

March 8, 2016

Senior Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West
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Dear Mr. McPeak

We appreciate this opportunity to comment on the IAESB's 2017-2021 future strategy and priorities and the effort that has gone into developing this consultation paper. Overall we are supportive of the IAESB's vision for the next five years and strategic priorities.

Specific Questions

With respect to the specific questions outlined in the consultation paper our comments are as follows:

Question 1: What enhancements, if any, do you feel should be made to the existing International Education Standards (IES)?

We agree with paragraph 20, that IT developments are changing the expected role of professional accountants and their required competencies. Digitalization and analytics are becoming more and more important in our digitalized world and professional accountant recruitment strategies have already changed and will continue to evolve in the future.

We strongly support periodic review of the IESs to ensure they appropriately reflect the impact of technology developments on the accountant of the future, and remain relevant. We do though believe the current wording of the learning outcomes in the IESs is at an appropriately high level to reasonably future proof the standards.

In our view there would be greater benefit in providing additional guidance to support the IESs, rather than updating the standards or development of further standards. We recommend the board consider if there is sufficient guidance to assist those designing and developing curricula for IFAC member bodies in these dynamic and complex areas.

We note that paragraph 20 describes the possibility of developing "practical guidance for professional accountants"; our understanding is that the IAESB generally develops content

addressed to IFAC member bodies as opposed to professional accountants themselves. Does this signify a change of direction by the Board to address guidance to professional accountants directly?

Question 2: How can the requirements of IAESB IES 7, Continuing Professional Development (2014), support the learning outcomes approach of the other IESs, including IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)?

We recognize that there may be some issues with IES 7, however our view is that it is important to establish substantive benefits to the public interest of making revisions to IES 7 at this point. In our view the requirements of the extant IES 7 are well understood and widely implemented and the input-based approach is a universally understood and extensively used measure of CPD activity.

If the Board determines that there is sufficient reason to update IES 7, our recommendation would be to focus on better integrating the principles of an output-based approach with the very practical, simple input-based measure that is widely adopted currently – this may mean a more specific articulation of the current ‘combination’ approach. Given our comments above, we would though caution the Board against moving far from the current simplicity of the input based hours measurement.

Question 3: What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?

The importance of personal and professional values and attitudes, as well as communication of expectations of professional accountants, must not be underestimated within a professional accounting education. Effective demonstration of professional skepticism and professional judgement by professional accountants is in the public interest, and directly impacts public opinion about the accountancy profession.

We strongly endorse the proposed review of how professional skepticism and professional judgement are integrated into the IESs and encourage continued participation in the joint working group with the other Boards as described in paragraphs 18 and 19.

Key challenges for many aspiring and professional accountants are to both understand their own personal, cultural or psychological barriers to implementing these mindsets and to know what practical measures they can apply to integrate a mentality of professional skepticism and judgment into everything they do. Potential barriers arising from psychological challenges (confirmation bias, anchoring etc.) and cultural politeness (over-adherence to hierarchy, avoidance of direct questions etc.) can only be mitigated if accountants are aware of them and understand how they can be overcome.

The IAESB should establish the components that contribute to professional skepticism and professional judgement, and offer guidance on how these are developed in practice i.e. what activities, learning approaches etc. best support effective adoption including sharing examples of innovative approaches in these areas.

In addition, providing examples of what good, and bad, practice look like in relation to the exercise of professional judgement would provide valuable insight into how to think critically, and practical support to those designing and developing learning content in this area.

Question 4: What new IESs, if any, do you suggest be developed to address emerging matters related to the education of aspiring professional accountants?

In response to paragraph 21, we would offer caution on developing additional standards on other professional accountancy roles beyond that of the Audit Engagement Partner (AEP). While there are other recognized roles such as management accountant, CFO, internal auditor etc., they are not specifically defined in the way that the AEP is defined in the ISAs, and so effective identification of those for whom such role specific standards are intended could be problematic. We recall that IES 8 was rewritten in part to address this specific issue, and so the Board should be very careful about trying to write standards for other, less well defined, roles. Moreover, the AEP role has a clear and unique public interest role, in contrast to other roles.

Overall, we would suggest a period of calm in terms of standard setting on IESs, with changes limited to minor maintenance; and that the Board concentrate on ensuring that the IESs are underpinned by a suite of quality guidance material that support practical implementation, particularly in developing economies.

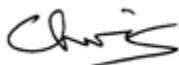
However, in relation to the role of the accounting educator (discussed under the heading Advancing International Debate in paragraph 24), we recommend the Board consider whether there is a need for standards to establish requirements for accounting educators. The effectiveness of the educator is a critical success factor in professional accounting education and little attention has been paid to this area to date in terms of standards or guidance.

Question 5: What other activities, if any, do you suggest the IAESB prioritize for the period 2017-2021 (for example, implementation support; guidance; communications; thought leadership publications)?

The current and future work programs outlined in paragraphs 22, 23 and 24 should be a primary focus of the Board; and we support these as appropriate for a standard setting body. The Board should continue to share, and facilitate the sharing of, good practice in accounting education.

We would be pleased to discuss our letter with you or your staff at your convenience.

Very truly yours,



Chris Powell

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