recognition that a range of standard-setting development activities, including the preparation of implementation guidance, is needed to address changing skillsets needed by professional accountants<sup>6</sup>.
14. In its deliberations the Board considered comments received by respondents<sup>7</sup> who did not support the revisions of IESs 2, 3, 4, and 8.
- (i) *Proposed revisions are coming too soon after the most recent revisions to these same standards.*

IAESB members noted that the time between effective implementation dates for revised and extant IESs 2, 3, and 4 is 6 years; while, the time between effective implementation dates for revised and extant IES 8 is 5 years. Given that requirements' statements of these 4 IESs have not been changed and noting the experience of PAOs for performing review cycles is generally not more than five years<sup>8</sup>, it is expected that PAOs would work with employers, education providers, and government agencies to adapt the curricula and assessment processes of their IPD and CPD programs. IAESB outreach activities with its stakeholders (IAESB consultations on its 2017-2021 Strategy and 2017-2019 Work Plan, Revision to IES 7, and Revisions to IESs 2, 3, 4, and 8) confirms the need for a timely response to develop and maintain professional competence of professional accountants, including areas of ICT and professional skepticism, to perform their roles as professional accountants.

- (ii) *Insufficient life to the Board to sufficiently analyze and address comments, the nature and extent of future standards setting, and the continuing nature and authority of the IESs.*

IAESB members concluded that the scheduled Board time at its April meeting, June teleconference, and June meeting was sufficient to complete its analysis of ED respondents' comments, propose drafting changes, deliberate on these drafting changes, and finalize and approve the revisions to IESs 2, 3, 4, and 8. It was also noted that due process activities provide the opportunity for the Board to decide whether re-exposure of the revisions to the IESs is needed to serve the public interest.

- (iii) *Need further coordination with other boards to ensure the latest thinking of the IAASB and IESBA is considered.*

In deliberating on this comment, IAESB members noted that the IAESB's professional skepticism task force chair participated on periodic teleconferences with chairs of both the IAASB and IESBA task forces on professional skepticism who bring awareness to the progression of their projects. Board members also noted that the issue of coordination with other Standard-setting Boards (SSBs) needs to recognize the priorities of each SSB's

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<sup>5</sup> Identified in the section of General Statements of Support from ED respondents: CAI, IAA, ICAS, ICPAU, ISCA, KICPA, MIA, NASBA, BDO, DTT, EYG, PWC, Bowman & Lemon, EFAA.

<sup>6</sup> See PWC and ICPAU comment letters.

<sup>7</sup> See AICPA, IDW, WPK, and Common Content comment letters.

<sup>8</sup> *IAES B Handbook of International Education Pronouncements – 2017 Edition*, Paragraph A25.



strategy, the different stages of projects in a SSB's work plan, and be forwarded to the International Panel on Accountancy Education for awareness and consideration.

(iv) *Professional skepticism should not be mentioned in IESs 3 and 4.*

The IAESB acknowledges that the term professional skepticism is defined specifically within the context of audit and assurance engagements; however, the attitudes, skills and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants regardless of their future role as a professional accountant. As a result, IPD includes learning and development activities that adequately address the professional skills and ethical behaviors necessary for all aspiring professional accountants to have the ability to apply professional skepticism. The attitudes, skills, and behaviors contributing to professional skepticism are further developed following IPD, through CPD.

15. IAESB members noted the concern on additional clarification as to how ICT has been elevated or incorporated into the standards, but decided that this clarification should be included in Implementation Guidance publications on non-authoritative learning outcomes that would accompany the release of IESs 2, 3, 4, and 8 (Revised).

### **Revisions to IESs 2, 3, 4, and 8**

#### *Summary of Feedback Received on IESs 2, 3, 4, and 8*

16. Appendices 1, 2, 3, and 4 provide summaries of ED respondents' comments on the exposed learning outcomes for IESs 2, 3, 4, and 8, respectively. The range of respondents' comments included: i) Refine exposed learning outcome; ii) Retain extant wording of the learning outcome; iii) Review the cognitive level of the exposed verb; iv) Determine whether the competence area or proficiency level is appropriate; v) Provide examples or implementation guidance; vi) Refine the exposed definition; vii) Reposition learning outcome into a different competence area; viii) Enhance the discussion in the Explanatory Material section on leadership, mentoring, partnering and risk analysis; ix) Reposition learning outcome within a competence area; and x) Refine wording of exposed learning outcome to enable translation.

#### *IAESB Response to Respondents' Feedback for IES 2*

17. As a result of the IAESB's analysis and discussion of comments received from ED respondents, the Board concluded that the following competence areas were affected by revisions to IES 2 learning outcomes for ICT and professional skepticism: Financial Accounting and Reporting; Management Accounting; Audit and Assurance; Governance, Risk, and Internal Control; Business Laws and Regulations; ICT; Business and Organizational Environment; and Business Strategy and Management.
18. As a result of a full discussion on respondents' editorial suggestions the IAESB decided to revise the following exposed learning outcomes to improve consistency or clarity by:
- i) Aligning the cognitive level of the verb in the learning outcome statement [See exposed learning outcomes IES 2 f (vi), IES 2 h (iii), IES 2 h (viii) of Appendix 1] to reflect appropriate expectations of an aspiring professional accountant at the end of IPD;
  - ii) Changing the context of the learning outcome statement [See exposed learning outcomes IES 2 b (iii), IES 2 f (vi), IES 2 g (iii), IES 2 h (ii), IES 2 h (vi), IES 2 h (vii), IES 2 i (i) of

Appendix 1] to determine whether the aspiring professional accountant has achieved the learning outcome by the end of IPD;

- iii) Reducing the complexity of the exposed learning outcome IES 2 e (vi) by capturing its content using 2 separate learning outcomes [See exposed learning outcome IES 2 e (vi) and the two new revised learning outcomes IES 2 e (v) and IES 2 e (vi) in Appendix 1]; and
- iv) Repositioning learning outcomes within a competence area to better reflect the progression of skills [See exposed learning outcomes IES 2 b (i), IES 2 b (ii), IES 2 b (iv) in the competence area of Management Accounting and exposed learning outcomes IES 2 h (i), IES 2 h (ii), IES 2 h (iii), IES 2 h (iv), IES 2 h (v), IES 2 h (vi), IES 2 h (vii), IES 2 h (viii) in the competence area of ICT in Appendix 1].

In addition, the IAESB decided that no further revisions were needed to the following exposed learning outcomes because the proposed editorial suggestions created unintended consequences [See exposed learning outcomes IES 2 a (vi), IES 2 b (iv), IES 2 e (v)], were appropriately captured by the wording of the learning outcome or other IES learning outcomes [See exposed learning outcomes IES 2 h (iv), IES 2 h (v), IES 2 k (iv)], or were beyond the scope of the ICT and professional skepticism revision project [See exposed learning outcomes IES 2 b (i), IES 2 b (ii), IES 2 i (iv), IES 2 j (ii)].

*IAESB Response to Respondents' Feedback for IES 3*

- 19. As a result of the IAESB's analysis and discussion of comments received from ED respondents, the Board concluded that the following competence areas were affected by revisions to IES 3 learning outcomes for ICT and professional skepticism: Intellectual; Interpersonal and Communications; and Personal.
- 20. As a result of a full discussion on respondents' editorial suggestions, the IAESB decided to revise the following exposed learning outcomes to improve consistency or clarity by:
  - i) Aligning the cognitive level of the verb in the learning outcome statement [See exposed learning outcomes IES 3 a (v), IES 3 c (vi) of Appendix 2] to reflect appropriate expectations of an aspiring professional accountant at the end of IPD;
  - ii) Changing the context of the learning outcome statement [See exposed learning outcomes IES 3 a (i), IES 3 a (ii), IES 3 a (iii), IES 3 a (v), IES 3 c (ii), IES 3 c (vi) of Appendix 2] to determine whether the aspiring professional accountant has achieved the learning outcome by the end of IPD; and
  - iii) Deleting learning outcome by capturing its content within another learning outcome [Delete exposed learning outcome IES 3 b (ii) and integrate its content into exposed learning outcome IES 3 b (i), and delete exposed learning outcome IES 3 c (vii) and integrate its content into exposed learning outcome IES 3 c (ii) in Appendix 2].

In addition, the IAESB decided that no further revisions were needed to the following: Exposed learning outcome IES 3 (a) (i) because no comments were received from respondents and exposed learning outcome IES 3 a (iv) because the proposed editorial suggestion to the description of the intermediate level of proficiency in Appendix 1 adequately captured the differentiation between foundation and advanced levels of proficiency.

21. Paragraph A5. The IAESB decided to improve the clarity of Paragraph A5 of the Explanatory Material section by amending the description of the Intellectual competence area to include areas of agility and professional judgment.

*IAESB Response to Respondents' Feedback for IES 4*

22. As a result of the IAESB's analysis and discussion of comments received from ED respondents, the Board concluded that the following competence areas were affected by revisions to IES 4 learning outcomes for ICT and professional skepticism: Professional Skepticism and Professional Judgment; Ethical Principles; and Commitment to the Public Interest.
23. Following a full discussion on respondents' editorial suggestions the IAESB decided to revise the exposed learning outcomes to provide improved consistency or clarity by:
- i) Aligning the cognitive level of the verb in the learning outcome statement [See exposed learning outcome IES 4 b (v) of Appendix 3] to reflect appropriate expectations of an aspiring professional accountant at the end of IPD;
  - ii) Changing the context of the learning outcome statement [See exposed learning outcomes IES 4 a (i), IES 4 a (iii), IES 4 b (iii), IES 4 b (v), IES 4 b (vi), IES 4 c (i), IES 4 c (ii) of Appendix 3] to determine whether the aspiring professional accountant has achieved the learning outcome by the end of IPD; and
  - iii) Deleting exposed learning outcome IES 4 (a) (ii) because curiosity is inherently captured in the learning and development targeted by learning outcomes IES 4 (a) (i), IES 4 (a) (iii), and IES 4 (a) (iii); and exposed learning outcome IES 4 (b) (iv) because the wording creates unnecessary confusion given it does not align with the wording of the IESBA Code of Ethics.

In addition, the IAESB decided that no further revisions were needed to exposed learning outcome IES 4 (a) (iv) in Appendix 3 because the content of learning outcomes IES 3 (a) (ii) and IES 4 (a) (iv) is substantively different and demonstrates an important progression of development needed in exercising professional skepticism competently.

24. The IAESB decided that a new Paragraph A17 should be included in the Explanatory Material section to indicate that: i) underlying skills, attitudes and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants; ii) IPD includes the learning and development activities that address the skills, attitudes and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism; and iii) these skills, attitudes and behaviors are further developed following IPD, through CPD.

*IAESB Response to Respondents' Feedback for IES 8*

25. As a result of the IAESB's analysis and discussion of comments received from ED respondents, the Board concluded that the following competence areas were affected by revisions to IES 8 learning outcomes for ICT and professional skepticism: Audit; Information and Communications Technologies; Interpersonal and Communication; Personal; Commitment to the Public Interest; Professional Skepticism and Professional Judgment; and Ethical Principles.
26. Following a full discussion on respondents' editorial suggestions the IAESB decided to revise the exposed learning outcomes to provide improved consistency or clarity by:

- iv) Aligning the cognitive level of the verb in the learning outcome statement [See exposed learning outcomes IES 8 a (iv), IES 8 (n) (i) of Appendix 4] to identify appropriate CPD for an engagement partner;
- v) Changing the context of the learning outcome statement [See exposed learning outcomes IES 8 a (i), IES 8 a (ii), IES 8 a (iv), IES 8 a (v), IES 8 (i) (i), IES 8 (j) (iv), IES 8 (l) (i), IES 8 (m) (ii), IES 8 (m) (iii), IES 8 (m) (iv), IES 8 (m) (v) of Appendix 4] to recognize the need to develop and maintain professional competence by an engagement partner;
- i) Repositioning exposed learning outcome IES 8 (a) (iii) within the competence area of Audit to better reflect a progression of skills needed by an engagement partner in the area of risk of material misstatement; and
- ii) Including new learning outcomes. Learning outcome IES 8 (a) (iii) was included to recognize the need to develop and maintain professional competence by an engagement partner in the area of risk of material misstatement at the audit planning phase; Learning outcome IES 8 (m) (ii) was included to recognize the need to develop and maintain professional competence by an engagement partner in the area of promoting professional skepticism during all phases of the audit engagement; and learning outcome IES 8 (n) (ii) was also included to recognize the need to develop and maintain professional competence by an engagement partner in evaluating and responding to threats to objectivity and independence that can occur during an audit.

In addition, the IAESB decided that no further revisions were needed to exposed learning outcomes IES 8 (j) (i) and IES 8 (m) (i) in Appendix 4 because they identify appropriate CPD needed to develop and maintain professional competence by an engagement partner. In addition, ED respondents did not provide any comments on these learning outcomes.

## Other Issues

- i) *New Definitions for IAESB Glossary*

### Information and Communications Technologies

27. Twenty-nine [Member organizations (20); Public Accounting Firms (4); Professional Accountancy Education Organizations (2); Other Professional Organizations (1); and Individual and Academics (2)] of 30 respondents indicated support for the proposed ICT definition. It should be noted that 20 of the 29 respondents provided unqualified support for the proposed ICT definition; whereas 9 of these 29 respondents qualified their support by including comments to improve the clarity of the definition. These comments ranged from: i) including specific technologies in the ICT definition (AICPA, ICAS, IDW, IMCP, WPK, Common Content) and ii) including other skills, such as create, analyze, store, and protect data and information (ISCA, MIA, PWC). One respondent (KPMG) indicated not to make the suggested change for ICT because it may be confusing and potentially limiting, both in respect of specific learning outcomes addressing IT communications, as well as across the whole spectrum of IT related learning outcomes more broadly.
28. Following a full discussion of respondents' comments (See Appendix 5), the IAESB decided not to reference specific technologies because they would become outdated and fail to emphasize the "timeless" skills needed to operate in a rapidly changing environment. The IAESB concluded that the additional skills suggested by ED respondents, such as create, analyze, store, and protect data and information, were captured in the exposed ICT learning outcomes and did not fit in the ICT definition. The Board decided to include the phrase, "Established and emerging" to capture the area

of emerging technologies without identifying a specific technology. In addition, the Board decided that the phrase, “A diverse set” should be deleted because it is not applicable in all instances and would be misleading.

#### Professional Judgment

29. Twenty-one [Member organizations (13); Public Accounting Firms (5); Professional Accountancy Education Organizations (1); Other Professional Organizations (1); and Individual and Academics (1)] of 24 respondents indicated support for the proposed definition of professional judgment. It should be noted that 12 of the 21 respondents provided unqualified support for the definition of professional judgment; whereas 9 of the 21 respondents qualified their support by including comments to improve the clarity of the definition. These comments ranged from: minor editorial suggestions, advice on ensuring consistency on the definition among the 3 Standard-setting Boards, and suggestions on limiting the conceptual understanding of professional judgment to the area of audit.
30. Three [IDW, WPK, and Common Content] of 24 respondents indicated disagreement with the proposed definition of professional judgment because it 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. It was noted by these respondents that this is the characteristic that distinguishes professional judgment from mere human or technical judgment.
31. Following a full discussion of respondents’ comments (See Appendix 5), the IAESB concluded that the IESBA definition of professional judgment is appropriate for the IESs because it applies to all professional accountants. In addition, the Board noted that the use of IESBA’s definition on professional judgment mitigates confusion and avoids an unnecessary increase in complexity resulting from the use of multiple definitions of the same term. The Board also decided to use “skills” to reflect that professional judgment is based on several underlying skills.

#### Other Definitions

The IAESB also received respondents’ comments on the proposed definition of Intellectual Agility (See Appendix 5) and respondents’ requests for definitions of the following terms: collaboration skills, contrary audit evidence, critical thinking, questioning mindset, curiosity, ethical principles and techniques. After a full discussion of the respondents’ comments on intellectual agility, the Board decided that the definition of “intellectual agility” would not be included in the IAESB Glossary of Terms. The definition of intellectual agility is not specific to ICT or professional skepticism, is general and abstract; and difficult to translate. However, the Board decided that behaviors related to the concept of intellectual agility should be integrated into learning outcome IES 3 (a) (v) and Paragraph A5 of the IES 3 Explanatory Material section. With respect to the respondents’ requests for definitions of additional terms, the Board concluded that these terms were adequately covered for the purposes of understanding the IESs’ requirements by dictionary definitions.

#### ii) *Minor Editorial Changes*

32. The IAESB agreed to several minor editorial changes to improve understanding without substantially changing the content of the following IES paragraphs.

<b>Editorial Change</b>	<b>Location</b>
New Effective Date Changes	IES 2, Paragraphs 3, 4, 5, A3
	IES 3, Paragraphs 3, 4, 5, A4
	IES 4, Paragraphs 5, 6, 7, A4, A8
	IES 8, Paragraphs 2, 5, 6
Conforming Changes	IES 2, Paragraph A9
	IES 4, Paragraphs 3, 4, 6, A1, A25 (c), A28, A29, A31, A42 (a)
	IES 8, Paragraphs 2, A9, A12, A20, A29
Grammatical Changes	IES 4, Paragraph 9
	IES 8, Paragraphs A2, A28
Word Selection	IES 4, Paragraphs A14, A41(a)
	IES 8 Paragraph A30
Updated Footnotes	IES 4, Footnotes 1, 4, 5, 6, 7
	IES 8, Footnotes 2, 3, 4, 5, 6, 8, 9, 15

iii) *Implementation Guidance*

33. The IAESB noted the request by ED respondents for additional implementation guidance (PWC, ICPAU) on implementing the learning outcomes in IESs 2, 3, 4, and 8. The IAESB has addressed the need for implementation guidance through Support Materials on how learning outcomes can be used to develop curricula for IPD and CPD programs that cover ICT, Professional Accountants in Business, and Public Sector Accounting, Reporting and Assurance.

**Appendix 1. Respondents' Comments to IES 2 Exposure Draft Drafting Changes**

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (a) (vi) - Interpret reports that include non-financial data, <del>for example sustainability reports and integrated reports information.</del></p>	<ul style="list-style-type: none"> <li>Do not update this Learning Outcome at this time as changes are not clearly related to ICT. (KPMG)</li> <li>Do not remove examples and add using different techniques to the end to improve clarity (ICAP)</li> <li>Include "financial" in addition to non-financial (EFFA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the role of professional accountants includes interpreting non-financial information. The examples were deleted because they have the unintended consequence of narrowing the scope of the learning outcome. Learning Outcomes IES 2 (b) (ii) and IES 2 (b) (iii), address financial data and information.</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>
<p>IES 2 (b) (i) Apply techniques to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting.</p>	<ul style="list-style-type: none"> <li>Include service costing/profitability, variance analysis and operational improvement and optimization. (AICPA, PAIB)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that proposed changes of ED respondents were beyond the scope of the ICT and professional skepticism revision project.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Management Accounting competence area</p>
<p>IES 2 (b) (ii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.</p>	<ul style="list-style-type: none"> <li>Phrase is vague and limiting. Proposed language to change from a limited "cost accounting" view to a forward-looking business partner view (AICPA, PAIB).</li> <li>Need to consider a professional's English language capability at differing levels (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that proposed changes of ED respondents were beyond the scope of the ICT and professional skepticism revision project.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Management Accounting competence area</p>
<p>IES 2 (b) (iii) Analyze <del>financial and nonfinancial</del> data to provide <del>relevant meaningful</del> information <del>for to</del> support management decision making.</p>	<ul style="list-style-type: none"> <li>Retain the term "relevant" (ICAS, IDW, WPK, Common Content)</li> <li>Combine Data and Information (DTT)</li> <li>Include "and identify reliable data" after Analyze (MIA)</li> <li>Changes not ICT or PS related, suggest reverting to previous Learning Outcome (KPMG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the role of professional accountants includes analyzing data and information to support decision-making. The Board also concluded that the terms, "relevant" and "meaningful" are characteristics inherent in the data and information that is used to support decision making. removed.</li> </ul>	<p>Analyze data <b>and information</b> <del>to provide relevant information</del> to support management decision making.</p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (b) (iv) Prepare <del>reports</del> <b>information</b> to support management decision making, <b>on topics</b> including <del>reports that focus information on</del> planning and budgeting, cost management, quality control, performance measurement, and <del>benchmarking</del>. <b>comparative analysis.</b></p>	<ul style="list-style-type: none"> <li>Retain extant language (KPMG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded on replacing the word “report” with “information” to avoid the unintended consequence of focusing on preparing a report as opposed to preparing the content needed for decision making.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Management Accounting competence area</p>
<p>IES 2 (e) (v) Explain the key elements of assurance engagements and applicable standards that are relevant to such engagements.</p>	<ul style="list-style-type: none"> <li>Suggest that Learning Outcomes in IES 2 (e) be re-ordered and (e) (v) be reworded to “Describe the objectives and stages involved in performing an assurance engagement.” (EFAA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that proposed change to the ordering and cognitive level of the learning outcome IES 2 e(v) by the ED respondent was beyond the scope of the ICT and professional skepticism revision project.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Audit and Assurance competence area</p>
<p>IES 2 e(vi) Assess audit evidence for appropriateness and sufficiency</p>	<ul style="list-style-type: none"> <li>Reduce the complexity of the learning outcome by capturing the underlying skills needed to exercise professional skepticism using two learning outcomes (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the scope of the ED learning outcome should be enhanced to reflect the underlying skills needed to exercise professional skepticism when performing an audit engagement.</li> </ul>	<p>Exposed Learning Outcome was replaced by two new learning outcomes:</p> <p>IES 2 e(v) <b>Identify relevant audit evidence, including contradictory evidence, to inform judgements, make decisions and reach well-reasoned conclusions.</b></p> <p>IES 2 e(vi) <b>Conclude whether sufficient and appropriate audit evidence has been obtained.</b></p>



Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (f) (iii) - <b>Apply ICT to support the identification, reporting and management of risk in an organization.</b>  <del>Analyze an organization's risks and opportunities using a risk management framework.</del></p>	<ul style="list-style-type: none"> <li>• Include "assessment" and "monitoring" (MIA)</li> <li>• The phrase is not understood. (Azua &amp; Brito)</li> <li>• Does ICT need to be explicitly included? (CAANZ)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that content of learning outcome fit better in the competence area of Information and Communications Technologies. The Board also concluded that the cognitive level of the learning outcomes was better captured by the verb "explain" than "apply" for an aspiring professional accountant at the end of IPD and that the activities of "assessment" and "monitoring" are captured in the use of the word "management".</li> </ul>	<p>Exposed Learning Outcome was moved to the competence area of Information and Communications Technologies. IES 2 (h) (ivii) will now read: - <b>Apply Explain how</b> ICT <del>to</del> <b>support</b>s the identification, reporting and management of risk in an organization.</p>
<p>IES 2 (f) (vi) <b>Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information.</b></p>	<ul style="list-style-type: none"> <li>• Need to consider professional's ability at various levels (Azua &amp; Brito)</li> <li>• Suggest change of verb to something more foundational such as "analyze" or "understand" (JICPA)</li> <li>• Consider combining with another IES (EYG)</li> <li>• Refine Learning Outcome to include assessing and storing (MIA)</li> <li>• Refine Learning Outcome to include processing and analyzing (PWC)</li> <li>• Expand the Learning Outcome to include design and configuration of systems and communication with ICT professional (IMCP)</li> <li>• Skills in Learning Outcome appears to border on skill required by an IT specialist (BDO, Azua &amp; Brito)</li> <li>• what is the rationale for changing the verb from "assess" to "analyze"? (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that the cognitive level of the learning outcome statement should be "analysis" given the range of IT activities described. This cognitive level is also supported by input received from stakeholder outreach on the expectations of ICT skills for professional accountants and recognizes the underlying activities of design and configuration of ICT systems when providing an analysis of the adequacy of systems, processes and controls relating to data and information.</li> </ul>	<p>Exposed Learning Outcome become IES 2 (f) (v) because of reorganization and now reads: <del>Assess-Analyze</del> the adequacy of systems, processes and controls for <del>capturing, transmitting, reporting and safeguarding</del> <b>collecting, generating, storing, accessing, using, or sharing</b> data and information.</p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (g) (iii) <b>Apply data protection and privacy regulations when accessing, storing, generating, using and sharing data and information. Analyze the adequacy of general information technology controls and relevant application controls.</b></p>	<ul style="list-style-type: none"> <li>• Include Gathering or collecting when addressing privacy (AICPA)</li> <li>• Retain extant Learning Outcome (2 – ICAEW, KPMG)</li> <li>• Need to consider professional's ability at various levels (Azua &amp; Brito)</li> <li>• Suggest that the verb "apply" should be changed to "explain" to improve consistency between learning outcome IES 4 b (vi) (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that context of learning outcome statement should be modified to address ED respondents' comments and improve consistency relating to the ICT activities identified in other IES learning outcomes. IAESB decided to retain the verb "apply", but changed the verb of learning outcome IES 4 b (vi) to "apply" to improve consistency with IES 2 g (iii) and reflect expectations for aspiring professional accountants at the end of IPD.</li> </ul>	<p>Apply data protection and privacy regulations when <b>collecting, generating, storing,</b> accessing, <del>storing,</del> <del>generating,</del> using, <b>and or</b> sharing data and information.</p>
<p>IES 2 (h) (i) Analyze the adequacy of processes and controls. <b>Analyze the adequacy of general information technology controls and relevant application controls.</b></p>	<ul style="list-style-type: none"> <li>• Context removed for these Learning Outcomes. These need a reference to financial or business matters (ICAS, IDW, WPK, Common Content)</li> <li>• Retain extant Learning Outcomes. Proposed changes remove the context for the Learning Outcome (ICAP, PwC)</li> <li>• Add internal controls and safeguarding the confidentiality, availability and integrity of data and systems (MIA)</li> <li>• Combine with other Learning Outcomes (BDO)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB decided to modify the learning outcome by fully describing the term, "information and communications technologies (ICT)" to provide context. The Board also concluded that the concept of general information technology controls and application controls was too limiting in terms of context. In addition, including internal controls and safeguarding confidentiality would repeat the learning and development required by IES 2 (g) (iii) and combining the learning outcome with another would lose the importance of this learning and development to demonstrate ICT competence.</li> </ul>	<p>Exposed learning outcome was revised and repositioned to better reflect progression of skills in the Information and Communications Technologies Competence area. It now reads: IES 2 (h) (vii) Analyze the adequacy of <b>ICT</b> processes and controls.</p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (h) (ii)</p> <p><b>Recommend improvements to processes and controls. Analyze the adequacy of processes and controls.</b></p>	<ul style="list-style-type: none"> <li>Proposed revision is too general and not ICT specific (ICAS, IDW, WPK, PwC, Common Content)</li> <li>Change verb to "Explain" (ICAS)</li> <li>Change verb to "Apply" (Bowman &amp; Lemon)</li> <li>Retain extant Learning Outcome (ICAP)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to modify the learning outcome to include information and communications technologies to improve clarity of the context. In addition, the Board concluded that the cognitive level should be aligned with expectations of an aspiring professional accountant at the end of IPD and used the verb, "identify".</li> </ul>	<p>Exposed learning outcome was revised and repositioned to better reflect progression of skills in the Information and Communications Technologies competence area. It now reads: IES 2 (h) (viii) <b>Recommend Identify</b> improvements to <b>ICT</b> processes and controls.</p>
<p>IES 2 (h) (iii) <b>Apply ICT to increase the efficiency and effectiveness of processes.</b></p>	<ul style="list-style-type: none"> <li>Add controls (MIA, BDO)</li> <li>Proposed revision is too general and not ICT specific (WPK, Common Content)</li> <li>Do not include as a standalone ICT learning outcome (ICAP)</li> <li>Limit to financial processes (AAT)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that context of the learning outcome statement needed to be clarified to address ED respondents' comments by referring to an organization's systems while capturing input of stakeholders on skills expectations of a professional accountant.</li> </ul>	<p>Exposed learning outcome was revised and repositioned to better reflect progression of skills in the Information and Communications Technologies competence area. It now reads: IES 2 (h) (iii) <b>Apply ICT to enhance the efficiency and effectiveness of an organization's systems. of processes.</b></p>
<p>IES 2 (h) (iv) <b>Explain how ICT supports data analysis and decision making. Use ICT to analyze data and information technology to support decision making through business analytics.</b></p>	<ul style="list-style-type: none"> <li>Change verb from "Explain" (IDW, WPK, Common Content)</li> <li>Retain extant Learning Outcome (ICAP)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the role of professional accountants includes the capability of explaining to clients how ICT supports data analysis and decision making.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Information and Communications Technologies competence area.</p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (h) (v) - <b>Use ICT to analyze data and information.</b>  <del>Explain how information technology contributes to data analysis and decision making.</del></p>	<ul style="list-style-type: none"> <li>• Include "identify, collect, clean, prepare and analyze" (MIA)</li> <li>• Retain extant Learning Outcome (ICAP)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that the proposed activities have already been captured in other learning outcomes including IES 2 (g) (iii) and IES 2 (h) (v).</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Information and Communications Technologies competence area.</p>
<p>IES 2 (h) (vi) <b>Use ICT to communicate with impact and influence others.</b></p>	<ul style="list-style-type: none"> <li>• "Influence" may not be consistent with role of independent Auditor (PWC)</li> <li>• Reconsider use of "Communicate with Impact" (DTT)</li> <li>• Change category to "Interpersonal and Communication" (BDO)</li> <li>• Revert to extant language and make this non-authoritative (ICAP)</li> <li>• The terms, "impact and influence others" are vague, imprecise, and can be misinterpreted since impact could be positive or negative (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that the role of professional accountants includes the capability of using technology effectively to communicate and aligns with input of stakeholders on skills expectations of a professional accountant. The Board also modified the wording of the learning outcome to address ED respondents' comments on the possible misinterpretation of the words, "influence" and "with impact" and focused on wording that aligns with the perspective of using technology effectively and using learning outcomes in competence areas of professional skill to focus on the perspective of effective communication skills.</li> </ul>	<p>Exposed learning outcome was revised and repositioned to better reflect progression of skills in the Information and Communications Technologies competence area. It now reads: IES 2 (h) (v) <b>Use ICT to enhance the efficiency and effectiveness of communication.</b> <del>to communicate with impact and influence others.</del></p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (i) (i) - Describe the environment in which an organization operates, including the <del>main</del><b>primary</b> economic, legal, political, <b>technological</b>, social, <del>technical,</del> <del>international</del>, and cultural <del>forces</del> <b>aspects</b>.</p>	<ul style="list-style-type: none"> <li>Disagree with the removal of "technical" (AICPA)</li> <li>Consider further how different aspects of the environment interact (ACIPA)</li> <li>Rather than describing the environment, there may be more benefit to describing the impact the environment has on an organization (BDO)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the "regulatory" aspect of the environment is significant and aspiring professional accountants should have the capability to describe this aspect by the end of IPD. The Board decided that the word "technical" was too limiting in scope and was better captured by "technological." In addition, the Board decided that describing the impact of ICT on other aspects of the environment was beyond the scope of revision project from an ICT perspective.</li> </ul>	<p>Describe the environment in which an organization operates, including the <del>main</del><b>primary</b> economic, legal, <b>regulatory</b>, political, <b>technological</b>, social, <del>technical,</del> <del>international</del>, and cultural <del>forces</del> <b>aspects</b>.</p>
<p>IES 2 (i) (ii) <b>Explain the impact of ICT developments on business and organizational environments.</b></p>	<ul style="list-style-type: none"> <li>Change verb (AAT, IMCP, PWC). Suggestions included "Promote the digital Transformation...", "Advise on the business...", and "Recognize" instead of "Explain"</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the role of professional accountants includes the capability of explaining ICT developments on an organization's environment and business model and aligns with input of stakeholders on skills expectations of a professional accountant. The Board also approved editorial suggestions improve clarity of learning outcome's context.</li> </ul>	<p>Exposed learning outcome was revised and repositioned to better reflect progression of skills in the Information and Communications Technologies competence area. It now reads: IES 2 <del>(i)</del>(h) (i) Explain the impact of <b>Information and Communications Technologies (ICT)</b> developments on <b>an organization's environment and business model</b>. <del>business and organizational environments.</del></p>
<p>IES 2 (i) (iv) - Identify the features of globalization, including the role of multinationals, <del>e-commerce</del>, and emerging markets.</p>	<ul style="list-style-type: none"> <li>Do not update this Learning Outcome at this time as changes are not clearly related to ICT (KPMG)</li> <li>There may be more benefit to describing the impact the environment has on an organization (BDO)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that describing the impact of ICT on the environment was beyond the scope of revision project from an ICT perspective. In addition, the Board decided to delete the word "e-commerce" because of its pervasiveness in an organization's operations.</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>

BASIS FOR CONCLUSION: REVISIONS TO IES 2, 3, 4, AND 8 – ICT & PROFESSIONAL SKEPTICISM

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 2 (j) (ii) Describe the effect of changes in macroeconomic indicators on business activity.</p>	<ul style="list-style-type: none"> <li>Consider whether ICT should be included in this Learning Outcome (DTT)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that proposed changes of ED respondents were beyond the scope of the ICT and professional skepticism revision project.</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>
<p>IES 2 (k) (iv) Explain the processes that may be used to <b>develop and</b> implement the strategy of an organization.</p>	<ul style="list-style-type: none"> <li>Incorporate ICT into this Learning Outcome or retain extant language (ISCA, KPMG)</li> <li>Incorporate risk and its potential impact on strategy (AICPA)</li> <li>Incorporate the understanding of an accountant's role in these processes (AAT)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the role of professional accountants includes the capability of explaining the processes that may be used to develop and implement the strategy of an organization and aligns with input of stakeholders on skills expectations of a professional accountant. In addition, the Board decided that the addition of ICT would unnecessarily limit the intended scope of the learning outcome and that risk is addressed in other learning outcomes including IES 2 (f) (iii).</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>

**Appendix 2. Respondents' Comments to IES 3 Exposure Draft Drafting Changes**

Exposed Learning Outcomes in ED	Respondents ED Comments	IAESB Response to Comments	Revised Learning Outcome
IES 3 (a) (i) - Evaluate <b>data and</b> information from a variety of sources and perspectives through research, <del>analysis, and</del> integration, <b>and analysis.</b>	<ul style="list-style-type: none"> <li>No comments received from ED respondents on proposed changes.</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that changes were sufficient.</li> </ul>	Exposed Learning Outcome kept as is
IES 3 a (ii) - <b>Apply critical thinking skills to solve problems.</b> <del>Apply professional judgment, including identification and evaluation of alternatives, to reach well-reasoned conclusions based on all relevant facts and circumstances.</del>	<ul style="list-style-type: none"> <li>Retain “to reach well-reasoned conclusions based on all relevant facts &amp; circumstances” (ICAS, Common Content, IDW, WPK)</li> <li>Distinguish between critical thinking and professional skepticism (JICPA)</li> <li>Wording of learning outcome is too limiting (EYG, ICAP)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the context of the learning outcomes was too limiting and should be enhanced to cover judgments, decisions, and conclusions. IAESB decided that a dictionary definition of critical thinking was sufficient to distinguish it from professional skepticism and the phrase, “based on all relevant facts &amp; circumstances” was covered by the term “well-reasoned”</li> </ul>	IES 3 a (ii) - Apply critical thinking skills to solve problems, <b>inform judgments, make decisions, and reach well-reasoned conclusions.</b>
IES 3 a (iii) - Identify when it is appropriate to consult with <del>specialists others</del> to <del>solve problems and</del> reach <b>informed</b> conclusions.	<ul style="list-style-type: none"> <li>Need to communicate that it is important to consult with a specialist or someone who is knowledgeable about the relevant issue (NASBA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the learning outcome needed to focus on knowing when to consult and the activity of reaching a conclusion was already covered in IES 3 a (ii)</li> </ul>	IES 3 a (iii) - Identify when it is appropriate to consult with <del>specialists. others to reach informed conclusions.</del>
IES 3 a (iv) - <b>Recommend solutions to unstructured, multi-faceted problems.</b> <del>Apply reasoning, critical analysis, and innovative thinking to solve problems.</del>	<ul style="list-style-type: none"> <li>Add bullet to Appendix 1, Description of Levels of Proficiency, that covers Intermediate level of proficiency on problem solving (JICPA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that proposed change of ED respondent was not needed for problem solving skills because the descriptions of foundation and advanced levels of proficiency in Appendix 1 recognized the progression of problem solving skills across work environments that are characterized by complexity, ambiguity, and uncertainty.</li> </ul>	Exposed Learning Outcome kept as is.



Exposed Learning Outcomes in ED	Respondents ED Comments	IAESB Response to Comments	Revised Learning Outcome
<p>IES 3 a (v) - <b>Demonstrate intellectual agility.</b> <del>Recommend solutions to unstructured, multi-faceted problems.</del></p>	<ul style="list-style-type: none"> <li>Needs a business context as is too general as currently drafted (ICAS, Common Content, IDW, WPK)</li> <li>Difficult to measure and would need examples or implementation guidance (JICPA, PWC)</li> <li>Include an IES 8 learning outcome on intellectual agility (ICPAU, BDO)</li> <li>Note that i) there may be difficulty in translating the term; ii) does agility extend beyond intellectual activities to activities such as collaboration in solving problems; and iii) how the term can be measured to determine if it has been achieved (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that introducing a definition of the concept, intellectual agility added unnecessary complexity and was not needed. The Board concluded that the learning outcome would be better understood in terms of measurement by enhancing the context with characteristics of intellectual agility, such as responding effectively to changing circumstances or new information. In addition, the Board decided that the focus on “responding” was already covered in IES 8 learning outcomes such as IES 8 n (ii).</li> </ul>	<p>IES 3 a (v) - <b>Demonstrate intellectual agility. Respond effectively to changing circumstances or new information to solve problems, inform judgments, make decisions, and reach well-reasoned conclusions.</b></p>
<p>IES 3 b (ii) - <b>Demonstrate collaboration skills.</b></p>	<ul style="list-style-type: none"> <li>Needs a business context as is too general as currently drafted (ICAS, Common Content, IDW, WPK, CAG)</li> <li>Include ‘partnering’ to reflect the internal and external relationships needed to achieve organizational goals (AICPA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that collaboration skills would fit better in learning outcome IES 3 a (i) to provide appropriate business context to enable the achievement of the learning outcome.</li> </ul>	<p><del>IES 3 b (ii) – Demonstrate collaboration skills.</del> IES 3 b (i) Demonstrate <b>collaboration, cooperation, and teamwork</b> when working towards organizational goals.</p>



Exposed Learning Outcomes in ED	Respondents ED Comments	IAESB Response to Comments	Revised Learning Outcome
<p>IES 3 b (iii) - Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations. <del>both in writing and orally</del></p>	<ul style="list-style-type: none"> <li>Highlight the need for knowledge of the English language at an appropriate technical level so that the accountant is able to meet the challenges of the regional and global market (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the context of the learning outcomes was sufficient and provided flexibility for the PAO to set an appropriate standard for communication in their jurisdiction.</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>
<p>IES 3 c (ii) - <b>Set high personal standards of delivery performance and monitor personal performance, through feedback from others and through reflection.</b> <del>Apply professional skepticism through questioning and critically assessing all information.</del></p>	<ul style="list-style-type: none"> <li>Replace “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES 4 (ICAS, Common Content)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that using “reflective activity” rather than “reflection” enabled consistency in terminology among the set of IESs.</li> </ul>	<p>IES 3 c (ii) - Set high personal standards of performance and monitor <b>through reflective activity and</b> feedback from others. <del>personal performance, through feedback from others and through reflection.</del></p>
<p>IES 3 c (vi) - <b>Demonstrate an awareness of personal and organizational bias.</b></p>	<ul style="list-style-type: none"> <li>Devising tests to measure such biases may not be a worthwhile use of resources (Bowman &amp; Lemon)</li> <li>Add efforts to eliminate biases from the organization and decision-making (AICPA)</li> <li>Clarify whether professional bias is a limitation to apply professional skepticism effectively (AIC)</li> <li>Better placed in IES 4 competence area of professional skepticism and professional judgment (PWC)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that using the phrase, “Identify the potential impact” clarified the context and provided greater flexibility when determining the achievement of the learning outcome.</li> </ul>	<p>IES 3 c (vi) – <b>Identify the potential impact Demonstrate an awareness</b> of personal and organizational bias.</p>

Exposed Learning Outcomes in ED	Respondents ED Comments	IAESB Response to Comments	Revised Learning Outcome
<p>IES 3 c (vii) - <b>Reflect on experiences to improve future actions.</b></p>	<ul style="list-style-type: none"> <li>Needs a business context as is too general as currently drafted (ICAS, Common Content, IDW, WPK)</li> <li>IES 3 c (ii) encompasses “reflect on experiences and improve future action” and therefore recommend that the proposed new learning outcome is either removed or combined with the extant learning outcome (PWC)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the output of this learning outcome was captured in learning outcome IES 3 a (ii) and deleted the learning outcome.</li> </ul>	<p><del>IES 3 c (vii) – <b>Reflect on experiences to improve future actions.</b></del></p>
<p>Paragraph A5 (a)</p>	<ul style="list-style-type: none"> <li>No Comments received by ED respondents</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the description of the competence area of Intellectual should be enhanced by including areas of agility and professional judgment.</li> </ul>	<p>Within this IES, professional skills are categorized into four competence areas:</p> <p>(a) Intellectual relates to the ability of a professional accountant to solve problems, <del>and</del>, to make decisions, <b>adapt to change, and exercise professional judgement;</b></p>

## Appendix 3. Respondents' Comments to IES 4 Exposure Draft Drafting Changes

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 4 (a) (i) - Apply a questioning <del>mindset</del> <del>critically to assess financial mind when assessing data and information</del> <del>and other relevant data</del>.</p>	<ul style="list-style-type: none"> <li>Replace “assessing” with “appraising” to indicate that this learning outcome is not only relevant to numerical data (CPA Ireland)</li> <li>Replace “apply” with “use” and adding the phrase “free of innate biases” to improve clarity (Bowman &amp; Lemon)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to replace “questioning” with “inquiring” to reflect the type of thinking inherent in the exercise of professional skepticism. In addition, the Board decided to improve the clarity of the context by including the activity of “collecting” which is needed for assessing.</li> </ul>	<p>Apply <b>an inquiring questioning</b> mind when <b>collecting and</b> assessing data and information.</p>
<p>IES 4 (a) (ii) - <b>Demonstrate curiosity by exploring beyond what is immediately apparent. Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.</b></p>	<ul style="list-style-type: none"> <li>Replace “curiosity” with “professional inquisitiveness” or “professional curiosity” (ICAEW)</li> <li>Replace “curiosity” with “intellectual” curiosity and this learning outcome needs a business context (ICAS, Common Content, IDW, WPK, PWC). It is commonly referred to in relation to professional skepticism and is likely to be better understood (PWC)</li> <li>Learning outcome is not clear on how it is incremental to (i), (iii), and (iv) (KPMG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that this learning outcome should be deleted because it does not align with the incremental progression in the development needed to exercise professional skepticism provided by learning outcomes IES 4 (a) (i), (a) (iii), and (a) (iv).</li> </ul>	<p>Exposed learning outcome IES 4 (a) (ii) deleted.</p>
<p>IES 4 (a) (iii) - <b>Apply techniques to reduce bias.</b></p>	<ul style="list-style-type: none"> <li>Suggest providing implementation guidance with examples of how and accountant would develop skills to demonstrate these learning outcomes (JICPA, PWC)</li> <li>Provide context by recognizing the need for having an awareness of potential personal and organizational bias (PWC, KPMG)</li> <li>Suggest adding context by relating to the ethical principle of “objectivity” (MIA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context around reducing bias by including areas that are impacted by bias and require objectivity, such as solving problems, informing judgments, making decisions, and reaching conclusions.</li> </ul>	<p>Apply techniques to reduce bias <b>when solving problems, informing judgments, making decisions, and reaching well-reasoned conclusions.</b></p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 4 (a) (iv) - <b>Apply critical thinking when identifying and</b> evaluating alternatives to determine an appropriate course of action. <del>Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.</del></p>	<ul style="list-style-type: none"> <li>Review whether there is overlap with learning outcome IES 3 (a) (ii) (ISCA);</li> <li>Content of learning outcomes IES 3 (a) (ii) and IES 4 (a) (iv) are not duplicative and should not be combined (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the content of learning outcomes IES 3 (a) (ii) and IES 4 (a) (iv) is substantively different and demonstrates an important progression of development needed in exercising professional skepticism competently.</li> </ul>	<p>Exposed Learning Outcome kept as is.</p>
<p>IES 4 (b) (iii) - Identify ethical <del>issues</del> <b>threats</b> and determine <del>when</del> <b>which</b> ethical principles apply.</p>	<ul style="list-style-type: none"> <li>Suggest referring to ethical 'risks' rather than ethical 'threats' or to leave these as 'ethical issues' and not change the terminology (ICAEW)</li> <li>Suggest replacing "determine when" with "identify" and replacing "apply" with "that should be applied." (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB concluded that the wording of the learning outcome was unnecessarily complex and should be clarified by aligning the wording with the IESBA Code of Ethics to improve consistency.</li> </ul>	<p>Identify <del>ethical</del> <b>threats to compliance with the fundamental principles of ethics.</b></p>
<p>IES 4 (b) (iv) - Analyze alternative courses of action <del>and determine the</del> <b>to address ethical threats and their related consequences</b> <del>of these.</del></p>	<ul style="list-style-type: none"> <li>Suggest replacing "to address ethical threats and their related consequences" with "in the face of ethical threats, and the consequences of these actions." (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to delete this learning outcome because wording does not align with wording of IESBA Code of Ethics</li> </ul>	<p>Exposed learning outcome IES 4 (b) (iv) deleted.</p>
<p>IES 4 (b) (v) - Apply the fundamental <del>ethical</del> principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical <del>dilemmas</del> <b>threats</b> and determine an appropriate approach.</p>	<ul style="list-style-type: none"> <li>Suggest replacing the phrase, "ethical threats and determine an appropriate approach" with "ethics" (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to align the wording with the fundamental principles of ethics referenced in the IESBA Code of Ethics</li> </ul>	<p><b>Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.</b></p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
<p>IES 4 (b) (vi) - <b>Apply ethical principles when accessing, storing, generating, using and sharing data and information.</b></p>	<ul style="list-style-type: none"> <li>• Make this learning outcome consistent with the similar Learning Outcome in IES 8 (BDO)</li> <li>• Learning Outcome is too prescriptive and would potentially require significant change to syllabi (ICAEW)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB decided to align the wording relating to ethical principles with that used in IESBA Code of Ethics. The IAESB also decided that the specified activities aligned with findings of its outreach activities on the expectations of an aspiring professional accountant at the end of IPD.</li> </ul>	<p>Apply <b>fundamental</b> principles <b>of ethics</b> when <b>collecting</b>, generating, storing, accessing, using, or sharing data and information.</p>
<p>IES 4 (c) (i) - Explain the <b>role importance</b> of ethics within the profession and in relation to the concept of social responsibility.</p>	<ul style="list-style-type: none"> <li>• Replace “explain the importance of ethics within the profession and in relation to the concept” with “demonstrate an understanding of ethical behaviour, within the context” (ATT)</li> <li>• Replace “role” with “importance” because “role” had a narrower scope and “importance” would be more appropriate for the context of ethics.</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB decided that the phrase, “role and importance” would provide a more complete explanation of ethics in the context of social responsibility and governance, and included the phrase, “role and importance” to both learning outcome IES 4 c (i).</li> </ul>	<p>Explain the role <b>and importance</b> of ethics within the profession and in relation to the concept of social responsibility.</p>
<p>IES 4 (c) (ii) - Explain the <b>role importance</b> of ethics in relation to business and good governance.</p>	<ul style="list-style-type: none"> <li>• Replace “explain the importance of ethics in relation to business” with “demonstrate an understanding of the importance of ethics in relation to business operations” (ATT)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB decided that the phrase, “role and importance” would provide a more complete explanation of ethics in the context of social responsibility and governance, and included the phrase, “role and importance” to both learning outcome IES 4 c (ii).</li> </ul>	<p>Explain the role <b>and importance</b> of ethics in relation to business and good governance.</p>

Exposed Learning Outcomes in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph of Explanatory Material
Newly Added Paragraph A17		<p>IAESB concluded that additional explanation in the form of a new Explanatory Material paragraph was needed to recognize that i) underlying skills, attitudes and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants, ii) IPD includes the learning and development activities that address the skills, attitudes and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism, and iii) these skills, attitudes and behaviors are further developed following IPD, through CPD.</p>	<p><b>IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. Although the term professional skepticism is defined specifically within the context of audit and assurance engagements, the attitudes, skills and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants, regardless of their future role as a professional accountant. As a result, IPD includes learning and development activities that address the skills, attitudes and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism. The skills, attitudes, and behaviors contributing to professional skepticism are further developed following IPD, through CPD.</b></p>

## Appendix 4. Respondents' Comments to IES 8 Exposure Draft Drafting Changes

Exposed Learning Outcome in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph in Explanatory Section
<p>IES 8 (a) (i) - <b>Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team.</b></p>	<ul style="list-style-type: none"> <li>Clarify by including the term “professional skepticism” in the wording of the learning outcome to drive the concept across (ISCA)</li> <li>Clarify by adding “and importance of the engagement partner setting the tone at the top to ensure proper application of professional skepticism at all phases of the engagement.” to include the concept of the engagement leader “supervising the engagement team” (PWC)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the context of learning outcome needed to be broadened to leadership demonstrated by the audit engagement partner during all phases of the audit which aligns with the concept of “tone at the top”.</li> </ul>	<p>Lead the audit <del>engagement</del> through active involvement <b>during all phases of the audit engagement.</b></p>
<p>IES 8 (a) (ii) - Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy.</p>		<ul style="list-style-type: none"> <li>IAESB decided that the phrase “as part of an overall audit strategy” was too limiting and not needed for understanding the context of the learning outcome.</li> </ul>	<p>Lead the identification and assessment of the risks of material misstatement. <del>as part of an overall audit strategy.</del></p>
<p>IES 8 (a) (iii) - Evaluate responses to the risks of material misstatement.</p>		<ul style="list-style-type: none"> <li>IAESB decided that development in the area of risk of material misstatement by the engagement partner should be included at the phase of audit planning and concluded a new learning outcome was needed to address this development.</li> </ul>	<p>Exposed Learning Outcome kept as is, but repositioned to better reflect progression of skills in the Audit competence area.</p> <p>The following new learning outcome was included in the Audit competence area.</p> <p><b>Develop an audit plan that responds to the risks of material misstatement identified.</b></p>

Exposed Learning Outcome in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph in Explanatory Section
IES 8 (a) (iv) - <b>Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.</b>	<ul style="list-style-type: none"> <li>Clarify by including the term “professional skepticism” in the wording of the learning outcome to drive the concept across (ISCA)</li> <li>Clarify by replacing “evaluate” with “critically evaluate” and delete “any contrary audit evidence gathered” to remove repetition of “audit evidence” (CPA Ireland, IMCP)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the context should be made more relevant to the audit engagement and replaced the phrase, “gathered to make informed decisions and reach conclusions” with “to support the audit opinion.” The Board also decided that the concept of contrary audit evidence is relevant for audit and drives home the concept of PS.</li> </ul>	<b>Conclude on the Evaluate audit evidence by considering its appropriateness, and sufficiency of all relevant audience evidence, including contradictory evidence, to support the audit opinion. and any contrary audit evidence gathered to make informed decisions and reach conclusions.</b>
IES 8 (a) (v) - Evaluate whether the audit was performed <b>and documented</b> in accordance with <b>applicable</b> International Standards on Auditing (or relevant auditing standards <del>(e.g., ISAs)</del> and <b>relevant</b> laws and regulations <b>applicable</b> to an audit of the financial statements.	<ul style="list-style-type: none"> <li>Keep “and documented” to ensure a continued focus on this area (KPMG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the wording of the context should be clarified by making minor editorial changes and the need for the phrase “and documented” is captured and reinforced by the ISAs and ISQC 1.</li> </ul>	Evaluate whether the audit was performed in accordance with International Standards on Auditing (or relevant auditing standards, <b>and relevant</b> laws, and regulations <b>applicable</b> to an audit of the financial statements.
IES 8 (f) (i) - Evaluate <del>the information technology (IT)</del> <b>ICT</b> environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.	<ul style="list-style-type: none"> <li>Clarify by adding “risks” to the Learning Outcome (ISCA, EYG)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided that the learning outcome did not need the addition of “risks” as this area has been covered in earlier learning outcomes of this standard and IES 2.</li> </ul>	Evaluate the <b>information and communications technologies (ICT)</b> <del>ICT</del> environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.
IES 8 (j) (ii) - <b>Evaluate the potential influence of cultural and language differences on the performance of the audit.</b>	<ul style="list-style-type: none"> <li>Clarify by including the term “professional skepticism” in the wording of the learning outcome to drive the concept across (ISCA)</li> <li>Clarify by replacing “audit” with “audit through communication” (KICPA)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by replacing “influence” with “impact” because of its reference to the performance of the audit.</li> </ul>	Evaluate the potential <b>impact influence</b> of cultural and language differences on the performance of the audit.



Exposed Learning Outcome in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph in Explanatory Section
IES 8 (kj) (i) - Promote <del>and undertake</del> lifelong learning.		<ul style="list-style-type: none"> <li>IAESB decided to delete the second verb, "undertake" because it created unnecessary confusion in terms of assessment.</li> </ul>	Exposed Learning Outcome kept as is.
IES 8 (kj) (iv) - <b>Promote reflection on experiences to improve future actions.</b>	<ul style="list-style-type: none"> <li>Clarify by including the term "professional skepticism" in the wording of the learning outcome to drive the concept across (ISCA)</li> <li>Suggest that the audit team not only 'reflect' on their experiences, but to also act on them (ICAEW)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to replace the phrase, "reflection on experience to improve future actions" with the term "reflective activity" because it builds on terminology already used in IES 4 and its IAESB Glossary definition captures the intent of improving future actions.</li> </ul>	Promote <b>reflective activity</b> . <del>reflection on experiences to improve future actions.</del>
IES 8 (ml) (i) - Promote audit quality <del>in all activities</del> <b>and compliance with professional and regulatory standards</b> with a focus on protecting the public interest.	<ul style="list-style-type: none"> <li>Clarify by replacing "professional and regulatory standards" with "professional standards and regulatory requirements" (ICPAU)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by referring to "professional standards and regulatory requirements" rather than "professional and regulatory standards" to improve understanding.</li> </ul>	Promote audit quality and compliance with professional <b>standards</b> and regulatory <b>requirements standards</b> with a focus on protecting the public interest.
IES 8 (am) (i) - Apply <del>a skeptical mindset and</del> professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.			Exposed Learning Outcome kept as is.

Exposed Learning Outcome in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph in Explanatory Section
<p>IES 8 (Am) (ii) - Apply a questioning mind to critically assess audit evidence and other relevant information obtained during the course of an audit to reach informed conclusions.</p>	<ul style="list-style-type: none"> <li>Clarify by replacing “questioning mind” with “professional skepticism” (AICPA)</li> <li>Clarify by deleting “other relevant information” since all information obtained by the auditor is ultimately audit evidence (Common Content, IDW, WPK)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by deleting the phrase “other relevant information” because it is captured in the concept of audit evidence while recognizing professional skepticism is needed to reach well-reasoned conclusions.</li> </ul>	<p>Apply <b>professional skepticism</b> <del>a questioning mind</del> to critically assess audit evidence <del>and other relevant information</del> obtained during the course of an audit to reach <b>well-reasoned informed</b> conclusions.</p>
<p>IES 8 (Am) (iii) - Evaluate the potential impact of bias on conclusions.</p>	<ul style="list-style-type: none"> <li>Clarify by rewording the learning outcome to “Evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism” (Common Content, IDW, WPK)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by recognizing the development needed by engagement partners in evaluating the impact of bias in application of professional skepticism by the audit team.</li> </ul>	<p><b>Evaluate the potential impact of individual and organizational bias on the ability to apply professional skepticism.</b> <del>conclusions.</del></p>
<p>IES 8 (Am) (iv) - Apply knowledge and experience to challenge management's assertions and representations.</p>	<ul style="list-style-type: none"> <li>Clarify by replacing the word, “challenge” with “question” because an auditor challenges (a severe form of questioning) management only when one as reason to do so (Common Content, IDW, WPK)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by recognizing the development needed by engagement partners in applying professional judgment when evaluating management's assertions and representations.</li> </ul>	<p>Apply <b>professional judgment</b> <del>knowledge and experience</del> to <b>evaluate</b> <del>challenge</del> management's assertions and representations.</p>
<p>IES 8 (Am) (v) - Resolve audit issues using inquiry and critical thinking to consider alternatives and analyze outcomes.</p>	<ul style="list-style-type: none"> <li>Clarify by deleting “inquiry” because this was viewed as an audit procedure and more related to the ISAs (JICPA)</li> <li>Clarify by replacing “using inquiry and critical thinking” with “using inquiry and critical thinking and evidence” to resolve audit issues (PWC)</li> <li>Clarify by replacing “resolve” with “solve” (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by deleting the term, “inquiry” because critical thinking is more appropriate when considering alternatives and analyzing outcomes while the use of inquiry is misleading because it implies making a formal investigation.</li> </ul>	<p>Resolve audit issues using <del>inquiry and</del> critical thinking to consider alternatives and analyze outcomes.</p>

Exposed Learning Outcome in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Learning Outcome / Paragraph in Explanatory Section
<p>IES 8 (en) (i) - Apply the <del>ethical-fundamental</del> principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical <del>dilemmas-threats</del>.</p>	<ul style="list-style-type: none"> <li>Clarify by replacing “determine an appropriate resolution to ethical threats.” with “appropriately resolve ethical threats.” (Azua &amp; Brito)</li> </ul>	<ul style="list-style-type: none"> <li>IAESB decided to clarify the context of the learning outcome by recognizing the development needed by engagement partners in reinforcing audit team members' compliance with the fundamental principles of ethics.</li> </ul>	<p><b>Promote the importance of compliance with Apply the ethical fundamental principles of ethics. integrity, objectivity, professional-competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical dilemmas threats.</b></p>
<p>IES 8 (en) (iii) - <del>Protect the confidential-Act ethically when accessing, storing, generating, using and sharing data and information of the entity in accordance with ethical responsibilities and relevant legal requirements.</del></p>		<ul style="list-style-type: none"> <li>IAESB decided to delete the learning outcome because the development needed is captured in IES 4 competence area of ethical principles.</li> </ul>	<p><b>Evaluate and respond to threats to objectivity and independence that can occur during an audit. Protect the confidential-Act ethically when accessing, storing, generating, using and sharing data and information of the entity in accordance with ethical responsibilities and relevant legal requirements.</b></p>

**Appendix 5. Respondents' Comments to Exposure Draft's Definitions**

Exposed Definition in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Definition
<p>Information and Communications Technologies - <b>A diverse set of technologies, techniques, and processes used to capture, manage, transform, and communicate data and information.</b></p>	<ul style="list-style-type: none"> <li>• Include specific technologies and tools such as artificial intelligence, algorithms, and other emerging technologies (AICPA, ICAS, IDW, IMCP, WPK, Common Content)</li> <li>• CAG members agreed with the task force's view of not referencing specific ICT technologies within learning outcomes on the basis that the standards are principle-based and should be left to member bodies or other organizations to specify the ICT technologies that are needed by professional accountants within their specific jurisdictions (CAG)</li> <li>• Include other skills such as create, analyze, store, and protect data and information (ISCA, MIA, PWC)</li> <li>• Keep the phrase, "A diverse set" and do not repeat the term "technologies" in the body of the definition (CAG)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB decided to include the phrase, "Established and emerging" to capture the intent to include emerging technologies without identifying a specific technology. In addition, the Board decided that the phrase, "A diverse set" should be deleted because it is not applicable in all instances and would be misleading.</li> </ul>	<p>Information and Communications Technologies – <b>Established and emerging</b> <del>A diverse set of</del> technologies, techniques, and processes used to capture, manage, transform, and communicate data and information.</p>

Exposed Definition in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Definition
<p>Intellectual Agility - <b>The ability of a professional accountant to: consider new, or reconsider existing, data and information; re-evaluate conclusions in response to new or existing facts; identify new or alternative ways of working; and, adapt quickly to changing circumstances.</b></p>	<ul style="list-style-type: none"> <li>• Definition won't translate (JICPA).</li> <li>• The definition is quite general and abstract (Bowman &amp; Lemon).</li> <li>• Generally support the definition, with the exception of the inclusion of the phrase '...re-evaluate conclusions in response to ...'(BDO)</li> <li>• The addition of intellectual agility is not specific to ICT or skepticism. Should consider using the term innovation, adaptability and open-mindedness (ACCA).</li> <li>• Expressed concerns over "in response to new or existing facts". The reason is that professionals not only must respond to facts, but non-factual information, speculation, etc. in today's complex world. Consider replacing reference to "facts" with information (AICPA).</li> <li>• The ability of a professional accountant to: consider new, or reconsider existing, data and information; re-evaluate conclusions in response to new or existing information; identify new or alternative ways of working; and adapt quickly to changing circumstances (Bowman &amp; Lemon).</li> <li>• The name "Intellectual Agility" is not considered adequate (Azua &amp; Brito).</li> <li>• Some individuals proposed changes to the definition because intellectual agility is not the preserve of professional accountants and they want to be able to communicate the higher levels of cognitive skills required (CPA Ireland)</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that the term, "intellectual agility" should be removed from the IAESB Glossary and learning outcomes because the concept is not specific to ICT or professional skepticism, is general and abstract; and difficult to translate. The Board decided that behaviors related to the concept of intellectual agility should be integrated into either learning outcomes or Explanatory Material section of IES 3.</li> </ul>	<p>Definition removed from the IAESB Glossary. Behaviors related to the concept of intellectual agility are integrated into learning outcome IES 3 (a) (v) and Paragraph A5 of the IES 3 Explanatory Material section.</p>

Exposed Definition in ED	Respondents' ED Comments	IAESB Response to Comments	Revised Definition
<p>Professional Judgment - <b>Professional judgment involves the application of relevant training, professional knowledge, skill and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved.</b></p>	<ul style="list-style-type: none"> <li>• Recommend that the definition of professional judgment include the “gut feeling”, call it instinct, call it intuition, that is difficult to define or measure, but permeates every decision made by an accountant (IAA).</li> <li>• Recommendation that the Board revisits whether simply reusing the new Code of Ethics definition is the right approach for the IESs (DTT).</li> <li>• The definition of professional judgement should indicate what an aspiring or professional accountant would do with the judgement skills (EYG).</li> <li>• IAESB should work with other standard setting boards for alignment of definition. ISAs should not have a different definition (PWC).</li> <li>• The definition of professional judgment is not in line with that of the IAASB and IESBA and needs to be changed. Both the IAASB and the IESBA definitions link the need to exercise professional judgment to making informed decisions about courses of action. (Common Content, IDW, WPK, PWC)</li> <li>• An audit context needs to be added to the definition (CPA Australia).</li> </ul>	<ul style="list-style-type: none"> <li>• IAESB concluded that the IESBA definition of professional judgment is appropriate for the IESs because it applies to all professional accountants. In addition, the Board noted that use of IESBA’s definition on professional judgment mitigates confusion and avoid an unnecessary increase in complexity resulting from the use of multiple definitions of the same term. The Board also decided to use “skills” to reflect that professional judgment is based on several underlying skills.</li> </ul>	<p>Professional Judgment - Professional judgment involves the application of relevant training, professional knowledge, <b>skills</b> and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved.</p>

**Appendix 6****List of Respondents to IAESB 2018 IESs 2, 3, 4, and 8 (Revised) Exposure Draft**

<b>ACRONYM</b>	<b>FULL NAME OF ORGANIZATION</b>
AAT	Association of Accounting Technicians, United Kingdom
ACCA	The Association of Chartered Certified Accountants, United Kingdom
AICPA	The Association of International Certified Professional Accountants
ANAN	Association of National Accountants of Nigeria
Azua & Brito (Comision de Educacion)	Digna Azua & Jorge Brito, members of Technical Commission of Education of the Inter-American Accounting Association (A.I.C.)
BDO International	BDO Global Coordination B.V.
Bowman & Lemon	Keith Bowman, Public Accountants Council of Ontario & Dr. Morley Lemon, Professor Emeritus University of Waterloo
CAANZ	Chartered Accountants Australia and New Zealand
CAA & TAS	Chartered Accountants Academy (CAA) and Training & Advisory Services (TAS)
CAI	Chartered Accountants Ireland
Common Content	Common Content Project
CPA Australia	Certified Practising Accountants of Australia
CPA Ireland	The Institute of Certified Public Accountants in Ireland
DTT	Deloitte Touche Tohmatsu
EFAA	The European Federation of Accountants and Auditors for SMEs
EYG	Ernst & Young Global
IAA	Inter-american Accounting Association
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICAS	The Institute of Chartered Accountants of Scotland
ICPAU	Institute of Certified Public Accountants of Uganda
IDW	Institut der Wirtschaftsprufer
ISCA	Institute of Singapore Chartered Accountants
IMCP	Instituto Mexicano de Contadores Públicos
JICPA	The Japanese Institute of Certified Public Accountants
KICPA	The Korean Institute of Certified Public Accountants
KPMG International	KPMG International
MIA	The Malaysian Institute of Accountants

BASIS FOR CONCLUSION: REVISIONS TO IES 2, 3, 4, AND 8 – ICT & PROFESSIONAL SKEPTICISM

<b>ACRONYM</b>	<b>FULL NAME OF ORGANIZATION</b>
NASBA	National Association of State Boards of Accountancy
PAIBC (White)	IFAC Professional Accountants In Business Committee (Larry White)
PWC	PricewaterhouseCoopers
WPK	Wirtschaftsprüferkammer



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