

16 February 2016

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by electronic submission through the IAESB website

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Dear David,

**Re.: Meeting Future Expectations of Professional Competence: A Consultation
on the IAESB's Future Strategy and Priorities**

We would like to thank you for the opportunity to provide the International Accounting Education Standards Board (IAESB) with our comments on the consultation paper "Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities" (hereinafter referred to as "the consultation paper").

In this letter we firstly include general comments and then respond to the individual questions raised in the attached appendix.

General comments

The IDW fully accepts that high quality international standards are essential for both the pre- and post-qualification education of professional accountants. We also support the work the Board has recently completed in revising its suite of International Education Standards (IESs). These revisions now need to be acted upon.

In this context, we note that the IAESB itself has confirmed its recognition that time is needed for IFAC member bodies to implement fully the (recently) revised IESs, before assessing whether the aims of the revised IESs are being achieved. We agree with this statement, and also that it should form the basis for the IAESB's intention to set its strategy and priorities for a period of five years instead of a

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
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shorter period, that might otherwise be appropriate. Furthermore, in view of the afore-mentioned need for a period of “digestion”, we do not believe that now is the appropriate point in time for the Board to be simply asking respondents to state their “feelings” as to the need for enhancements. We suggest instead the Board conduct a thorough implementation monitoring exercise to establish where those who have experience in applying its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others) have faced difficulties in complying with or understanding the standards. This would provide a solid foundation for the identification of the need, if any, for enhancements in specific areas in the longer future, and in particular to inform the Board more fully as to how it could best consider aligning IES 7 to its other standards. For these reasons, we do not support the development of any new standards or the revision of existing standards for the short or medium term.

We hope that our comments will be useful in taking this project forward, and would be happy to discuss any aspects of this letter.

Yours truly,

Daniela Kelm
Executive Director

Wolfgang Böhm
Director Assurance Standards,
International Affairs

APPENDIX 1:

Responses to Request for Specific Comments

Questions

1. *What enhancements, if any, do you feel should be made to the existing International Education Standards (IESs)?*

At the present time, we are not aware of any compelling need to enhance the existing IESs. Rather than asking this question specifically within its consultation on future strategy and priorities, we suggest the IAESB conduct a thorough implementation monitoring exercise to establish where those who have experience in applying its standards (i.e., IFAC member bodies responsible for professional education and CPD, and others) have faced difficulties in complying with or understanding the standards.

The results should then guide the Board in determining whether there is a need for additional clarification or changes to its current requirements in the longer term.

We note that the IAASB recently performed its own implementation monitoring of its suite of ISAs that were issued in 2008, which revealed issues the Board intends to address on a standard by standard basis. Such an exercise would be the most appropriate way to inform the Board as to its future work program in terms of the standards. We note that the IAASB commenced new standards setting initiatives based on this implementation monitoring in 2015 – that is, seven years after the issuance of the clarity ISAs. Given the fact that the educational pipeline after general schooling for professional accountants may be six years or often even more, it would be sensible to permit those implementing the standards some time before seeking to change the standards again.

On this basis, we would not support initiatives to develop new standards or revised existing standards at the present time.

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

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Professional accountants' inherently diverse needs for professional development inevitably evolve and change over their individual professional lifetimes. We believe this is likely to hold true in most if not all jurisdictions in which IFAC has members.

Consequently, we believe it would be impossible for the IAESB to define sets of learning outcomes for the myriad of roles accountants perform throughout the world. Indeed, it is the individual professional accountant, or perhaps his or her employing organization, which will generally be in a better position to determine the specific CPD needs of any particular individual.

However, in the medium term, there are likely to be some professional accountants in some jurisdictions who may benefit more from a more standardized approach e.g., whereby IFAC members stipulate the number of hours of CPD, or even the content of CPD for certain groups of professional accountants. IFAC members are in the best position to react to national developments, such as the introduction of new accounting standards in a particular sector and to decide which of their members require CDP in response. In our view, the recently issued IES 7 is sufficiently principles-based as to allow different IFAC members around the world flexibility in designing their respective regimes for CPD.

In our opinion, this flexibility is still needed in order for CPD to work as effectively as possible for all jurisdictions.

As noted above, before embarking on changes to individual standards the IAESB should conduct a thorough implementation monitoring exercise.

For these reasons, we would not support the establishment of a requirement for a learning-outcomes based approach or only an output approach to IES 7 at this time.

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

At this stage, we believe that the IAESB should limit its activities to implementation monitoring. We recognize that professional skepticism and professional judgment are areas that the other standard setters under the auspices of IFAC are currently looking to address in their respective standards.

If, despite our view that the IAESB should not undertake initiatives in this area at this time, the IAESB chooses to commence work in these areas, the IAESB should coordinate with other standard setters, because it is imperative that the

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IAESB ensures that its treatment of professional skepticism and professional judgment is aligned with the treatment of these matters by the IAASB.

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

We do not believe it would be appropriate for the IAESB to establish new IESs at this time, but refer to our response to Question 1.

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)?*

In our view, a thorough implementation monitoring exercise should be the main focus for the IAESB during the immediate future. Only once the results thereof have been obtained and analyzed should the IAESB add specific projects to enhance existing standards or develop new standards to its work plan. We refer to our response to Question 1.