Analysis of Respondents’ Comments on Exposure Draft

Table of Contents:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section I. General Statements of Support of Note</td>
<td>2</td>
</tr>
<tr>
<td>Section II. General Statements of Concern and Related Matters for Consideration</td>
<td>7</td>
</tr>
<tr>
<td>Section III. Responses to Specific Questions</td>
<td>18</td>
</tr>
<tr>
<td>Question 1:</td>
<td>18</td>
</tr>
<tr>
<td>Question 2:</td>
<td>77</td>
</tr>
<tr>
<td>Question 3:</td>
<td>93</td>
</tr>
<tr>
<td>Question 4:</td>
<td>106</td>
</tr>
<tr>
<td>Section IV. Comments on Other Matters</td>
<td>118</td>
</tr>
<tr>
<td>Section V. Respondents</td>
<td>120</td>
</tr>
</tbody>
</table>
I. General Statements of Support of Note

**Respondent’s Comment**

**Member Organizations**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAT</td>
<td>Yes we support this the inclusion of learning objectives related to ICT and professional skepticism</td>
</tr>
<tr>
<td>ACCA</td>
<td>ACCA is supportive of the proposed revisions to the International Education Standards outlined in the exposure draft. We are pleased to be able to contribute and ACCA’s answers to the four questions put forward in the exposure draft can be found in the enclosure.</td>
</tr>
<tr>
<td>AICPA</td>
<td>We appreciate the opportunity to comment on the Exposure Draft of the Proposed Revisions to International Education Standards (IESs) 2, 3, 4, and 8 – Information and Communication Technology and Professional Skepticism. We commend the International Accounting Education Standards Board (IAESB) for its ongoing efforts to enhance education which increases the competence of the global accountancy profession and strengthens public trust.</td>
</tr>
<tr>
<td>ANAN</td>
<td>The Association of National Accountants of Nigeria (ANAN) is in support of the proposed revisions to learning outcomes related to the areas of Information Communications &amp; Technologies (“ICT”) and Professional Skepticism provided in Appendices A, B, C and D in as much as the trend is towards ICT compliance using International acceptable standards, the proposed revisions is in tandem with the expected learning outcomes and as such we do not have any objection to the proposed revision.</td>
</tr>
<tr>
<td>CAANZ</td>
<td>As a professional body representing over 120,000 members, we are overall supportive of the proposed amendments to IES 2, 3, 4 and 8.</td>
</tr>
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</table>
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

**CAI**
In overall terms we commend the IAESB for the proposed revisions. This matter was considered by our Education Training and Lifelong Learning Board at its meeting in January 2019. As noted in your Exposure Draft there are significant changes taking place in the area of Information and Communications Technologies. Additionally recent global failures in the area of audit in particular highlight the need for stronger Professional Skepticism for all accountants.

**CPA Australia**
CPA Australia commends the IAESB on its work with the proposed revisions to IESs 2, 3, 4 and 8 to enhance these standards with greater emphasis on Information and Communications Technologies (ICT) and Professional Skepticism (PS). In respect to ICT, we support, in principle, the proposed revisions to the learning outcomes.

**CPA Ireland**
CPA Ireland is pleased to contribute to the on-going development of the International Education Standards.

**IAA**
We decisively support the IAESB initiative on this important issue, considering the educational issue as fundamental in the formation and exercise of the accounting and auditing professional.

**ICAEW**
ICAEW supports the establishment of high-quality standards in accountancy and recognizes that the profession is undergoing significant changes with the globalization of business and technology. Professional accountancy bodies and their members therefore must be able to meet these demands to remain relevant.

**ICAS**
Yes, ICAS supports the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT) and Professional Skepticism subject to the following clarifications on specific learning outcomes

**ICPAU**
We are supportive of the Board’s goal to update IES 8 and enhance requirements relating to professional skepticism and ICT.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

ISCA  We support IAESB’s continuous efforts to maintain the standards and professional training and education of professional accountants by making revisions to the learning outcomes.

JICPA  While we generally support the proposed revisions, we would also like to suggest a few changes.

KICPA  KICPA is a strong advocate of IAESB for your relentless efforts 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.

We believe the proposed revision is highly timely in that it is designed to identify and achieve competence expected in professional accountants, taking into account the recent macro trends.

We hope the revision as to ICT and professional skepticism would contribute to enabling both professional accountants and aspiring professional accountants to enhance their professional competence to demonstrate their relevance in the digital age and, going further, serving the public interest.

MIA  We thank the IAESB for its effort to revise and update the learning outcomes of the IESs in line with the changes of the accountancy environment.

NASBA  NASBA is supportive of the changes in learning outcomes regarding ICT and professional skepticism. We believe the learning outcomes regarding ICT and professional skepticism were well thought out, and the changes are both timely and necessary.

Public Accounting Firms
We support the revision of IESs 2, 3, 4 and 8 to include learning objectives related to information and communications technologies (ICT) and professional scepticism and thank the board for undertaking this important revision project.

Professional scepticism is a cornerstone of our profession, which we believe extends far beyond just auditors. We commend the board for ensuring that this important area will be integrated throughout initial professional development (IPD) and into the careers of all professional accountants. As we have noted in our previous comment letters to IFAC standard setting boards, including the IAESB, we remain committed to supporting changes that ensure all professional accountants have the requisite professional scepticism skills.

ICT has continued to impact the profession in a number of ways; change has continued to progress rapidly, impacting the skills requirements of professional accountants. As changes in ICT have continued to accelerate, more and more technology has become part of everyday life in the workplace. As a result, it is vital that professional accountants are competent, capable and able to adapt to new and emerging technologies in order to stay relevant.

Finally, given the inevitable connection between interrogation of data, and the need to apply professional scepticism in the origination, handling, formatting and communication of information, combined with the ever-increasing volume of data being used and generated by entities, we also appreciate the IAESB’s rationale for presenting both elements of change in this combined ED.

We appreciate this opportunity to comment on the Exposure Draft of the Proposed Revisions to IESs 2, 3, 4, and 8 - Information and Communications Technologies and Professional Skepticism. We fully support the International Accounting Education Standards Board (“the Board”) in its project to revisit and revise IESs 2, 3, 4 and 8 in respect of these important issues, and we commend the Board for the work done on the project to date, including the extensive research and consultation activities undertaken as part of the preparation of this draft.
Overall, we support the International Accounting Education Standards Boards (IAESB) continuing effort to improve its standards, including the proposed revisions of IES 2, 3, 4 and 8. We believe the revisions and additions to the learning outcomes in IES 2, 3, 4 and 8 enhance the extant IES in the areas of Information Communications & Technologies and professional skepticism.

We are supportive of the efforts by the IAESB to strengthen learning outcomes in the International Education Standards.

We understand the objective of the proposed revisions to IESs 2, 3, 4 and 8 is to improve the consistency, quality, and relevance of Initial Professional Development and Continuing Professional Development undertaken by aspiring and professional accountants, and to account for changes in the marketplace. We are broadly supportive of the proposed revisions.

We are generally in agreement with the changes being proposed and we applaud the IAESB for moving quickly to embed ICT and Professional Skepticism competencies in IES 2, 3, 4 and 8.

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Support and Reason</th>
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</table>
We strongly support this project to revise IESs 2, 3, 4, and 8 to better reflect both prevailing and emerging technologies and stakeholder expectations as well as anticipate future changes in technology and expectations. We believe the proposed revisions achieve this. Nevertheless, we do have some comments in response to the specific questions posed in the ED as set out below.

EFAA in believes that new technologies will have immense implications for small- and medium-sized practices (SMPs). We see the future success of the profession in general and in particular for SMPs lies in the ability to attract, retain and develop talent that can best leverage new technologies as well as lead multi-disciplinary teams. This necessitates a strong focus on professional skills, values, ethics, and attitudes.

I very much like the revisions you propose. I reviewed this document looking primarily for an over-focus on auditing and public practice, and an under-focus on the work of professional accountants in business. I found the document very balanced, and I was particularly pleased to see the change to the definition of Professional Judgement which had previously focused only on audit engagements. I found many other changes that make the standards more applicable to PAIBs and a forward looking accounting profession.

II. General Statements of Concern and Related Matters for Consideration

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<tr>
<th>Member Organizations</th>
<th>Respondent's Comment</th>
<th>Staff Comment (where necessary)</th>
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<tr>
<td>CPA Australia</td>
<td>We hold some reservations, however, in respect to the proposed revisions on professional skepticism.</td>
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<td>PS has, historically, been used primarily in the practice of audit and assurance. To implicitly expand</td>
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the use of this term beyond audit and assurance may lead to unintended consequences. In daily accounting practice that is non-audit related, it is appropriate that the learning outcomes relate to a questioning mind or a critical mind. Professional skepticism, however, connotes a level of distrust that, while appropriate and required in an audit context, may not be appropriate in a non-audit context. Specifically, accountants who are engaged in non-audit practice are expected to apply the fundamental principle of professional competence and due care, which enables appropriate exercise of professional judgment in all their dealings as a professional accountant and may not be well-positioned to apply the same level of professional skepticism as in an audit or assurance engagement in conducting their daily professional work. Whilst theoretically professional skepticism could be applied to all professional accountants, the level of skepticism that is practical in each role varies considerably and so would render the term unhelpful. We suggest that it is necessary to distinguish the questioning mind required by all professional accountants from the professional skepticism required of an audit or assurance practitioner, and to do so requires different terms. Professional skepticism arguably should also be distinguished from the complete distrust that a forensic accountant needs to apply. We suggest that the term “professional judgment” be used and that there be greater clarity distinguishing the circumstances where professional skepticism is appropriate and desirable.

IAA

The project’s outcome should be broadened to include capacity to be on the lookout for signs of emerging trends, and anticipate the future. It is Not an easy task, but must be included among the expected competencies of accounting professionals that are expected to be on the lookout for signs that herald some kind of disruption and forthcoming innovation. Several distinguished scholars have identified these disruptions: Joseph Schumpeter who coined the term creative destruction, while Harvard Business School professor Clayton Christensen, disruptive innovation.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

Learning Outcomes should also provide for inspiring the attitude in professionals accountants of being open to learning, unlearning, and relearning. To instill in professionals the quest for unending intellectual curiosity is just as important as requiring an attitude of skepticism.

ICAEW

ICAEW is particularly focused on ensuring that the profession continues to serve the public interest. We support global standards that facilitate the raising of standards for professional competence. Professional accountants must increasingly adapt and develop their competencies as new challenges emerge. However, we believe that the existing IESs should remain principles-based and in this regard we are concerned that enhanced guidance for implementation could lead to IESs as rule-based education standards. We also are concerned that these proposed changes to the IESs should not be introduced while the IAESB is currently undergoing changes in its structure and function.

IDW

We are not convinced that it is appropriate for the IAESB to issue an exposure draft to propose substantive changes to IESs 2, 3, 4, and 8 at this time for two main reasons.

First, we note that these IESs have recently been subjected to substantial change, including clarification, and were not effective until 2015 – in the case of IES 8 2016 – which means that many jurisdictions did not implement them until then or shortly thereafter. The length of the education pipeline (often three to four years at university plus a number of years of additional professional education) means that many of these changes will require several years to flow through the education programs. This implies that in many cases, the effect on certain syllabuses did not take place until 2017 or 2018. It is too early to tell whether changes are needed at this stage without having undertaken a survey on how the new IESs have been implemented in practice.

Second, we note that IFAC is currently considering a fundamental restructuring of the IAESB at this time that will include considering the nature and extent of its standards setting competence and the
continuing nature and authority of the IESs. The IAESB was aware of these considerations when it issued the exposure draft and we are also aware that some important CAG members questioned whether it is appropriate to issue new standards so close to such a fundamental restructuring of the IAESB and potentially to the authority of its standards. It also explains why the IAESB applied a shorter exposure period (three rather than four months) than would normally be the case. We also question whether, given the short time period of its current existence, the IAESB will be in a position to properly analyse and take into account the comments it receives on this draft prior to issuing the proposed standards in final form.

In our view, for these reasons the IAESB should not seek to change IESs 2, 3, 4, and 8 at this time.

We also note that the IAESB has not adequately liaised with IESBA and the IAASB on the appropriate use of professional skepticism and on the definition of professional judgment. We believe that in extending the exercise of professional skepticism to activities beyond those contemplated by IESBA and the IAASB, and by changing the meaning of professional judgment, the IAESB is exceeding its mandate to provide standards on education alone. We would be pleased to provide you with further information if you have any additional questions about our response and would be pleased to be able to discuss our views with you.

However, we are of the view that refinements could be made to the revised learning outcomes. Our comments on the Exposure Draft are set out in the attachment.

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Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

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Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019) - Final Version

and the IAASB, and by changing the meaning of professional judgment, the IAESB is exceeding its mandate to provide standards on education alone. We would be pleased to provide you with further information if you have any additional questions about our response and would be pleased to be able to discuss our views with you.

Public Accounting Firms

BDO  The exposure draft indicates that the new IESs are likely to become effective from January 1, 2021 which is likely to be 18 months after the IAESB itself has ceased to exist. For the IESs, including this set of revised IESs, to have legitimacy with IFAC Member Bodies, regulators, firms and other stakeholders, it is important that IFAC ensures appropriate measures are undertaken to provide appropriate custodianship and communication of the revised suite of IESs.

DTT  Future governance & maintenance of IESs following dissolution of the Board

We note that this Exposure Draft has been released at a time when it has been communicated that the existing Board is to be dissolved from mid-2019 onwards. We understand the necessity, in such circumstances, to move swiftly to complete key ongoing projects and we support the Board’s efforts to do this. However it is unclear to us how these revised IESs, together with the other IESs and supporting guidance developed by the Board, will be effectively governed and maintained in future in the absence of an independent standard setting board.

We are concerned that the IFAC Board chose to move forward with the dissolution of the Board before undertaking any formal process to consult stakeholders in professional accounting education especially, from an audit perspective, at a time when the manner in how audits will be performed and the skills required are under global discussion. The circumstances of dissolving a Standard Setting
Board are exceptional, and so there may be no obvious precedent or protocol to follow but, given the significant public interest considerations related to professional accounting education, we would expect IFAC to undertake appropriate public consultation ahead of making such a significant decision.

We continue to believe strongly in the importance and value of a robust set of standards to drive consistency and quality in professional accounting education globally. We are concerned that the dissolution of the Board will erode the authority and effectiveness of the standards, and over time they will evolve to become simply IFAC’s good practice guidelines. It will therefore be vital that the new model for professional accounting education that IFAC implements includes appropriate safeguards to ensure the authority of the standards, and continues to drive the sort of wide ranging input and consultation to the development of standards and supporting material that the existing Board has obtained in executing this project.

**Limited scope of changes**

We note that the Board has established the scope of this project to specifically address learning outcomes related to ICT and Professional Skepticism, and as such we have limited our comments and feedback to the specific areas impacted by those changes. However, in reviewing the revised standards, we note there are a number of opportunities beyond those specific areas of change where we believe the standards could be further improved.

One specific area we wish to highlight is that of project management. One of the overriding and fundamental skills for professional accountants working as auditors is project management, often identified as a key contributor to audit quality. Specifically, effective project management skills have been linked to an improved capacity to exercise professional skepticism. Having reviewed the learning outcomes across IESs 2, 3, 4 and 8, while there are a number learning outcomes across various
categories that touch on this topic, we do not believe that the fundamental elements relating to project management skills are adequately addressed.

Given our comments regarding the uncertainty of the future model for governance of the IESs, we believe that the Board could have been more ambitious in the scope of change it is proposing to the learning outcomes in these standards. Other key issues such as project management could have been included within the scope of this project. As a result, an opportunity has been missed, and it is not clear if or when any further revision will be undertaken.

**PWC Cover Letter:**

We are mindful that the IAASB has also undertaken, or plans to undertake, one or more projects to revise International Standards on Auditing (ISAs) that may involve deliberation of the same or similar topics. Consensus in key concepts and terminology across the international standards is important and in the best interest of the profession.

We recommend that the international standard setting boards work collaboratively to achieve alignment on key concepts and terminology. For example, the proposed IES revisions offer a definition of Information and Communications Technologies (ICT) at the same time that the IAASB’s proposed revisions to ISA 315 describe the use of information technology in an entity's system of internal control as the "information system and communication" component. While there may be good reasons for differences between these standards, there is a risk of confusion by those who have to implement the standards, which would be addressed if there was alignment of how standards define and contextualize such core concepts.
In this specific instance, it would be useful for the IAESB to collaborate with the IAASB during the Boards’ respective further drafting processes; as such while we acknowledge the importance of making these changes, we recommend that the IAESB considers deferring the IES revisions so that their finalization can coincide with finalization of ISA 315 (Revised).

Other IAASB standard setting projects are also likely to address information technology and professional skepticism (e.g., ISA 500, Audit Evidence). We also encourage both ongoing collaboration between the standard setting boards as those other projects progress and a willingness on the part of IAESB to view the definitions included in the proposed Exposure Draft as subject to further change as technology and auditing standards continue to evolve.

General Comments:
Alignment with other international standard setting Boards
As mentioned in the covering letter, we believe it is important and in the best interest of the profession that the international standard setting Boards work collaboratively to achieve alignment where projects involve deliberation of the same or similar topics and where standards define and contextualize common core concepts. There may be merit in deferring revision of the IESs to allow further time for collaboration ahead of the IAASB’s finalization of the revisions to ISA 315.

Importance of timely and current implementation guidance
To consistently effect the change that the IAESB is seeking through these proposals, timely implementation guidance that remains relevant to current practice will be important. As such, we recommend that the implementation guidance is made available at the same time as the revised IESs; and is revisited, as necessary in the future as incremental skills become relevant.
Replacement of Information Technology (“IT”) with Information and Communications Technologies (“ICT”)

We believe that in some learning outcomes, replacing “IT” with “ICT” has had the unintended consequence of broadening the scope of the learning outcome. For example: IES 2 paragraph 7, competence area (h) “Information and communications technologies”. In addition, learning outcome (h) (i) “Analyze the adequacy of processes and controls” replaces the extant learning outcome of “Analyze the adequacy of general information technology controls and relevant application controls”. We believe the scope of “processes and controls” is much broader than “general information technology controls and relevant application controls”. Therefore, we recommend the IAESB review each of the relevant learning outcomes to determine whether the proposed change from “IT” to “ICT” produces the intended result.

References to other standards

There are a number of references to standards promulgated by the IAASB and the IAESB that appear outdated or risk becoming outdated in the short term:

<table>
<thead>
<tr>
<th>References</th>
<th>Risk of becoming outdated</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td>ISA 220 and ISQC1</td>
<td>Will soon be replaced by ISQM 1 and ISQM 2 and ISA 220 (Revised).</td>
<td>We encourage the IAESB to consider the impact of these proposed standards and revisions on the proposed revisions to extant IES 8 (e.g. IES 8 paragraphs 3, A11 and A12).</td>
</tr>
</tbody>
</table>
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

| IES 7, Continuing Professional Development (2020) | IES 7, Continuing Professional Development (Revised) was published after the Exposure Draft was released. | IES 8, paragraph 2 refers to “IES 7, Continuing Professional Development (2020) paragraph 12”. We believe the appropriate reference is “IES 7, Continuing Professional Development (Revised) paragraph 9” and recommend the IAESB update the reference. |
| IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements – 2016-2017 Edition Volume 1 | There is a more recent version of the Handbook, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements – 2018 Edition Volume 1 | We recommend the IAESB update references in the IESs to the most recent version of this Handbook. |

Other Professional Organizations

PAIBC (White)

In regard to: 2017 Handbook of International Education Pronouncements - Glossary

“Professional competence—The ability to perform a role* to a defined standard.”
“Technical competence—Technical competence is defined as the ability to apply professional knowledge* to perform a role to a defined standard.”
Both terms refer to a “defined standard”. In the accounting profession the term “defined standard” is somewhat “loaded” because much of our profession is oriented toward accounting standards, and that was what I assumed when I initially read the definition. I would suggest changing the definitions to:

Professional competence—The ability to accomplish a role* to a defined standard of performance.

Technical competence—Technical competence is defined as the ability to apply professional knowledge* to accomplish a role to a defined standard of performance.

An alternative solution would be to add a definition of “defined standard” or just “standard” to the glossary.

These changes eliminate any confusion about the term “defined standard”. As I progressed in reviewing the entire document, the meaning of “defined standard” becomes very clear and I now know it has nothing to do with accounting standards...though it did take me a good while to get to the sections that provided that understanding. I strongly suggest clarification in the glossary.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

without having undertaken a survey of how the new standards have been implemented in practice. We, therefore, disagree with the IAESB making changes at this stage.

III. Responses to Specific Questions

Question 1. Do you support the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies ("ICT") and Professional Skepticism provided in Appendices A, B, C, and D? If not, what changes would you suggest?

Member Organizations

<table>
<thead>
<tr>
<th>AAT</th>
<th>Both</th>
<th>Yes we support this the inclusion of learning objectives related to ICT and professional skepticism, with the following comments on specific LOs:</th>
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<td></td>
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<td>• A number of the LOs begin with the verb ‘explain’. The use of ‘explain’ is commonly used at lower levels of a performance framework and can be interpreted in a number of ways. It is often used to imply how the LO will be assessed, by a discussion of principles or facts, rather than application. Where the LOs are intended to relate to how an Accountant should act then they should be phrased differently, e.g. ‘demonstrate an awareness of..’, ‘demonstrate an understanding of..’, etc.</td>
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<td>• In Appendix C, para 11 i) and ii) we would suggest that ‘explain’ is replaced, as per previous points to ‘Demonstrate an understanding of ethical behaviour, within the context of social responsibility’ and ‘Demonstrate an understanding of the importance of ethics in relation to business operations and good governance’. The use of business in the latter objective needs to be omitted or clarified by the addition of ‘operations’.</td>
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Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

ICT

- Appendix A para 7, i, ii), iv) - the use of ‘Explain’ and ‘Identify’ are problematic here in that they refer to very broad areas of content. Considering the rationale, these would be better phrased as: ii) ‘Advise on the business and organisational impact of ICT developments’; and iii) ‘Demonstrate an understanding of the impact of globalisation on multinationals and emerging markets’.

- Appendix A para 7, h, iii) - the wording suggests it is the role of the Accountant to look across all processes within a business. This would be better phrased as ‘Demonstrate an understanding of how ICT can be applied to increase the efficiency and effectiveness of financial processes.’

- Appendix A, para 7, k , iv) ‘Explain the processes that may be used to develop and implement the strategy of an organisation’. The rationale given for this change is to better reflect the expectations of professional accountants to contribute their ICT expertise in developing strategy. What is important is not the processes for developing the strategy per se but an understanding of the role of financial modelling within business planning and strategy development. Suggest changing to ‘Demonstrate an understanding of the important role of the accountant in business planning and strategy development’.
ACCA supports the proposed revisions to learning outcomes related to the areas of ICT and Professional Skepticism; this has been well researched, consulted and clearly implemented. ACCA believes that these changes are needed to reflect the modern professional accountant's roles and responsibilities with the ever increasing availability of data and the emergence of sophisticated tools with which to use the data to support decisions. However, with these new opportunities and freedoms, accountants must exercise a high degree of responsibility and accountability, including having a skeptical mind when analyzing such data and acting ethically when accessing, storing and using data, particularly personal data.

In some respects, the IESs are principles-based standards; however, the inclusion of learning objectives within the IESs is prescriptive. There are an infinite number of learning objectives applicable to the accounting and finance profession and the competencies needed within the profession continue to evolve more rapidly than ever due to factors such as globalization, increasing complexity of business transactions, and technology disruptions. There is not significant value in including, versus discussing at a high level, that it is the professional’s responsibility to ensure their professional development focuses on the knowledge and skills (which combined equal competency) most relevant to their current role and responsibilities. Similarly, it is professional associations and education sponsors’ responsibilities to ensure they provide applicable education and resources to support competency development within the profession.

Further, paragraphs 2 of each Scope section of these IESs discusses IFAC member bodies’ responsibilities for ensuring Initial Professional Development meets the requirements of IESs. Recognizing the size and sophistication of IFAC member bodies
differ, their ability to meet these educational needs will vary; however, where there is market demand, other educational providers will meet the demand.

However, if inclusion of learning objectives remains a goal of the IESs, there are non-technical skills critical to the profession that are currently omitted from the IESs including those the World Economic Forum, in its 2018 *Future of Jobs* report (p. 12) identifies as the top 10 skills for 2022 including:

- Active learning and learning strategies
- Creativity, originality, and initiative
- Technology design and programming
- Leadership and social influence
- Emotional intelligence
- Reasoning, problem solving, and ideation

**IES 2**

- IES 2 paragraph 7, Table A, (b) Management Accounting – We suggest the following in order to update the terminology relating to Management Accounting:
  - (b) (i) Apply techniques to support management decision making, including product and service costing, variance analysis, inventory management, budgeting and forecasting, and other techniques to deliver operational improvement and optimization.
  - (b) (ii) Apply appropriate quantitative techniques to analyze the causal reasons for cost behavior
- IES 2 paragraph 7, Table A, (i) – Consider further explanation of how different aspects of the environment interact with each other.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- **IES 2** paragraph 7, Table A, (i) (i) – We disagree with the removal of technical as a force or now what is referred to as an aspect. The term technical encompasses a broad range, including the technical standards and regulatory aspects the organization is subject to. These are critical to a professional’s work and should not be removed here.
- **IES 2** paragraph 7, Table A, (k) – Consider incorporating a reference to risk and its potential impact on strategy and management.

**IES 3**
- As a general point there should be more emphasis on how the professional works vertically and horizontally across the organization; i.e. With colleagues who are above and below them as well as partnering with colleagues across the organization.
- Within this IES there is limited mention of leadership (only in IES 3 paragraph 7, Table A, (d) organizational competence area); this could be highlighted more in both IES 3 paragraph 7, Table A, (b) (c) as it would complement personal developments and dealing with others.
- Also, within IES 3 paragraph 7, Table A, (b), could there be some reference to coaching and mentoring others in the organization?
- IES 3 paragraph 7, Table A, (b) (ii) – Collaboration could be expanded to include ‘partnering’ to reflect the internal and external relationships needed to achieve organizational goals.

**IES 4**
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- IES 4 paragraph 6, Table A (b) (vi) – We support the important reference to ethics and the use of data.
- IES 4 paragraph 11, Table A, (b) – Ethical principles are not currently defined in the IESs. Consider defining it in alignment with the IESBA Code, if included there.

ICT

Similarly, we have commented on the inclusion of learning objectives throughout this comment letter in the event they remain in the IESs despite our concern expressed previously.

- If learning objectives are to remain in the IESs, we would support the findings outlined in pages 6 & 7 of the document that, in particular, learning outcomes in relation to ICT need to be strengthened. These findings directly correlate with our own findings from our global research into the *Future of Finance*; namely that advances in technology and automation within finance and business are becoming more rapid and causing increasing disruption, leading to the need for finance professionals to have a better understanding of these topics.
- “Gathering” or “collecting” should be added to all sections addressing Privacy (GDPR).

IES 2

- IES 2 paragraph 7, Table A, (h) (iv) – The reference is mainly to ‘data analysis’ but this could be expanded to look to explain other technologies and how they can be used to turn data into information to give insight. There are multiple ways of using data and many skills needed to make use of the data…there are also implications for the finance function in relation to this.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- IES 2 paragraph 7, Table A, (h) (vi) – This statement requires clarification: “Use ICT to communicate with impact and influence others.” Is the intent to include a comma after “communicate with”?  
- IES 2 paragraph 7, Table A, (f) (iii) – ICT has not been previously spelled out and abbreviated and should be at first mention within each standard.

PS

IES 3

- IES 3 paragraph 7, Table A, (c) (vi) – We applaud the inclusion of recognition of organisation and personal bias specially to further the work around diversity and inclusion. We encourage additionally adding not just recognition, but efforts to eliminate biases from the organisation and decision-making processes.  
- IES 3 paragraph 7, Table A, (c) (vii) – We applaud the inclusion of reflecting on experiences to improve future actions as it conveys the message that it is okay to fail provided that professionals learn from those experiences.

IES 8

- IES 8 paragraph 9, Table A, (m) (ii) – Consider using “professional skepticism” in place of “questioning mind”.  
- IES 8 paragraph 9, Table A, (m) (ii) – Consider including not only “evaluate”, but “eliminate”.  
- IES 8 paragraph 9, Table A, (m) (iv) – Reads “Apply knowledge and experience to challenge management’s assertions and representations” yet later in IES 8 paragraph A30 it reads “Professional judgment is exercised, for example, when challenging management’s assertions and assumptions…” Consider revising IES 8
paragraph 9, Table A (m) (iv) to state “Apply professional judgment to challenge…” for alignment within the IESs.

ANAN Both The Association of National Accountants of Nigeria (ANAN) is in support of the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (“ICT”) and Professional Skepticism provided in Appendices A, B, C and D in as much as the trend is towards ICT compliance using International acceptable standards, the proposed revisions is in tandem with the expected learning outcomes and as such we do not have any objection to the proposed revision.

CAANZ Both While supportive of the proposed changes to IES8, we do have some concerns around the implementation period. Licensed auditors have been required to comply with the revised IES8 since 1 July 2016. At a practical level, the shift from an input professional development model to an output/outcomes model has been a challenge for some of our members to implement. While most of the changes seem to be around clarification or providing further detail, due to the implementation challenge ‘on the ground’. We would suggest a longer implementation period for IES 8, for example to 2023, to allow for a period of stability following the initial adoption of IES8.

ICT IES 2
f(iii) We question whether there is a need to explicitly state “apply ICT” to support’ the identification, reporting and management of risk in an organization? In a current business environment, use of ICT would be implicit.

CAI Both We support the proposed changes.
CPA Australia

IES 2, h(vii) Use current IT technologies when analysing data.

PS

IES 2, e(vi) Apply scepticism when assessing audit evidence for appropriateness and sufficiency.

CPA Ireland

Both CPA Ireland supports the general thrust of the proposed revisions and has some suggested modifications which follow later in this document.

ICT

• a(i) Replacing “assessing” with “appraising” is a stronger indication that this learning outcome is not only relevant to numerical data. Suggest, (i) Apply a questioning mind when appraising data and information.

PS

IES 3

• a(ii) Removal of “A” before the roman numeral. Suggest, (ii) Apply critical thinking skills to solve problems.

• c(ii) Remove the second “through”, it is superfluous. Suggest, (ii) Set high personal standards of performance and monitor personal performance, through feedback from others and reflection.

IES 8

• a(iv) Replacing “evaluate” with “Critically evaluate” conveys the importance of this learning outcome. “... any contrary audit evidence gathered…” is audit evidence. There is no need to repeat “audit evidence”. Suggest, (iv) Critically evaluate audit
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

**evidence to ensure its appropriateness and sufficiency to make informed decisions and reach conclusions.**

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**Hard skills such as these must be accompanied by soft skills such as unending intellectual curiosity, the capacity to live beyond the comfort zone, the desire to get involved in academic and professional research focused in these areas is essential.**

From experience in the field of education we can give testimony that **emerging professionals from schools need to hone their skills at decision-making and risk-taking.** Much show a questionable attitude of risk aversion that can seriously dampen the possibilities of success as a professional in times like these where change is the only constant, the accountant must be ready to face uncertainty and be able to work with it.

We also **suggest that the definition of professional skills include the ability to recognize areas of creative destruction,** as coined by Joseph Schumpeter, so that investment of efforts in emerging opportunities is a constant in the agenda of the professional. **Perhaps this can be described as the ability to be a visionary,** to be able to evolve with change and disruption.

Finally, we **suggest that the definition of professional skills, recognize the need for an interdisciplinary focus in education efforts.** Today the trend is for schools to promote an emphasis in interdisciplinary formation of the student. There is a blurring of boundaries between what in the past were clearly areas of competency. NO
doubt, the traditional fields of accounting still have relevance in today’s world. However, today success is defined by the ability to have a holistic view of the various fields that today are relevant to accountants.

**ICT**

*We recommend that in the identification of professional skills expected from professional accountants, the theme of artificial intelligence (AI) be included.* The rules of engagement in the business world are being driven by technology. Machine learning, a subdivision of AI will be an essential skill expected from accountants at all levels. The use of this machine learning to give data mining objectives and expected outcomes must not be left out of the draft. Post-secondary education must be advised to include in the curriculum for accountants, hands-on experience or workshops with themes such as data analytics, machine learning, among other emerging topics.

**ICA EW**

*Both*

Yes, but we are concerned that some (although not all) of the revisions proposed may be too prescriptive and may not be adoptable by all professional accountancy organizations (please see PAR 10 below). External factors such as changes in technology and market forces will vary significantly according to jurisdiction, institutional settings, and the size of the professional accountancy organization, and therefore developing a one size fits all global set of IESs or enhancing existing IESs in areas such as IT competence may not be attuned to the regional differences in which the profession operates.

**ICT**

Specifically for IES2, we believe that the new proposed ICT skills are not made clear. In particular the inclusion of the ICT competency area, as well as the addition of specific ICT related competencies added to some of the other competency areas, but not all,
may make it difficult to construct an ICT curriculum that meets all relevant learning outcomes.

We also highlight that we would be concerned with the removal of the existing learning outcomes to “analyze the adequacy of general information technology controls and relevant application controls” as this remains fundamental to audit work performed today and there are currently skills and knowledge gaps on these concepts.

IES 8

- h(i) How applicable will this be to the smaller firms that have principally local (UK) audits and that do not have overseas transactions, branches or personnel? Does this learning outcome refer to cultural differences between audit team members, or at the audit client or both?
- n(ii) It is not clear how this outcome can be evidenced or demonstrated by a new engagement partner/applicant.

PS

IES 8

- j(i) We assume that this is aimed at encouraging a culture of learning from mistakes to improve future audit quality. We suggest that the audit team not only ‘reflect’ on their experiences, but to also act on them.
- m(iii) It will be difficult for new engagement partners/applicants to demonstrate this outcome particularly those at the smaller firms.

ICAS

Both

Yes, ICAS supports the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT) and Professional Skepticism subject to the following clarifications on specific learning outcomes:
IES 2
- b(iii) suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

IES 3
- a(v), and b(ii) & (vii) these learning outcomes need a business context as are too general as currently drafted

ICT
- IES 2
- h i), ii) & iii) The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.
- h vi) This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement
- h ii) the rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain”

PS
- IES 3
- a) ii) It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.
- The five outcomes under Intellectual contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at intermediate)
and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.

- c) ii) Suggest replacing “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES4.

**IES 4**
- a) ii) Should this be “intellectual” curiosity and this learning outcome needs a business context.

**ICPAU Both**

We support the revised learning outcomes of IES 8 provided in Appendix D except as explained in general comments above.

**IES 8**
- a(i) We agree with the inclusion of this new learning outcome as it emphasizes the role of the engagement partner in the whole audit process.

We further suggest that, just like emphasis has been given to the other aspects of the audit process in the learning outcomes that follow, **planning and review are so critical to the audit process that they ought to have separate learning outcomes**.

We therefore propose that this learning outcome be disaggregated as follows;

- (i) “Lead the audit engagement through active involvement in the audit process.

- (ii) Develop an audit plan commensurate to the audit risks identified.”
Whereas we agree with all the learning outcomes enlisted in respect to this section b, we feel that a separate learning outcome intended to ensure that the engagement partner continuously updates their knowledge of applicable financial reporting framework and regulatory requirements is included.

We suggest addition of the following learning outcome; “Update their knowledge of applicable financial reporting framework and regulatory requirements.”

With inclusion of the above learning outcome we believe it would thrust responsibility on engagement partner to ensure lifelong learning premised under the ‘personal’ competence area.

• c(i) The proposed learning outcome of evaluating corporate governance structures …., may seem unattainable especially where those charged with governance have not been properly identified. As a way of enriching the current proposed learning outcome, we suggest to introduce before it a learning outcome regarding the identifying of those charged with governance, determining the best form of communication, and assessing the level of communication received from those charged with governance, for the proposed learning outcome to read as follows;

(c)(i) “Identify those charged with governance, determine the best form of communication with them and assess the nature and level of communication required”

This outcome we believe would form a formidable basis upon which evaluation of corporate governance structures and risk assessment would best be done.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- j We take note of the learning outcomes regarding the need for an engagement partner to demonstrate personal competence particularly evidenced by such learning outcomes like; promoting and undertaking lifelong learning, acting as a mentor or coach to the engagement team or acting as a role model to the engagement team. Our only concern with these outcomes is that the IES 8 is silent on how IFAC member bodies should control measure and evaluate such outcomes. Additional guidance within the explanatory notes should be provided on the development of these competences and their subsequent measurement and evaluation.

- j(i), we suggest that the phrase “professional and regulatory standards” be re-drafted to “professional standards and regulatory requirements” for the entire learning outcome to read as follows; Promote audit quality and compliance with professional standards and regulatory requirements with a focus on protecting the public interest

This is intended to provide clarity.
PS

• a(iv), a(v) and a(vi) We agree with the changes introduced though we suggest that the phrase “contrary audit evidence” is defined or explained elsewhere in the standard.

• We agree with the suggested changes for competency areas (d), (f), (g), (h), (i), (j), (k) and (m)

• We applaud the accentuation of the Professional skepticism and professional judgment attributes. We further note that in the competence area of audit, an engagement partner is expected to lead the audit engagement…., while under the organizational competence area the engagement partner is expected to evaluate whether the team has appropriate competence. Therefore, in relation to this section, we believe it is key that the engagement partner fosters professional skepticism and professional judgment mind-set and skill in their engagement team, hence an applicable learning outcome should be added and this should read as follows;

  “Foster an attitude of professional skepticism amongst the engagement team.”

• Whereas we agree with the changes made to the learning outcomes in this section, we suggest that an additional learning outcome requiring an engagement partner to promote and ensure the fundamental principles of integrity, professional behavior, and professional competence and due care, confidentiality and objectivity among the engagement team is included.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

(n)(iv) “Promote the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, amongst the engagement team.”

This is intended to emphasize the existing requirement within the International Standard on Quality Control (ISQC) 1 which requires policies and procedures designed to provide reasonable assurance that the firm and its personnel comply with relevant ethical requirements.

IDW Both

We agree with the proposed revisions to learning outcomes related to the areas of

Information Communications & Technologies (ICT). However, we do not support the changes to professional skepticism because they do not reflect the latest work done by the IAASB (three agenda papers on fundamental issues) and IESBA (project on role and mindset of professional accountants). In particular, the project at IESBA limits professional skepticism to assurance engagements and deals with role and mindset issues separately. The IAESB should not be issuing standards that are fundamentally at variance with those of the IAASB and IESBA.

IES 2

- b(iii) Suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

ICT IES 2
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- h(i), (ii), (iii) The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.
- h(iv) The rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain”
- h(vi) This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement.

IES 2

- e(vi) In line with the terminology used at the IAASB, auditors shall “conclude” (not “assess” the sufficiency and appropriateness of the audit evidence obtained) whether sufficient appropriate audit evidence has been obtained (see ISA 330.26 first sentence). The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same.

IES 3 and 4

We have a general comment on IES 3 and 4: Unless used in an audit or assurance context, the term “professional skepticism” should no longer be used to describe the role and mindset of professional accountants (see general response to Question 1 above). For this reason, no reference should be made to professional skepticism in the learning outcome on P 24 IES 4 paragraph 9 (and in (a) thereof) and to paragraph A1.

- a(v), b(ii), b(vii) These learning outcomes need a business context as are too general as currently drafted
- See comment on paragraph 9, 9(a), and A1 above.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- Paragraph A1: The definition of professional judgment is not in line with that of the IAASB and IESBA (see response to Question 3 below) and needs to be changed in line with our response to Question 3 below.

IES 3
- a(ii) It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.
- a(i), (ii), (iii), (iv) (v) The five outcomes under Intellectual at 7A contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at intermediate) and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.
- c(ii) Suggest replacing “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES4.

IES 4
- a(ii) Should this be “intellectual” curiosity and this learning outcome needs a business context.

IES 8
- m(ii) The words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence.
- m(iii) Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”.

See response to Question 3 below
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- m(iv) The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one as reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”.

IMCP ICT IES 2
We agree on the general, and propose the following specific changes

- f(vi) Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information. We consider that expand the scope to a more active role in the design and configuration of systems. In addition to requiring the ability to communicate effectively with ITC professionals to convey the information needs of the stakeholders.

- i(ii) Explain the impact of ICT developments on business and organizational environments. We believe that it should promote the digital transformation of the business and the environment of the organization, rather than explaining the impact of ICT.

PS IES 8

- a(iv) Evaluate audit evidence by considering its appropriateness, sufficiency and any negative audit evidence gathered to make informed decisions and reach conclusions. It seems repetitive “and any contrary audit evidence”, we consider it better to leave evidence in general.

ISCA Both
In general, we support the proposed revisions to learning outcomes related to the areas of Information and Communications Technologies (ICT) and Professional Skepticism in
view of the evolving accountancy landscape and to keep pace with the impact of digitalization on businesses.

IES 3

- b(ii) The new learning outcome seems synonymous to the existing learning outcome 7(b)(i) *Display cooperation and teamwork when working towards organisational goals* in IES 3.

  Consideration should be given as to whether the new learning outcome is necessary or if it could be incorporated into 7(b)(i).

IES 8

- It is noted from Appendix E that the Proficiency levels are not indicated in IES 8 and this should be the case as the minimum levels of proficiency are implicit in the descriptions of the learning outcomes (i.e. in the verbs used).

If proficiency levels are to be added for IES 8, a description of the levels of proficiency should be included. The ‘Advanced’ level of proficiency would be more appropriate at the Engagement Partner level.

- a(v) We disagree with the proposed change made to paragraph 9(a)(v) to remove the phrase “and documented”. Performance and documentation are separate and distinct. A piece of audit work may be performed but not necessarily documented on file. Hence, we are of the view that performance does not encompass
documentation. Moreover, as documentation is an important aspect of audit as evidence of work done, it should be separately highlighted.

There should be emphasis on risk as audit is generally risk-based and the auditor has to perform risk assessment as part of audit planning.

ICT

IES 2,

- h(vi) The learning outcome seems to refer to professional skills rather than technical competence. As such, it may be more suited to be included under ‘Interpersonal and communication’ professional skills in IES 3. Alternatively, it may be beneficial to include a corresponding learning outcome to reflect the use of ICT in communication within IES 3.

We would like to suggest incorporating the learning outcome into IES 3 instead:

IES 3 - 7(b)(vii) Present ideas, incorporating the use of ICT, and influence others to provide support and commitment

- k(iv) The learning outcome does not convey the intention for professional accountants to contribute their ICT expertise in developing the strategy of an organisation. If the emphasis is to leverage ICT to develop and implement strategy, the learning outcome should be phrased as such.

We would like to suggest the following change to the learning outcome:
(iv) Explain the processes that may be used to develop and implement the strategy of an organisation, including the use of ICT in the relevant processes.

IES 8

- h(i) We suggest refining the proposed change made to paragraph 9(h)(i) with the underlined wordings as follows: Evaluate the information technology (IT) ICT environment to identify risks and controls that relate to the financial statements to determine the impact on the overall audit strategy.

- The references The references in page 31 and 71 for ICT are not consistent, i.e. one says (f) whereas the other says (h).

We would like to suggest an additional learning outcome in view that there may be a need to involve an ICT specialist in the evaluation process with increasing complexity of ICT:

(ii) Identify and assess the need for consultation from ICT specialists / experts.

It is also important to assess the competence and reliability of the specialists’ work.

PS

IES 2,

- e(vi) Professional Scepticism is required to be exercised throughout the entire financial statements audit process and not only at the assessment of audit evidence.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

The rationale of the new learning outcome does not seem to commensurate with the actual learning outcome. If the emphasis is on Professional Scepticism, it would be more impactful if the term “Professional Scepticism” is incorporated into the learning outcome.

Suggested phrasing:
**Exercise professional scepticism in the audit of financial statements.**

IES 4
- a(iv) The revised learning outcome seems to overlap with the new learning outcome 7(a)(ii) **Apply critical thinking skills to solve problems** in IES 3 (Appendix B), where both are intended to reflect that critical thinking skills are an underlying competency of professional scepticism and used when identifying and solving problems.

Consideration should be given to remove the duplication unless it is intended to emphasise ‘Critical thinking’ in the two separate IESs.

IES 8
- a(i), a(iv), i(ii), j(iv), l(i) We are of the view that the proposed wordings are not sufficiently clear to convey that the changes relate to the concept of professional scepticism.

Since professional scepticism is a key concept and if the intention is to draw the reader’s attention to it, we propose to make it more explicit, for example, by incorporating the term “professional scepticism” in the wordings to drive the concept
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

across. Repeating the term in the different relevant paragraphs will also help in memory retention, enabling the reader to better remember it.

Example of suggested phrasing of the learning outcomes:
(i) Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team, exercising professional skepticism throughout the audit process.

JICPA Both
• There are two IES 3 Table A (b) (iii). We propose that the latter be made (iv) and that the following revisions are made. (iii) Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations. (iv) Demonstrate awareness of cultural and language differences in all communication. (v) Apply active listening and effective interviewing techniques. (vi) Apply negotiation skills to reach solutions and agreements. (vii) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities. (viii) Present ideas and influence others to provide support and commitment.

ICT IES 2
• Regarding IES 2 Table A (f) “Governance, risk management and internal control,” if “(iii) Apply ICT to support the identification, reporting and management of risk in an organization” is included here, we believe that examples of “Apply ICT . . .” should also be added to other competence areas such as (a) to (e).
With regard to IES 2 Table A (f) (vi), we believe that the learning outcomes to be achieved by aspiring professional accountants by the end of Initial Professional Development (IPD) are high for technical competence. We believe it would be appropriate to make this a foundation level or to change “assess” to something like “analyze” or “understand.” Also, the difference from IES 2 Table A (h) (i) is unclear.

For IES 2 Table A (h), the ICT competence required is intermediate (see Appendix 1 for a description of levels of proficiency). This can be read as requiring a similar level of competence with “(a) Financial accounting and reporting” and other competence areas, which gives the impression of being a high requirement.

With regard to IES 2 Table A (h) (vi), the definition is too vague. It is difficult to know how to measure achievement with what outcomes. The definition can be read as indicating the sort of IT literacy required of ordinary adults. We would like to see specific examples.

We propose that throughout IES 2 the abbreviation “ICT” be spelled out as “information and communications technologies (ICT)” on first occurrence (IES 2 Table A (h) (iii) in the Exposure Draft) and that the abbreviation be used in subsequent occurrences (Exposure Draft Appendix A #6, IES 2 A9).

PS

IES 3

We request a clear explanation of how to distinguish between “critical thinking” in IES 3 Table A (a) (ii) and “professional skepticism.”

Learning outcomes for problem solving are added with IES 3 Table A (a) (iv) “Recommend solutions to unstructured, multi-faceted problems.” In Appendix 1, however, learning outcomes for problem solving are recorded only for foundation and advanced levels and not for the intermediate level. We believe the addition of
intermediate learning outcomes for problem solving is meaningful. However, to better contrast the difference from foundation and advanced levels, we propose that learning outcomes for problem solving be added to the intermediate section of Appendix 1 rather than to Table A.

Although the verb “recommend” is not used in Appendix 1, we request that the appropriateness of using this verb here be reconsidered. While a description of “Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise” is recorded for the foundation level, we wonder if “Recommending solutions to superiors regarding complex problems that have been referred” is sufficient for the intermediate level. We propose that, even if highly complex problems are referred to superiors, solving problems of intermediate complexity be made a learning outcome at the intermediate level.

- With regard to IES 3 Table A (c) (vi) “Demonstrate an awareness of personal and organizational bias,” we propose that the reference to “organizational” be made in the “(d) Organizational” section rather than in the “(c) Personal” section.

IES 4
- With regard to IES 4 Table A (a) (iii) “Apply techniques to reduce bias,” we would like to see specific examples of techniques for reducing bias.

IES 8
- We propose that “inquiry” be deleted from IES 8 Table A (m) (v). We believe that audit procedures (methodology) should be entrusted to IAASB and that there is no need to refer to inquiry and critical thinking within IES. This may also be contrary to a principles-based approach.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

KICPA

ICT

- We suggest that new learning outcome (h) (vi) “Use ICT to communicate with impact and influence others.” in the IES 2 is more appropriate to be included in the IES 3 competence area of (b) Interpersonal and communication.

PS

- We suggest that new learning outcome (ii) in the IES 8 competence area of (i) interpersonal and communication be changed into “(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit through communication.”

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<th>Exposure Draft</th>
<th>Our suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit.</td>
<td>(ii) Evaluate the potential influence of cultural and language differences on the performance of the audit through communication.</td>
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</tbody>
</table>

ICAP

Both

IES 2

- a(vi) Disagree. The examples bring clarity instead of limiting the scope. More examples can be added. It also ensures that inclusion of such reports in the curriculum.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

The following words should be added in the end to improve clarity: "….using different techniques, such as, ratio analysis"

IES 3

• b(iii) The following learning outcome should be amended to: “Display cooperation, teamwork and team building skills when working towards organizational goals.”

ICT

IES 2

• IES 2, h(i) This would require same learning as given in (f)(iv) above. ICT as a separate topic will be redundant when all its components are very nicely embedded in other competence areas. ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.

• IES 2, h(ii), h(iii), h(iv), h(v) ICT as a standalone topic may be deleted, as it impairs the improvements proposed in other competence areas.

• IES 2, h(vi) This could be part of non-authoritative detailed of learning outcomes of (i)(ii) below.

PS

IES 2

• e(iv) It appears as over emphasizing skepticism. It has been properly covered in first learning outcome. This practice of picking up individual area because of any focused project is not based on principle, but is an attempt to doing it for the sake of doing.

IES 3

• a(ii) The critical thinking should not be just restricted to solve problems. The LO should be reworded as follows: “Apply critical thinking skills to gather and evaluate information in order to make professional judgment.”
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

MIA

Both

IES 2

- b(iii) we propose to enhance the technical competence outcome for management accounting as follows: (iii) “Analyse and identify reliable data to provide meaningful information to support management decision making.”

ICT

IES 2

- e(new) We propose to include the ICT element as follows:
  “Apply ICT to support the planning, execution and completion/reporting phases for an audit and assurance engagement.”

- f(iii) We propose to enhance the learning outcome as follows for item (iii): (iii) Apply ICT to support the identification, assessment, monitoring, reporting and management of risk in an organisation.

- f(vi) We propose to enhance the learning outcome as follows for item (iv): (vi) Assess the adequacy of systems, processes and controls for assessing, capturing, storing, transmitting, reporting and safeguarding data and information.

- We propose the following changes:
  o h(i) To change the outcome from “(i) Analyse the adequacy of processes and controls” to “(i) Assessing the adequacy of management’s internal controls in safeguarding the confidentiality, availability and integrity of data and systems”.
  o h(iii) To extend the learning outcome in item (iii) as follows “Apply ICT to increase the efficiency and effectiveness of processes and controls”.
  o h(v) To extend the learning outcome in item (v) as follows “Use ICT to identify, collect, clean, prepare and analyse data”.

- In Appendix A (Page 17, Paragraph A9), we support the change of wording from “Information Technology” to “Information and Communications Technology” in view of
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

the changes of technology which encompass wider scope of data connectivity and scope. This term was also mentioned in our MIA Digital Technology Blue Print.

PS

IES 4

a) In Appendix C (Page 24, Point 6 (a) (iii)), IAESB can consider rephrasing the sentence “Apply techniques to reduce bias” to “Apply techniques to exercise objectivity” since the ethical principle of “objectivity” has been mentioned throughout the Exposure Draft (e.g. page 58) for consistency and also to encompass a wider definition of the necessity to be objective thus minimizing or eliminating the tendency of biasness.

NASBA

Both

IES 3

A(iii) With respect to identifying when it is appropriate to consult with others to reach an informed conclusion, changing the word “specialist” to “others” is too general. The standard needs to communicate that it is important to consult with a specialist or someone who is knowledgeable about the relevant issue.

WPK

Both

We agree with the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT). However, we do not support the changes to professional skepticism because they do not reflect the latest work done by IAASB (three agenda papers on fundamental issues) and IESBA (project on role and mindset of professional accountants). In particular, the project at IESBA limits professional skepticism to assurance engagements and deals with role and mindset issues separately. The IAESB should not be issuing standards that are fundamentally at variance with those of the IAASB and IESBA.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- b(iii) Suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

**ICT IES 2**

- h(i), (ii), (iii) The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.
- h(iv) The rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain”
- h(vi) This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement.

**PS IES 2**

- e(vi) In line with the terminology used at the IAASB, auditors shall “conclude” (not “assess” the sufficiency and appropriateness of the audit evidence obtained) whether sufficient appropriate audit evidence has been obtained (see ISA 330.26 first sentence). The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same.

**IES 3 and 4**

We have a general comment on IES 3 and 4: Unless used in an audit or assurance context, the term “professional skepticism” should no longer be used to describe the role and mindset of professional accountants (see general response to Question 1 above). For this
reason, no reference should be made to professional skepticism in the learning outcome on P 24 IES 4 paragraph 9 (and in (a) thereof) and to paragraph A1.

- a(v), b(ii), b(vii) These learning outcomes need a business context as are too general as currently drafted
- See comment on paragraph 9, 9 (a), and A1 above.
- Paragraph A1: The definition of professional judgment is not in line with that of the IAASB and IESBA (see response to Question 3 below) and needs to be changed in line with our response to Question 3 below.

**IES 3**

- a(ii) It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.
- a(i), (ii), (iii), (iv) (v) The five outcomes under Intellectual at 7A contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at intermediate) and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.
- c(ii) Suggest replacing “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES4.

**IES 4**

- a(ii) Should this be “intellectual” curiosity and this learning outcome needs a business context.

**IES 8**

- m(ii) The words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

• m(iii) Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”.

• m(iv) The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one has reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”.

Public Accounting Firms

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| We generally support the proposed revisions and appreciate the work that the board has performed in order to integrate these new topics throughout the suite of International Education Standards (IESs), along with the changes that have been included in order to improve clarity. The promotion of the new learning outcomes in addition to revision of extant learning outcomes reflect the changing skillset required of today’s professional accountants. These proposed revisions also help to address the challenges posed by future application of professional scepticism and ICT.

The proposed revisions are also an important statement to address the increasingly complex environment that professional accountants operate in – generated in part by a more inter-connected business environment, globalisation and underpinned by more a
more complex set of accounting standards. Continuing to advance and progress the skills required of professional accounts will help develop future generations.

IES 2

- i(i) The ability to describe the environment in which an organisation operates is of limited benefit to an aspiring professional accountant, unlike the ability to describe the impact of the environment on the organisation.

As such, we recommend that the board changes this learning outcome to ‘Describe the impact of the environment on an organisation, including….’

IES 3

- b(ii) We note that this learning outcome does not seem to be related to either professional scepticism or ICT and therefore would be out of the scope of this revision project.

- h(vi) As noted above, we believe that learning outcome (h)(vi) should be included in this category (i.e., Interpersonal and communication) due to it clearly being a skill related to the ability of the aspiring professional accountant to work, interact with and influence effectively others as set out in paragraph A5(b) of this standard.

- Paragraph A5 should read:

  *Within this IES, professional skills are categorized into four competence areas:*
  
  *a) Intellectual relates to the ability of a professional accountant to solve problems, and to make decisions, and to exercise professional judgment;*

ICT

We also support the focus of the board on ‘skills’ which are not fixed to specific emerging technologies (i.e. blockchain, smart contracts) but which highlight the importance of having professional accountants who have the technological agility to be able to work in a period of change. We are living in a digital age when technology is advancing and innovating at an increasing rate. Many aspects of the traditional professional accountant’s
role have and will continue to change. Having a body of IES learning outcomes which emphasise the need for aspiring professional accountants not just to respond to change, but to be a willing ambassador for change, is increasingly important. In our view many of the changes highlighted in this ED assist in developing the ‘agile’ professional accountant of the future.

IES 2

- f(vi) On review of this competence, we felt it was unduly broad and as such was stepping into the realm of IT specialists – particularly through use of the word ‘assess’. Important data and information can be held in numerous locations, virtual and physical, and in relation to many different business areas. The aspiring professional accountant cannot be expected to have sufficient knowledge of all possible ICT systems, processes or controls, in order to be able to competently achieve this learning outcome. Some ICT systems can be incredibly complex which could make assessing professional competence of aspiring professional accountants for this particular learning outcome, onerous and unproductive.

A recent illustrative example is that of the Marriott/Starwood data breach, where sensitive information was held within their booking system/loyalty program. We do not believe that it is reasonable to expect accountants at the IPD stage to have sufficient knowledge of ICT to have been able to assess the systems, processes and controls around the programs and identify the weaknesses in this example.

Despite this reservation, we do agree that an accountant should have the expertise to be able look at information provided to them by experts and interpret their assessment.
Clearly in a simple ICT system within a less complex entity, there may be an opportunity for an aspiring professional accountant to make an initial assessment.

We therefore suggest that you limit the scope of this learning outcome to financial reporting and create a second learning outcome over the interpretation of experts’ assessment of other systems.

In addition to the above, we note that this area is extremely topical and a focus area for many organisations. However, it is really just one example of a risk area that organisations face. Singling out data and information governance and risk management appears to elevate this above other risks that exist and in need of a governance response (and consequential skill for aspiring and professional accountants). A governance model and risk framework should ideally incorporate all significant strategic and operational risks, including the risks and controls around data and information.

- h(i) While this learning outcome is positioned within the (h) competence area, we are not clear if this relates to all (or any) process and controls, or specifically those relating to just ICT. In addition, learning outcome appears to overlap with (f)(vi), above.

If this relates to ICT only, the wording provides challenges as accountants may not be sufficiently familiar with emerging technology being used to make such an assessment alone.
For example, if a company were to use an internal system based on blockchain technology to record all financial transactions, aspiring professional accountants are unlikely to possess the underlying knowledge to assess the adequacy of controls and processes – especially as entities (i.e. fintech companies who tend to be at the forefront of these developments), adopt emerging technology. This knowledge and skills gap will likely grow.

We recommend that the wording of this learning outcome is edited to allow for the possibility of utilising technology experts to assist with such an assessment and to allow for the rapidly changing environment:

‘Analyze processes and controls or interpret the reports of experts to determine their adequacy’.

This would also go some way to acknowledging that tomorrow’s professional accountant is likely to be working increasingly alongside ICT-experts, especially given the pace of change in the digital age.

• h(iii) We believe that this should also encompass controls as they may allow the move from a manual control to an automated control or a more efficient or effective automated control and so recommend the change ‘… of processes and controls’.
  Such a change would also enable the IESs to be more applicable to aspiring professional accountants operating in business (i.e. not just those joining the profession via accounting firms).

• h(vi) We support inclusion of this learning outcome, however we wonder whether it would be better placed in IES 3 - Initial Professional Development – Professional Skills, under the category of interpersonal and communication as it relates to an
aspiring professional accountant’s ability to communicate and not their technical skills.

Professional accountants come into contact (and likely generate), through use of ICT, increasing amounts of data and information. As a result, there is a danger of ‘data overload’ both in terms of working with the data but also the ability of an individual to communicate the value of ICT outputs to decision-makers or other colleagues within an entity. Professional accountants are sometimes criticised for lacking good communication skills, so having a learning outcomes in this area remains important; however our biggest concern relates to the positioning of it within the ED competence areas.

- i(iv) Similar to the above point, the ability to identify the features of globalisation can be somewhat vague and may create a learning outcome that is difficult to assess. It may be more useful to change this to ‘Identify the impacts of globalization, …on an organization’. The importance of being able to assess how these issues affect the way organisations plan, operate and make decisions is an important skill to develop.

IES 4

- b(vi) While we agree that the standards should include learning outcomes on this matter, it is one of the few items where we would expect that the aspiring professional accountant behave in the same way as a professional accountant from the outset. We also note that IES 8 – Professional Competence for Engagement Partners Responsible for Audits of Financial Statements includes ‘(n) Ethical principles, learning outcome (iii) Act ethically when accessing, storing, generating, using and sharing data and information of the entity’ and as such we believe that this learning outcome and (n)(iii) in IES 8, should be identical.
In our view the wording used in IES 8 would be preferable as it leaves no room for doubt regarding the requirements of the learning outcome. Although we appreciate that if the IES 8 wording is used within the IPD IESs, this could then remove the need to have an identical learning outcome in IES 8 given that this standard is intended to build on the IPD foundational IESs.

**IES 8**

- **h(i)** On review of this learning outcome, we feel that the inclusion of ‘communication technology’ within the defined ‘ICT’ term increases the scope of this requirement to become unreasonably large. This is likely due to the definition of ICT being unclear (as noted in our earlier response) and lacking clarity over what this term encompasses, as it is currently defined.

The board should clarify what falls under the definition of ICT, which would likely resolve our issue with this learning objective.

**PS**

**IES 3**

- **Paragraph A5** The board has proposed the removal of the phrase ‘and to exercise professional judgment’ within this paragraph, however we believe it is too simplistic to state that the professional judgment is no longer included in the intellectual competence area and only covered in IES 4 – Initial Professional Development - Professional Values, Ethics and Attitudes. It should read:

  “A5 **Within this IES, professional skills are categorized into four competence areas**: **b)** Intellectual relates to the ability of a professional accountant to solve problems, **and** to make decisions, **and to exercise professional judgment**;
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Agenda Item 2-5

Analysis of Comments (2019)- Final Version

Professional judgement informs our conclusions of when it is appropriate to decide to consult with others and recommend solutions to complex problems, both of which are still included within this competence area. Without the exercise of professional judgement, an aspiring or professional accountant is still able to solve a problem or make a decision, but that does not mean it would be a good decision or the most appropriate resolution to the issue at hand. The use of a thoughtful process underpinned by professional judgement is key to the decision-making process. As such we believe that this phrase should remain.

Additionally, we believe that the readability of this paragraph would be improved by the addition of the word ‘competence’ after each of the competence areas, for example, ‘Intellectual competence relates to…’.

Both

IES 2

- e(vi) As the section refers to ‘Audit & assurance’ and this learning outcome follows after the one learning outcome which addresses assurance engagements, we question if it was the Board’s intention to limit the learning outcome on assessment of evidence only to audit engagements?

IES 4

- Paragraph A30 For consistency purposes (based on other proposed revisions), we recommend that the reference to ‘and potential dilemmas’ is removed.

ICT

IES 2

- b(iii) To be consistent with changes elsewhere, this should refer to ‘data and information’. We suggest that it be reworded to: “Analyze data and information to provide support for management decision making.”
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- h(vi) We question whether “communicate with impact” will be well understood and recommend the Board review and provide clarification.
- Paragraph A9 Replace ‘information and communications technologies’ with the acronym ‘ICT’ to be consistent with all other proposed changes.

IES 2
- (a)(iv) has been added ‘Assess audit evidence for appropriateness and sufficiency. We do not believe this new learning outcome really captures the essence of the application of professional skepticism as referred to in the rationale for the proposed revisions – it is not particularly robust, and we recommend including the concept of ‘critically evaluating’ to strengthen the link to exercise of professional skepticism.

IES 3
- (a)(ii) has been added ‘Apply critical thinking skills to solve problems’. In the rationale for the proposed revisions, the Board states that the proposed change is to reflect that “critical thinking skills are an underlying competency of professional skepticism and are used in solving problems”. However based on the wording used, the proposed change seems to limit itself only to the ‘solving problems’ element. We recommend that the Board revisit the wording.

IES 4
- We are concerned that all the changes and additions to the learning outcomes on Professional Skepticism and Professional Judgement relate only to professional skepticism, with the unintended consequence that the importance and emphasis on professional judgement is reduced. We therefore recommend that that the learning outcomes in this category be reassessed, and specific additional outcomes relating to professional judgement are considered for inclusion.

IES 8
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- (a)(v) has been amended to remove reference to 'and documented' on the basis of redundancy. Given the continuing findings from inspections of audits and the overall focus on the importance of documentation, in our view there remains an important distinction between performing something and adequately documenting it, which should continue to be emphasized. We therefore recommend that the specific reference to 'and documented' be retained.

EYG ICT

IES 2

- f(vi) Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information – This learning outcome is very similar to IES 2 (h) (i), Analyze the adequacy of processes and controls, and feels more appropriate to the Information and communications technologies competence area than the Governance, risk management and internal control competence area. As a result, we suggest that the Board review both learning outcomes for similarity and determine the best combination to reside in the Information and communications technologies competence area in IES 2.

IES 8

- f(i), Evaluate the ICT environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy – This learning outcome only references controls. We believe that reference to risks and processes would also be appropriate in this learning outcome.

PS ICT

IES 3

- a(ii) Apply critical thinking skills to solve problems – This learning outcome is very limiting as critical thinking skills are also used to make judgements, make decisions, and make assessments, as well as to solve problems. As a result, we suggest that
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

the Board expand this learning outcome to recognize additional circumstances in which critical thinking can be applied.

- c(vi) Demonstrate an awareness of personal and organizational bias – We believe awareness of bias is an intellectual skill rather than a personal skill. Therefore, we believe the Board should reclassify IES 3 (c) (vi) from the personal competency area to the intellectual competency area.

IES 4

- a(iv) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action – This learning outcome is similar to IES 3 (a) (ii), Apply critical thinking skills to solve problems. Therefore, we believe the Board should challenge whether both learning outcomes are necessary.

IES 8

- m(iii) Evaluate the potential impact of bias on conclusions - Refers to bias, but is unclear as to whether it’s referencing bias of others, bias of the individual, or both. We suggest the learning outcome be revised to Evaluate the potential impact of individual and organizational bias on conclusions.

KPMG ICT

However, we have concerns with the proposed changes related to ICT and IES 2. We agree that Information Technology (“IT”) and ICT skills have evolved for the profession, however, we do not believe the proposed revisions provide the clarification as to how ICT has been elevated or incorporated into the standards. It is unclear, based on the concerns raised below, how ICT revisions will achieve the stated public interest objectives.

We support the aims of the IAESB and recognize the efforts made but consider that certain aspects may be further clarified in order to achieve the objectives. We set out
below our specific concerns regarding the proposed revisions to the IESs in respect of ICT learning outcomes, together with suggestions for further enhancements to clarify ICT integration:

**ICT Learning Outcomes are Hard to Find:**
IES 2 includes the ICT competency area AND other ICT-related competencies added to other competence areas. A case can be made that ICT supports all of the other competency areas. However, the Board has embedded ICT specific learning outcomes in some competence areas but not all. Our preference would be that the Board retain an IT or ICT competence area and locate all of the IT/ICT specific learning outcomes in that competence area.

**IES 2**
This also requires clarification as to how ICT has been fully integrated into the standard - it is unclear as to how the IAESB sees ICT impacting all of the competency areas in IES 2:
- Some may see ICT to be limited only to those competency areas with ICT specific learning outcomes.
- Spreading ICT outcomes throughout the competency areas while also having an ICT specific competency may make it difficult to construct an ICT curriculum using the IAESB learning outcomes – a reader may have to search across all of the competency areas to find all of the ICT related learning outcomes.
- Some revisions to existing learning outcomes, explained as being made for ICT, are not intuitively about ICT or because of ICT. When the IAESB rationale and track changes for these are removed from the final standard, not all readers will identify some ‘ICT modified’ learning outcomes as even relating to ICT (e.g., IES 2 a vi).
We therefore recommend that all newly proposed ICT learning outcomes in IES 2 be relocated to competency area h so that all ICT specific learning outcomes are found in the ICT competence area. Similarly, we recommend that the following learning outcomes in IES 2 should be moved to competency area h:

a. G iii and vi
b. G iii
c. I ii

d. A vi
e. B iii and iv
f. I i and iv
g. K iv (this is not specific to ICT – if there is an ICT skill related to this then it should be articulated as an ICT specific learning outcome in competency area h).

Unintended Issues
We recognize the Board’s rationale for the removal of the learning outcome “Analyze the adequacy of general information technology controls and relevant application controls” but we believe that this outcome remains vital. Accordingly, we recommend that the learning outcome should be relocated to competency area f with other internal control-related learning outcomes. We believe that it would be important to consider a
replacement learning outcome(s) dealing with GITC elements and the four application control types as they remain fundamental to work done today.

We also note that shifting focus from IT to ICT might have unintended consequences. IT and ICT are both widely understood as distinct but overlapping concepts. They are related with IT being the broader concept while ICT focuses mostly on the communications aspects of IT. We recommend that the competence area or glossary defined term should remain with both ICT and IT, as ICT is narrower than IT and the challenges that the standard aims to address apply across a wide IT spectrum which is broader than IT communications.

See recommendations related to revising the term and definition in response to Question 4. We recommend also that IES 2 (competency area h) be retained as IT and not changed to ICT.

PS

We are supportive of the proposed changes to IES 3, 4 and 8 in relation to professional skepticism. We believe that the clarifications are helpful in improving understanding of the learning outcomes and also align the standards to the recent changes made to the IESBA Code. In particular, the proposed professional skepticism additions in IES 8 are critical additions for this topic.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- why “collaboration skills” was not combined with those skills listed in extant IES 3 paragraph 7 (b) (i), as we believe the skills in 7(b) (i) are a subset of collaboration skills. We therefore recommend that the proposed new learning outcome is either removed or combined with the extant learning outcome. If the proposed new learning outcome is retained, we recommend development of supporting implementation guidance (refer to our response to Question 4 for additional details).

IES 4
- c(i) We believe the replacement of “role of ethics,” as used in the extant learning outcomes, with “importance of ethics” in the proposed revisions, narrows the expectation of an accountant. Simply understanding the importance does not capture the bigger picture as to why ethics matters to our profession. Therefore we recommend retaining the extant learning outcome.

ICT
- f(iii) We recommend including “processing” and “analyzing” in the learning outcome to align with the definition of ICT. We recommend the following wording for the learning outcome: “Assess the adequacy of systems, processes and controls for capturing, processing, transmitting, analyzing, reporting and safeguarding data and information.”

In addition, we believe that it would be helpful to provide implementation guidance to explain the difference in meaning of the terms “data” and “information” when they are used together and when they are not used together or, alternatively to consider using them together in all cases, if appropriate.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

For example “data” and “information” are used together in IES 2 paragraph 7 (f) (vi) whereas in other cases they are also used independent of one another such as in IES 2 Paragraph 7, (b) (iii) (“Analyze data to provide information to support management decision making”).

- h(i) We recommend the IAESB consider retaining the extant learning outcome given it differentiates between general IT controls and relevant application controls which we believe is an important distinction. Furthermore, we believe extant IES 2 paragraph 7 (h) (i) read together with the proposed new IES 2 paragraph 7 (f) (vi) “Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information” sufficiently encompasses the proposed revised learning outcome (IES 2 paragraph 7 (h) (i)).

- h(iv) We recommend the IAESB consider retaining the term “business analytics” because we believe business analytics remains a core competency for accountants to maintain. We recommend the following wording for the learning outcome: “Explain how ICT supports data analysis and decision making through business analytics”.

- h(ii) If the proposed learning outcome is intended to be specific to ICT, we would propose that the learning outcome include a reference to ICT. We also recommend that implementation guidance be developed to provide examples of how an accountant would develop skills to demonstrate this learning outcome.

- h(vi) The use of the word “influence” may not be consistent with the role of an independent auditor. We suggest “inform” may be a more appropriate term.

In addition, we believe IES 2 paragraph 7 (h) (vi) could be interpreted in many ways (e.g., using email to communicate with clients, using PowerPoint/Google slides for
presentations, using visualization software). We recommend the IAESB consider providing implementation guidance with examples of how an accountant would develop skills to demonstrate this learning outcome.

- i(ii) Given the expected pace of ICT developments, we recommend the IAESB consider making this an Advanced skill rather than an Intermediate skill or consider reducing the proficiency requirement by changing the verb from “Explain” to “Recognize”.

In addition, we recommend the IAESB consider providing implementation guidance with some examples of how an accountant would develop skills to demonstrate this learning outcome.

- n(i) We believe the reference to relevant legal requirements should be retained as we believe it is important to provide flexibility for differing national legal requirements.

We recommend the following wording for the learning outcome: “Act ethically and in accordance with relevant legal requirements when accessing, storing, generating, using and sharing data and information of the entity”.

PS

IES 2

- e(v) Evidence used in a conclusion may be appropriate and sufficient but it may omit or ignore other audit evidence. We recommend the following wording for the learning outcome: “Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions”. This ensures consistency with IES 8 paragraph 9 (a) (iv), (the corresponding learning outcome for engagement leaders).
IES 3

- a(ii) We believe the extant learning outcome should be retained because it better conveys the expectation that an accountant should apply professional judgment in the context of all relevant facts and circumstances.

We also believe critical thinking to solve problems is now sufficiently addressed in revised IES 3, through a combination of paragraph 7 (a) (i) “Evaluate data and information from a variety of sources and perspectives through research, integration and analysis” and paragraph 7 (a) (iv) “Recommend solutions to unstructured, multi-faceted problems”.

- c(vi) We recommend the IAESB consider whether these learning outcomes would be better placed in IES 4 (alongside other professional skepticism and professional judgment learning outcomes).

- c(vii) We believe the description in extant IES 3 paragraph 7 (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. If the proposed new learning outcome is retained, we recommend development of supporting implementation guidance (refer to our response to Question 4 for additional details).

IES 4

- a(ii) We recommend the IAESB consider expanding “curiosity” to “intellectual curiosity” as this term is commonly referred to in relation to professional skepticism and is likely to be better understood.

- Paragraph A2 We recommend that the IAESB consider retaining this explanatory material as we believe it provides valuable context for the appropriate interpretation
of IES 4. Specifically, we do not believe revised paragraph A1 captures the following important explanatory information:

“IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. References in the IAASB’s pronouncements regarding ‘professional skepticism’ and ‘professional judgment’ are therefore limited to the context of audit, assurance, and related service engagements. Within this IES, however, these terms are to be interpreted as applying to the broader context of a role as a professional accountant.”

IES 8

- a(i) We believe this may not fully address the objective noted in the Explanatory Memorandum to reflect the “importance of the engagement partner setting the tone at the top to ensure proper application of professional skepticism at all phases of the engagement.” Additionally, we suggest that the learning outcome include the concept of the engagement leader “supervising the engagement team”. We recommend the following wording for the learning outcome: “Lead the audit engagement through active involvement in planning, directing, supervising and reviewing the work of the engagement team and set the tone at the top to ensure proper application of professional skepticism at all phases of the engagement.”

- m(v) The use of “inquiry” and “critical thinking” in this learning outcome could inadvertently imply that inquiry and critical thinking is sufficient evidence for resolving audit issues. As such, we recommend adding “evidence” to the learning objective.

- We recommend the following wording for the learning outcome: “Resolve audit issues using inquiry, critical thinking and evidence to consider alternatives and analyze outcomes.”
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Both: In general terms, we support the reviews.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azua &amp; Brito (Comision de Educacion)</td>
<td>Given the foregoing, we believe that the following points should be reviewed, since they contain competencies that go beyond the scope of the Accountant:</td>
</tr>
<tr>
<td>ICT</td>
<td>However, we believe it is necessary to specify the participation of our professionals in the use of ICT.</td>
</tr>
<tr>
<td>ICT</td>
<td>In our opinion, they must know and apply ICT to process data and generate useful information for decision making. Therefore, we must be careful not to include competencies that are specific to professionals in the area of information technology.</td>
</tr>
<tr>
<td>IES 2</td>
<td>When it comes to testing the operation of systems, or deciding the use of certain software, our professional will normally participate in work teams made up of different professionals. As part of these teams, their participation will be focused on defining requirements and identifying risks, therefore, the competences should be oriented in this direction.</td>
</tr>
<tr>
<td>ICT</td>
<td>e(iii) The phrase is not understood. Does it mean that they must &quot;Apply ICT to generate reports?&quot;</td>
</tr>
</tbody>
</table>

• f(vi), g(iii), b(ii), b(iii) On these communication skills, it seems important to 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. This is very relevant for countries that do not have English as a native language and we think that the professional's ability at the basic, intermediate and advanced levels should be considered.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- h(iv) Word must go in infinitive "Explain.
- h(vi) Do not understand the scope, communicate with impact, what kind of impact?. What does it mean to influence others?

PS

IES 3
- c(vi) Is it meant that professional bias is a limitation to apply professional skepticism effectively? It is not clear.

IES 4
- b(iii) Start with infinitive. We believe that the wording could be revised. Proposal: Identify ethical threats and identify the ethical principles that should be applied.
- b(iv) The wording could be revised. Proposal: Analyze alternative courses of action, in the face of ethical threats, and the consequences of these actions.
- Paragraph A25 In letter c), should it read: "ethical dilemmas and ethical threats", or "ethical dilemmas and threats".

IES 8
- n(i) It's not understood. Should it say: (ii)"… appropriately resolve ethical threats.

Bowman & Lemon

Yes – the evidence from the research done for this Exposure Draft, the evidence from what is happening in the workplace of accounting firms, and the feedback heard from global public accounting regulators points to a clear need to update IESs 2, 3, 4 and 8 to
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

reflect the new competencies required at the Initial Professional Develop stage for new accountants.

Other Professional Organizations

<table>
<thead>
<tr>
<th>EFAA</th>
<th>Both</th>
<th>IES 2</th>
</tr>
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<tbody>
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</table>

- Paragraphs 6 and A7 Objective statement - we suggest replacing “establish” by “define” since a standard might not be able to establish the desired competence but should in any case define it. Accordingly we suggest the corresponding change in A7.

- a(vi) We suggest that “Financial Accounting and Reporting” in this context includes both financial and non-financial information. Consequently, we suggest removing “Financial“ and reword (vi) as “Interpret reports that include financial and / or non-financial information“.

- e(i), (ii), (iii), (iv), (v), (vi) (vii) Paragraph 7(e) (ii) – in many jurisdictions SMEs, the vast majority of entities, are not required to have an audit and instead opt for another form of assurance such as a limited assurance / review engagement. In addition, we see an increasing need for assurance services in the future. As a consequence, we see a clear need for learning outcomes for both audit and assurance services. We therefore propose to use 7(e) (i) – (iv) and (vi) to describe the learning outcomes for audits by renumbering (vi) to (v). Extant (v) would become (vi) and reword to “Describe the objectives and stages involved in performing an assurance engagement.“ A new (vii) would read “Apply relevant Assurance Standards and laws and regulations applicable to assurance engagements for financial and / or non-financial information“.

IESs 3 & 4
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- We note the IESBA project relating to the role and mindset of professional accountants. We strongly support the idea that the respective boards work closely together to ensure the revised Code and IESs are consistent.

Our comment above relating to the wording of the objective applies here also.

IES 4
Professional values, ethics, and attitudes are defined in A3 as being the professional behaviour and characteristics that identify professional accountants as members of a profession. In our opinion the values, ethics, and attitudes should reflect the desired behaviour and characteristics rather than the actual situation which might display significant deficiencies.

IES 8
In our opinion this standard should be scoped more widely than audit, targeted at partners responsible for assurance engagements or, wider still, professional service engagements. If this is within the remit of the project then we suggest the IES be titled ‘Professional Competence for Partners Responsible for Assurance Engagements’ or ‘Professional Competence for Partners Responsible for Professional Service Engagements’ and the IES include correspondingly more generic material to reflect this revised scope and, if necessary, more specific material for audit engagements.

PAIBC (White) Both In regard to:

Table A: Learning Outcomes for Technical Competence
Statement (b)(i): This description is very traditional “cost accounting” and very manufacturing oriented as a result of the examples you have included. PAIBs are also often known as management accountants, and the tight connection to “cost accounting” is very limiting. “Cost accounting” has been defined in PAIB Committee literature as the costing applicable to historical financial reporting (IGPG: Evaluating and Improving Costing in Organizations, Section 1.4 and Figure 1). 3 of your 4 examples pigeon hole this item into traditional cost accounting which is primarily limited to manufacturing. This is not very forward looking or broadening for the knowledge area; and therefore, not in alignment with the forward looking focus in the rest of the document. Additionally, budgeting is also mentioned in (b)(iv). I would suggest:
Apply techniques to support management decision making, including product and service profitability analysis, forecasting, and operational improvement and optimization.

If you feel you need an item on manufacturing historical cost accounting, I would strongly suggest putting it in the financial reporting section.

My replacement language makes the statement useful to accountants in all businesses, governments, and not for profits.

**Statement (b)(ii):** This phrase is vague and reflects a very financial and activity-based costing orientation. Costs don’t have independent behavior, costs reflect resources and operations or other conditions. Additionally, the term “driver” has many meanings. Costs are driven by many elements from the greater or lesser use of resources to the improving or falling economy. Costs reflect cause and effect relationships of the factors being analyzed. I suggest:

**Apply appropriate quantitative techniques to analyze the causal reasons for cost behavior.**

I recognize that the points, as currently written in your statement, reflect common current and historical practices and perspectives; however, those perspectives limit the future vision of what accountants can do and accomplish in an organization in the future. The points I suggest changing currently reflect a very limited “cost accounting” view of management accounting rather than a forward looking business partner view.
### Professional Accountancy Education Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Both</th>
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<tbody>
<tr>
<td>CAA &amp; TAS</td>
<td>Yes, we agree with the learning outcomes in the proposed revisions provided in Appendices A, B, C and D. However, the biggest challenge that we have tended to note is that teaching tends to be done in silos that is learning outcomes are packaged in compartmentalized subject areas and the approach taken in the revisions may further encourage this behavior. This is the case especially for ICT related learning outcomes as these have been separately identified without being linked to core learning outcome areas. For example, the ICT learning outcomes of applying ICT to increase efficiency and effectiveness could be linked to management accounting competence area, learning outcome applying techniques to support management decision making. Following this approach would allow for the clearly spelling out that ICT is an integral part/tool in achieving the learning outcomes as per IES 2,3,4 and 8. Another approach may be to include and emphasize in explanatory material that competencies in ICT should not be looked at in isolation but rather as an integral part of achieving learning outcomes in competence areas required by IES's.</td>
<td></td>
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</table>
| Common Content | As set out in the General Comments above, the Common Content Project does not support the revision of the IES requirements at this time. However, it is recognized that these revised requirements are likely to be implemented and we have therefore provided comments to improve the changes being proposed. | See section on General Statements of Concern and
On an overall basis, we can support the proposed revisions to learning outcomes related to the areas of Information Communications & Technologies (ICT). However, we do not support the changes to professional skepticism because they do not reflect the latest work done by the IAASB (three agenda papers on fundamental issues) and IESBA (project on role and mindset of professional accountants). In particular, the project at IESBA limits professional skepticism to assurance engagements and deals with role and mindset issues separately from professional skepticism. The IAESB should not be issuing standards that are fundamentally at variance with those of the IAASB and IESBA. Defining when professional skepticism applies is properly within the province of IESBA and the IAASB and is, therefore, beyond the mandate of the IAESB.

IES 2
- b(iii) Suggest retaining “relevant” rather than using “meaningful” as “relevant” is an accepted definition and term and appears to be more appropriate in the context of the learning outcome. In addition, to be consistent with A2, E2 “relevant” is used.

ICT
IES 2
- h(i), (ii), (iii) The proposed changes remove the context for these learning outcomes and are too open ended. To provide context, these learning outcomes need a reference to financial or business matters.
- h(iv) The rationale provided for this change overstates the proposed learning outcome. If the rationale provided is correct, the verb needs to be changed from “explain”
- h(vi) This learning outcome would be better positioned in IES3 than IES2 as it is a skill rather than a knowledge requirement.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

PS

**IES 2**

- **e(vi)** In line with the terminology used at the IAASB, auditors shall “conclude” (not “assess” the sufficiency and appropriateness of the audit evidence obtained) whether sufficient appropriate audit evidence has been obtained (see ISA 330.26 first sentence). The wording in this learning outcome should be aligned to the wording used by the IAASB to ensure that the work effort implications are the same.

**IES 3 and 4**

General comment on IES 3 and 4: Unless used in an audit or assurance context, the term “professional skepticism” should no longer be used to describe the role and mindset of professional accountants (see general response to Question 1 above). For this reason, no reference should be made to professional skepticism in the learning outcome on P 24 IES 4 paragraph 9 (and in (a) thereof) and to paragraph A1.

- **a(v), b(ii), b(vii)** These learning outcomes need a business context as are too general as currently drafted

- See comment on paragraph 9, 9 (a), and A1 above.
- Paragraph A1: The definition of professional judgment is not in line with that of the IAASB and IESBA (see response to Question 3 below) and needs to be changed in line with our response to Question 3 below.

**IES 3**

- **a(ii)** It is suggested that this learning outcome would be more meaningful if the following phrase was retained “to reach well-reasoned conclusions based on all relevant facts & circumstances”.

See Question 1

See IES 3 & 4 above

See response to Question 3 below
Agenda Item 2-5

Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- a(i), (ii), (iii), (iv) (v) The five outcomes under Intellectual at 7A contain the verbs “evaluate” and “recommend” (2 at Advanced level), “demonstrate” and “apply” (2 at intermediate) and one “identify” (at Foundation) – the balance of outcomes in this section is Advanced not Intermediate.
- c(ii) Suggest replacing “reflection” with “Reflective activity” as this is more active than reflection and ties into the language used in IES4.

IES 4

- a(ii) Should this be “intellectual” curiosity and this learning outcome needs a business context.

IES 8

- m(ii) The words “other relevant information” can be deleted, since all information obtained by the auditor is ultimately audit evidence.
- m(iii) Bias is an issue related to objectivity – not professional skepticism directly. Lack of objectivity can have an impact on professional skepticism. This is how both the IAASB and IESBA treat this issue. For these reasons, the wording of this learning outcome should be “evaluate the potential impact of bias on the ability to reach objective conclusions, and whether such bias represents an impediment to exercising professional skepticism”.
- m(iv) The IAASB uses the term “challenge” in relation to auditor actions very sparingly, because one challenges (a severe form of questioning) management only when one as reason to do so (see IAASB Agenda Paper on this issue). For this reason, the word “challenge” should be replaced with “question”.

May 2019
Question 2. Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?

<table>
<thead>
<tr>
<th>Member Organizations</th>
<th>Action</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAT</td>
<td>Both</td>
<td>No, these seem comprehensive.</td>
</tr>
<tr>
<td>ACCA</td>
<td>ICT</td>
<td>In addition to this, in IES 2 ACCA would welcome the addition of a section regarding the use of third party suppliers and the need to evaluate levels of data security. Initial Professional Development – Technical Competence. IES 2, (f), (vi) could potentially be updated to “Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information, including suppliers.”</td>
</tr>
<tr>
<td>PS</td>
<td></td>
<td>It was noted that there are a number of examples of how a candidate might develop skepticism. ACCA’s own research and that of a number of other professional bodies, has identified ‘engaging and hence learning from others, specifically peers’ as being a key, as such this could be included as another example.</td>
</tr>
<tr>
<td>AICPA</td>
<td>Both</td>
<td>• Application of ICT permeates a professional’s work. A successful professional uses ICT throughout his/her work, so we disagree with how it is being added to certain learning objectives versus others. ICT is specifically added in certain learning outcomes (e.g. IES 2 paragraph 7, Table A, (f) (iii)), but it is not just applicable to that one learning outcome. As just one example, consider IES 2 paragraph 7, Table A, (b), (iii) and (iv). When we typically discuss a broad concept like ICT, professional judgment, or professional skepticism we note expect the professional applies it throughout their work. This is the same for ethical considerations as well.</td>
</tr>
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</table>
All of these (ICT, professional judgment, professional skepticism, and information and communication technologies) permeate the professional’s work. By only noting it for some learning objectives, it seems to defeat the purpose of how pervasive it is and the expectation that professionals embrace and use ICT to their fullest ability and extent. One consideration is that it could just be addressed in IES 2 paragraph 7, Table A, (h) and indicate that those learning objectives are to be applied to all work the professional performs. (IES 2 in A9 even acknowledges this broad applicability itself.)

ICT

- It is not clear if information security (which includes cyber security) as well as privacy, is included (page 6) or if they are intended to be part of data management. We recommend clarifying.

ANAN Both
ANAN cannot identify any additional learning outcome relating to ICT and professional skepticism from aspiring and professional accountants that has not covered except that the type of the ICT may need to be indicated (i.e. the software packages expected on the financial reporting, internal control and management report)

ICT
ANAN cannot identify any additional learning outcome relating to ICT and professional skepticism from aspiring and professional accountants that has not covered except that the type of the ICT may need to be indicated (i.e. the software packages expected on the financial reporting, internal control and management report)

CAANZ Both
No, there are no further additional ICT and professional skepticism learning outcomes we would expect from aspiring and professional accountants.

CAI Both
We support the proposed learning outcomes and do not have any additions.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

CPA Australia

IES 2

- Appendix 1, Description of Levels of Proficiency, Intermediate
  Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty. **A degree of skepticism should apply at this level when dealing with audit issues.**

- Advanced
  Learning outcomes at the advanced level relate to work environments that are characterized by high levels of ambiguity, complexity, and uncertainty. **A degree of skepticism should apply at this level when dealing with audit issues.**

- Paragraph A3 Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes **and, in relation to audit issues, a degree of skepticism.**

- Paragraph A6 A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional skills include intellectual and organizational; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional values, ethics, and attitudes include ethical principles as well as, **in relation to audit issues,** professional scepticism and professional judgment.
Agenda Item 2-5

Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

- Paragraph A9 A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional values, ethics, and attitudes include ethical principles as well as professional scepticism in relation to audit issues and professional judgment; competence areas within technical competence include audit, financial accounting and reporting, taxation, and economics; and competence areas within professional skills include intellectual and organizational.

- Paragraph A17 In the design of professional accounting education programs, the three competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also the learning outcomes associated with one competence area (for example, ethical principles) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within professional scepticism and professional judgment) may extend across several different courses or subjects, none of which may be devoted solely to that competence area. Professional scepticism relates mainly to the area of audit. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A (for example, commitment to the public interest is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program).

<table>
<thead>
<tr>
<th>CPA Ireland</th>
<th>Both</th>
<th>There are none.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAA</td>
<td>PS</td>
<td>We find that this skepticism has always been an inherent characteristic expected of accountants. This adds nothing new, only the possibility of awareness which perhaps</td>
</tr>
</tbody>
</table>
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

has suffered through the years of a diminished role in auditing. Cases like ENRON exemplify the attitude. After all, the auditing function can only be successful if it is accompanied by the same attitude that has characterized detective Sherlock Holmes. This is the pure and truthful skepticism that must encompass any audit job performed by an accountant.

ICAew Both

No, however we suggest that ethical considerations should be given more prominence. Particularly in the case of a firm not being independent. The lack of independence could have a significant impact.

PS

Within IES8 we would also like to see more clarity on the expectation for partners to coach engagement team members. We also consider in relation to IES8 that “promote lifelong learning” could be split into 3 constituent parts being “commitment to lifelong learning”, “demonstrate personal commitment to lifelong learning” and “support the lifelong learning of others”.

ICAS Both

We are pleased to see the introduction of learning outcomes in the areas of Data and bias, however, we note the absence of broad learning outcomes on quantitative skills. It is recognized that the scope of work undertaken was on ICT and Professional Skepticism, however, the research undertaken by ICAS in this area suggests the ability to understand the data output and its limitations requires an intermediate level of quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.
Given the fast-moving nature of technological changes, we would have expected to see a learning outcome within IES3 which emphasized the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

**ICT**

We appreciate the clarity of using ICT as a broad definition within the revised IESs but might have expected to see the mention of digital, cyber, AI and other digital and technology changes in the new information age. The proposed definition appears to have a heavy focus on data.

**Information and Communications Technologies (ICT)**

We propose adding a new learning outcome that requires the engagement partner to develop and maintain competences that enable the engagement team to apply ICT in the audit engagements for quality improvements and efficiency.

The proposed learning outcome would thus read as follows;

*Develop and maintain competences that enable the engagement team to apply ICT in the audit engagements.*

**Professional Skepticism**

We propose addition of **demonstration of intellectual agility** as a learning outcome within IES 8, to reflect the expectation that engagement partners need to re-evaluate conclusions in response to new or existing facts and identify new or alternative ways of working and, adapt quickly to changing circumstances.

The proposed learning outcome would read as follows;
Analysis of Comments (2019) - Final Version

(i) “Demonstrate intellectual agility in evaluating conclusions made and in adapting quickly to changing circumstances.”

IDW Both

We are pleased to see the introduction of learning outcomes in the areas of data and bias, but we note the absence of broad learning outcomes on quantitative skills. We recognize that the scope of work undertaken was on ICT and Professional Skepticism, but we believe that the ability to understand the data output and its limitations requires a high level of quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.

ICT

We appreciate the clarity of using ICT as a broad definition within the revised IESs but might have expected to see the mention of digital, cyber, AI and other digital and technology changes in the new information age. The proposed definition appears to have a heavy focus on data.

Given the fast-moving nature of technological changes, we would have expected to see a learning outcome within IES3 which emphasized the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

IMCP ICT

IES 2

(h) (iii) Apply ICT to increase the efficiency and effectiveness of processes. It is recommended to include the use of artificial intelligence in the financial information processes
In June 2018, ISCA launched a publication, titled “Cybersecurity Risk Considerations in a Financial Statements Audit”, that provides guidance on cybersecurity risk considerations in a financial statements audit, with contributions from PwC. Cybersecurity risk can affect different areas of a business, financial-related as well as non-financial related. For financial statements audit, the auditor needs to consider those risks that could impact the financial statements and an entity's assets. Other than identifying controls that relate to the financial statements, the audit team should still maintain their professional skepticism when carrying out their audit as these cyber incidents may result in unauthorized material changes or misstatements to financial records.

We suggest the following:

1. Cybersecurity risk/ ICT risk should be considered in the performance of the audit of financial statements. This could be incorporated in IES 2, Paragraph 7, Table A (e)(iii) – Audit and Assurance (Intermediate).
2. Additional explanatory paragraphs in IES 8 to further elaborate and clarify the role of Engagement Partners in the evaluation of the ICT environment.

Additionally, the ICT systems and/or data that are relevant to an audit are usually a subset of the aggregate ICT systems and data used by an entity to support its overall business operations and may be separately managed or controlled. The auditor’s responsibilities do not encompass a comprehensive evaluation of the risks and controls across the entity’s entire ICT environment. It is therefore recommended for IAESB to clarify its mention of ICT environment under IES 8, Paragraph 9, Table A: Learning Outcomes for the Professional Competence of an Engagement Partner. ASE
For more details on the ISCA publication, please click [here](#).

| JICPA | ICT | • While one of the objectives of ICT is to make more efficient and improve the work of accountants (such as audits), since situations can be imagined where it will be specialists (such as system engineers) who will use ICT, we propose that the following three learning outcomes be added to IES 2.  
• Able to propose ways of using ICT  
• Understand the risks of using ICT  
• Able to discuss the potential of using various technologies in business |
| KICPA | Both | We have no comments. |
| MIA | Both | There are no additional comments aside from those mentioned in Question 1 as above. See response of Question 1 of this section |
| NASBA | PS | Yes. All the learning outcomes related to professional skepticism focus on applying a questioning mindset and making appropriate judgments. It is also important for the professional accountant to create supporting documentation and provide an informative record of the work performed, conclusions reached, and the basis for those conclusions. |
| WPK | Both | We are pleased to see the introduction of learning outcomes in the areas of data and bias, but we note the absence of broad learning outcomes on quantitative skills. We recognize that the scope of work undertaken was on ICT and Professional Skepticism, but we believe that the ability to understand the data output and its limitations requires a high level of |
quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.

**ICT**

We appreciate the clarity of using ICT as a broad definition within the revised IESs but might have expected to see the mention of digital, cyber, AI and other digital and technology changes in the new information age. The proposed definition appears to have a heavy focus on data.

Given the fast-moving nature of technological changes, we would have expected to see a learning outcome within IES3 which emphasized the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

**Public Accounting Firms**

<table>
<thead>
<tr>
<th>BDO</th>
<th>Both</th>
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<tr>
<td>In relation to the competence (f) Governance, risk management and internal control we note that the learning outcome (iv) Analyse an organization’s risks and opportunities using a risk management framework has been relocated. Connected to this learning outcome, we note that a risk management framework is ordinarily a ‘living’ document that is reviewed to ensure new and emerging risks and opportunities are identified in a timely manner to enable development of an appropriate response. As such, the identification of risks and opportunities is an important skill and is fundamental to the ability to analyse the risks and opportunities.</td>
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May 2019
While we recognise that this learning outcome is not new or revised, other than the lettering change, as a result of the review undertaken by the board, we believe that consideration should be given to adding an additional learning outcome to identify an organisation's risks and opportunities in addition to the existing learning outcome which references the ability to 'analyse'.

**ICT**

In the context of aspiring and professional accountants who perform a role in audit, there does not appear to be reference to the increasingly important requirement to be able to:

- Use ICT to assist in assessing risk, performing audit procedures and concluding on the sufficiency and appropriateness of audit evidence; or
- Develop audit procedures that are responsive to the ICT environment in which an entity operates.

These skills are specific to the audit and assurance competence and we note that other competences where specific ICT learning outcomes apply, such as *(f) Governance, risk management and internal control*, have ICT-related learning outcomes, such as *(iii) Apply ICT to support the identification, reporting and management of risk in an organisation.* As such, we believe the board should review this competence area and ensure that ICT related learning outcomes are included in the update.

In addition to the above, we have also proposed the relocation of one of the learning outcomes as described in our response to question 1 (refer to the appendix).

**PS**

In regard to IES 8, we note that in Table A: Learning Outcomes for the Professional Competence of an Engagement Partner, *(m) Professional scepticism and professional
judgment (or anywhere within Table A), there is no reference to intellectual agility, which we found surprising. Based on the role of the engagement partner, in forming their opinion on an audit engagement, they should be applying intellectual agility in order to consider all the evidence that has been collected and assess whether the financial statements present fairly, in all material respects, in accordance with the applicable financial reporting framework. This includes considering more detailed evidence and also stepping back to look at the overall conclusions. We believe that additional learning outcomes are required in this regard.

**DTT**

**IES 2**

In IES 2, the current section (j) Economics does not include any proposed changes to reflect the impact of ICT. Specifically, we recommend that the current learning outcome (j)(ii) ‘Describe the effect of macro-economic indicators on economic activity’ is reassessed to consider whether the reference to ICT should be included.

**PS**

**IES 4**

In IES 4 we are concerned that all the changes and additions to the learning outcomes on *Professional Skepticism and Professional Judgement* relate only to professional skepticism, with the unintended consequence that the importance and emphasis on professional judgement is reduced. We therefore recommend that that the learning outcomes in this category be reassessed, and specific additional outcomes relating to professional judgement are considered for inclusion.

**EYG**

**Both**

No, there are no additional learning outcomes that we would expect from aspiring and professional accountants related to ICT or professional skepticism.
Please refer also to our response to Question 1 above.

We have other recommendations on learning outcomes within the exposure draft:

- **IES 3** We believe that building public trust is critical and that IES 3 should incorporate public trust as a learning outcome to competency area C – Personal (i.e., it is a personal responsibility to demonstrate commitment to lifelong learning and it is also a personal responsibility to demonstrate commitment to protecting public trust in the profession).

- **IES 8** We recommend that the IAESB introduce greater clarity in the expectation for partners to coach engagement team members.

- **IES 8** We recommend that ‘promote lifelong learning’ be split into three points – ‘commitment to lifelong learning’, ‘demonstrate personal commitment to lifelong learning’ and ‘support the lifelong learning of others’.

- We also recommend that the IAESB consider inclusion of a learning outcome such as ‘Escalate unethical behavior appropriately’.

**ICT**

We believe the IAESB has the opportunity to continue to help shape the future skill sets of the profession needed for IT. To help achieve this objective, we recommend that the IAESB further clarify, in IES 2, if there is an assumption that basic working knowledge of fundamental IT concepts is prerequisite knowledge to accomplish what appear to be higher level outcomes for the proposed ‘ICT’ competency area.

We believe that it would be helpful for the existing competency area for IT to be expanded to outline specific IT-related learning outcomes that future accountants will need. The proposed changes to learning outcomes in these IESs are not likely to impact the practicing profession in the near future after the effective date of the
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

standard. In addition to relocating newly proposed IT-related learning outcomes to just the IT competency area, we believe clarification on the following learning outcomes would be helpful:

1. Knowledge/exposure to basic IT coding and app development
2. Knowledge/exposure to distributed ledger concepts
3. Knowledge/exposure to GITC elements and application control types

To advance the IAESB’s overall objective of improving the consistency, quality, and relevance of Initial Professional Development and Continuing Professional Development we believe that the following additional learning outcomes should be considered as part of the revisions to IESs 2 and 3. We do not believe these learning outcomes are captured by either the extant learning outcomes or the proposed revisions:

1. IES 2 (e) Audit & Assurance. “Understand the impact of ICT on the audit strategy, plan, and execution.”
2. IES 2 (e) Audit & Assurance. “Understand documentation requirements as it relates to the use of ICT by management and/or an auditor.”
3. IES 3 (a) Intellectual. “Demonstrate data literacy”. We note that implementation guidance will be fundamental to the consistent implementation of this learning outcome, if adopted.

Individuals
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

Azua & Brito Both (Comision de Educacion) Bowman & ICT Lemon

We believe they are well addressed.

IES 2

- h(i, ii, iii, iv, vi, vii) There are six new learning outcomes – (i) Analyze the adequacy of processes and controls; (ii) Recommend improvements to P and C; (iii) Apply ICT to increase the efficiency and effectiveness of processes; (iv) Explain how ICT supports data analysis and decision making; (v) Use ICT to analyze data and information; and (vi) Use ICT to communicate with impact and influence others.

First, we suggest a more logical ordering of the learning outcomes as follows:

i. Explain how ICT supports data analysis and decision making;
ii. **Apply ICT to increase the efficiency and effectiveness of processes and controls**;
iii. Recommend improvements to processes and controls;
iv. Analyze the adequacy of processes and controls;
v. Use ICT to analyze data and information; and
vi. Use ICT to communicate with impact and influence others.

We suggest that (ii) be amended as indicated. The new (ii) seems like a stretch competency for the aspiring accountant at the IPD level of learning. Acknowledging that the level of learning is set at the Intermediate
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

level, the majority of information system processes are likely to be at a sophisticated enough level that it would be unreasonable to expect the aspiring accountant to increase their efficiency. This comment may well also apply to the new (iii) above.

PS

IES 3

• c(vi) We agree that learning about one’s personal and organizational biases is an important step to being more proficient at applying professional skepticism. Research certainly supports the importance of leading individuals to learn how to recognize and be aware of their organizational information biases. Devising tests to measure such biases may not be a worthwhile use of resources. The education for such biases is more important than attempting to measure them.

IES 4

• a(ii), a(iii) These are covered by (i) Apply a questioning mind when assessing data and information. Consider changing (i) to Apply 'Use a questioning mind free of innate biases\(^2\) when assessing data and information'. If the questioning and unbiased assessment of information is carried out, the learning outcome ‘Demonstrate curiosity by exploring beyond what is immediately apparent’ is not necessary.

Footnote 2 Research by psychologists and behavioral economists has clearly demonstrated we are not rational; in fact we are naturally irrational. Deeply embedded biases affect every decision we make, there are conscious factors, learned from experience, subconscious cognitive biases and affective factors including our feelings and emotions at the time the decision is made. The challenge is to accept people as they are and then work rationally within our innate biases; this needs a rational approach to an irrational problem!
"Everything we hear is opinion, not fact; everything we see is perspective, not the truth."
Derived from: Marcus Aurelius.

### Other Professional Organizations

| EFAA   | Both | No, we do not presently expect any additional learning outcomes. |

### Professional Accountancy Education Organizations

<table>
<thead>
<tr>
<th>CAA &amp; TAS</th>
<th>Both</th>
<th>Specifically, with respect to IES 2, 3, 4 and 8 We have not identified an additional learning outcome on ICT and professional skepticism.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Content</td>
<td>Both</td>
<td>We are supportive of the introduction of learning outcomes in the areas of Data and bias, however, we note the absence of broad learning outcomes on quantitative skills. It is recognized that the scope of work undertaken was on ICT and Professional Skepticism, however, the research undertaken in this area suggests the ability to understand the data output and its limitations requires an intermediate level of quantitative skills. We would have expected to see the inclusion of learning outcomes in the areas of quantitative skills.</td>
</tr>
<tr>
<td>ICT</td>
<td></td>
<td>We appreciate the clarity of using ICT as a broad definition within the revised IESs but might have expected to see the mention of digital, cyber, AI and other digital and technology changes in the new information age. The proposed definition appears to have a heavy focus on data.</td>
</tr>
</tbody>
</table>
Given the fast-moving nature of technological changes, we would have expected to see a learning outcome within IES3 which emphasized the need to continue to develop knowledge & skills around digital technology and to address any knowledge or skills gaps identified. This would also provide a link into IES7.

**Question 3.** Do you support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment added to the IAESB Glossary of Terms? If not, what changes would you suggest?

### Member Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>ICT</th>
<th>Yes we support these.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAT</td>
<td>Both</td>
<td></td>
</tr>
<tr>
<td>ACCA</td>
<td>ICT</td>
<td></td>
</tr>
</tbody>
</table>

**Information and Communications Technologies**

ACCA supports the addition of Information and Communications Technologies to the IAESB Glossary of Terms. In addition to the verbs “capture, manage, transform, and communicate”, ACCA proposes “analyse and evaluate” also be included.

**Intellectual Agility**

ACCA queries the addition of intellectual agility, as it is felt that this is not specific to ICT or skepticism. ACCA feel that, like the general intelligence quotient, intellectual agility, is too broad a capability to add much value. IAESB may wish to consider using the term Innovation, adaptability and open-mindedness, which are the more precise professional
skills which make the most capital from new ICT opportunities and recognise both the opportunities and threats that such new technologies bring.

If it is to be added then ACCA proposes that it includes something about the way thoughts are developed so with breadth, and in a manner best suited for the situation the individual is in.

PS **Professional Judgment**

ACCA agrees that professional judgement is a worthwhile addition to the IAESB Glossary of Terms, this is an important complementary professional skill when using and analyzing data, which strongly links to the skepticism and ethical skills needed to manage data and data technology effectively and responsibly.

AICPA • Consider clarifying the definition of ICT by referencing the fact that some of these technologies are established but that many are emerging…The word diverse could be extrapolated to include these points.

• Intellectual agility definition (page 11) refers to “…in response to new or existing facts…”. The reality is 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. Deciphering between what is fact and not, as well as considering what sources of both types of information (factual and speculative) is relevant to the situation is critical to the professional’s success as well. Consider integrating such consideration into the definition.

ANAN Both In our opinion, the definitions contained in the IAESB Glossary of Terms adequately covers what is to be known about Information and Communications Technologies
including intellectual agility expected of a professional accountant as well as professional judgment required of them.

CAANZ  Both Yes, we are supportive of the new definitions of Information and Communications Technologies, Intellectual Agility and Professional Judgement added to the IAESB Glossary of Terms.

CAI  Both We support the proposed definitions and their inclusion in the Glossary.

CPA Australia  PS 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 (IESBA International Code of Ethics for Professional Accountants (2018)). In relation to audit activities, apply skepticism when evaluating data.

CPA Ireland  ICT CPA Ireland suggests a rewording of the proposed definition of intellectual agility:

- To recognize that intellectual agility is not the preserve of professional accountants.
- To communicate satisfactorily the higher levels of cognitive skills required.

Suggest,

Intellectual Agility
The ability to: critically appraise new, or reappraise existing, data and information; re-evaluate conclusions in response to new or existing facts; develop new or alternative ways of working; and, adapt quickly and effectively to changing circumstances.

We 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. It is the accumulation of personal experiences that are unique, combined with professional expertise accumulated from many years of experience. That intuition is priceless. It is the intellectual property asset that resides in the mind of the accountant that is an intangible asset that comes as a package with the professional: incomparable, impossible to replicate.

We further note that all references to ethical ‘issues’ and ethical ‘dilemmas’ are proposed to be changed to ethical ‘threats’. This may suggest that a professional accountant need not consider any ethical matter that is not perceived to be a threat. Perhaps it is more appropriate to refer to ethical ‘risks’ rather than ethical ‘threats’ or to leave these as ‘ethical issues’ and not change the terminology.

We would like to suggest that the definition of Information and Communications Technologies may be somewhat unclear as it could be construed as just relating to areas of IT related to communications. We consider that the same definition could be used with the term “Information Technologies” rather than “Information and Communications Technologies”.

Both

Yes, we support the new definitions added to the IAESB glossary of terms.
| PS | We question the new item of demonstrating ‘curiosity’ (page 23 in Appendix C, Table Item 6). This implies taking an interest for the sake of it, but skepticism is more focused than this. We suggest, therefore, that ‘curiosity’ could be replaced with ‘professional inquisitiveness’. And if the word ‘curiosity’ is absolutely desired, then ‘professional curiosity’ is more appropriate. |
| ICAS | Yes, we agree with the proposed definition for Intellectual Agility, however, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies. |
| ICPAU | Both | Yes, we are in support of the new definitions that have been added of the IAESB Glossary of Terms. |
| IDW | ICT | We agree with the proposed definition for Intellectual Agility, but, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies. |
| PS | We do not agree with the definition of professional judgment, which 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. This is the characteristic that distinguishes professional judgment from mere human or technical judgment. We therefore strongly recommend that the words “in making informed decisions about courses of action that are appropriate in the circumstances” be reinserted. |
We believe that it is beyond the mandate of the IAESB to define professional judgment beyond that defined by IESBA and the IAASB.

**IMCP** | **ICT**
---|---
With respect to Information and Communications Technologies A diverse set of technologies, techniques, and processes used to capture, manage, transform, and communicate data and information, only check if it includes the term artificial intelligence.

**ISCA** | **Both**
---|---
We agree with the insertion of new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment to the IAESB Glossary of Terms.

**ICT**

Given that Information and Communications Technologies can also be used in the creation of data and information, we would like to suggest a minor edit to the following definition:

**Information and Communications Technologies**

A diverse set of technologies, techniques and processes used to **create**, capture, manage, transform, and communicate data and information.

**JICPA** | **ICT**
---|---
We support the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment.

Intellectual Agility will likely be difficult to translate appropriately in the non-English-speaking world, and we would like the process by which it was added to the Glossary of Terms explained further. We would also like to see examples of IES 3 Table A (a) (v).
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

It is difficult to think of an appropriate term, at least in Japanese, with the current definition.

KICPA Both We support the new definitions

PS Upon the previous revision, IES 4 and IES 8 use “Professional Judgment” already defined within the context of IESBA pronouncements. Therefore, the term, “Professional Judgment” should be excluded from the Table B (IAASB Definitions Adopted in IES 8) in the IES 8 Explanatory Material.

MIA ICT To consider further enhancement on the definition of Information and Communications Technology as follows:
(Page 11, IAESB Glossary of Terms)- as highlighted in red:

“A diverse set of technologies, techniques, technological tools, resources, and processes used to create, capture, manage, transform, store, protect, disseminate and communicate data and information”.

NASBA Both We are supportive of the new definitions. Further, we are supportive of the additional professional skill that a professional accountant should demonstrate, intellectual agility.

WPK ICT We agree with the proposed definition for Intellectual Agility, but, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies.
We do not agree with the definition of professional judgment, which 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. This is the characteristic that distinguishes professional judgment from mere human or technical judgment. We therefore strongly recommend that the words “in making informed decisions about courses of action that are appropriate in the circumstances” be reinserted. We believe that it is beyond the mandate of the IAESB to define professional judgment beyond that defined by IESBA and the IAASB.

For the definition of ICT, we understand the need to future-proof the definition as far as possible, however we found the proposed definition to be nebulous and it did not provide clarification over ‘what’ or ‘what was not’ included within it. The way it is currently written also suggests that techniques and processes outside of technologies would also be included under this definition (for example, as it relates to capturing, managing, transforming or communicating data or information). This seems to go against the spirit of the intended definition - with the potential for a manual cash book to be captured by this new definition, (even if it is not appropriate).

We recommend that the definition is simplified, removing reference to ‘diverse’ as this appears to be superfluous and specifically relating the techniques and processes to the technologies previously mentioned. We suggest ‘Technology and the related techniques and process used to …’
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019) - Final Version

In relation to the definition of intellectual agility, we generally support the definition, with the exception of the inclusion of the phrase ‘…re-evaluate conclusions in response to … existing facts’.

This does raise a number of concerns. Firstly, this seems to imply that aspiring accountants or professional accountants should be encouraged to routinely second-guess decisions that have previously made or conclusions that they arrived at. If this is the approach, then this seems to run counter to the critical thinking, reasoning and decision-making skills that the IES’s include as learning outcomes.

Secondly, while we agree that aspiring and professional accountants should not be anchored to conclusions or decisions they have previously made, we would argue that any changes to such would generally be in response to a triggering event - such as additional facts, or new circumstances or insights that the professional accountant becomes aware of in relation to existing facts. We believe that this clarification of the definition is important to its understandability and for the aspiring professional accountant to be able to perform their role.

Lastly, we believe that ‘re-evaluate’ may not appropriately reflect response from an aspiring or professional accountant. Instead we recommend ‘reflect on’ which we believe better represents the process undertaken by the accountant of stepping back and taking a holistic view of the judgement processes undertaken and conclusions previously reached to determine whether an essential objective, conclusion or information has been omitted and whether the overall conclusion is reasonable from various viewpoints.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

We therefore recommend that the definition be edited to read ‘…reflect on conclusions in response to new facts or additional circumstances or insights related to existing facts…’.

PS We support the change to the definition of professional judgment which adapts the wording from the latest International Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants. As we have noted in previous comment letters, we are supportive of the development and use of consistent definitions that have applicability across the various standards-setting boards.

DTT PS The existing IAESB Glossary of Terms already includes a definition of Professional Judgement, which we assume the proposed new definition would replace. The new definition has been taken from the IESBA International Code of Ethics for Professional Accountants, and we have the following observations:

• When compared to the previous definition of professional judgement, the new definition is narrower, and has a specific ethical focus (as would be expected for a definition taken from the Code of Ethics). The previous definition looked more broadly across the application of ‘auditing, accounting and ethical standards’. We recommend the Board revisits whether simply reusing the new Code of Ethics definition is the right approach for the IESs.

• In other situations where the IAESB utilizes a term from the glossary of one of the other standards setting boards, this term has been highlighted separately in the explanatory material of the standard concerned (for example para A1 of IES 8). We would recommend the IAESB takes a consistent approach to the use of such terms.
### EYG

**Both**

We support the addition of the definitions of information and communications technologies, intellectual agility and professional judgement to the IAESB Glossary of Terms.

### PS

**Both**

However, we believe the definition of professional judgment needs amendment. We believe that the definition of professional judgement should indicate what an aspiring or professional accountant would do with the judgement skills. As a result, we suggest the following amendment:

*Professional judgement 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, to develop an opinion or decision about specific facts or circumstances.*

### KPMG

**Both**

We support these new definitions, in particular, in respect of Intellectual Agility and Professional Judgment as these changes align these terms to the IESBA Code.

### ICT

**Both**

We propose not to make the suggested change for ICT. The concept ‘Information Technology’ exists in the extant IESs as its own competency area and has been modified to ‘Information and Communications Technologies’. The concept of ‘Information Technology’ was not defined previously by the IAESB. The word ‘Communications’ does not need to be added to ‘Information Technology’ as the proposed definition for ‘ICT’ and the proposed revisions to the learning outcomes could work just as well for ‘Information Technology’ or ‘Information Technologies’.
Therefore the use of the term ICT 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. We propose the following definition:

Information Technologies: A diverse set of techniques, processes and controls used to capture, manage, transform and communicate data.

We support the intent of the new definitions of Information and Communications Technologies, Intellectual Agility, and Professional Judgment. However, we have the following observations, in addition to our observation in the covering letter regarding the importance of the international standard setting Boards working collaboratively to achieve alignment where projects involve deliberation of the same, or similar, topics and where standards define and contextualize common core concepts.

Information and Communications Technologies – ICT are often used by organizations and auditors to analyze financial and other operating information. With the increasing adoption of emerging technologies, such as artificial intelligence/machine learning, analysis will likely become an even more prominent part of ICT. Therefore, it may be useful to include this aspect of ICT in the definition as follows: “A diverse set of technologies, techniques and processes used to capture, manage, transform, analyze and communicate data and information.”

Intellectual Agility - we believe additional Implementation Guidance would be beneficial as detailed below under Question 4.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

PS  
Professional Judgment – As articulated more broadly in our covering letter, we encourage the IAESB to engage with the other international standard setting Boards to pursue alignment of definitions, both now and in the future. We are encouraged that this definition is fully aligned with the IESBA Code of ethics, although we note there is a different definition provided in extant ISA 200. It is our hope that the IAESB might view this as an opportunity to engage both the IAASB and the IESBA in an effort to develop a singular definition.

Individuals

<table>
<thead>
<tr>
<th>Individuals</th>
<th>PS</th>
<th>Regarding the terms added to the glossary, they seem relevant to us.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azua &amp; Brito</td>
<td>Both</td>
<td>However, the name &quot;Intellectual Agility&quot; is not considered adequate. Given this, we propose &quot;Professional Attitude&quot;, or something similar, that is linked to attitudinal knowledge.</td>
</tr>
<tr>
<td>(Comision de Educacion)</td>
<td>ICT</td>
<td>Mostly Yes, with the caveat that the definition for Intellectual Agility is quite general and abstract.</td>
</tr>
<tr>
<td>Bowman &amp; Lemon</td>
<td>ICT</td>
<td>This definition would be improved with adding ‘learning and applying’ somewhere in the words? Perhaps something like (suggested changes in italics):The ability of a professional accountant to embrace and apply new learning with agility; consider new or reconsider existing data and information; re-evaluate conclusions in</td>
</tr>
</tbody>
</table>
response to new or existing facts; identify new or alternative ways of working; and adapt quickly to changing circumstances

Other Professional Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Category</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFAA</td>
<td>Both</td>
<td>Yes, we support the new definitions. As indicated above we note the IESBA project relating to the role and mindset of professional accountants and remind the respective boards to work closely together to ensure the revised Code and IESs are consistent.</td>
</tr>
</tbody>
</table>

Professional Accountancy Education Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Category</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAA &amp; TAS</td>
<td>Both</td>
<td>We agree with the proposed new definitions of information and communications technologies, intellectual agility, and professional judgement.</td>
</tr>
<tr>
<td>Common Content</td>
<td>ICT</td>
<td>Yes, we agree with the proposed definition for Intellectual Agility, however, as we referred to in our response to Question 2, the definition of ICT does not appear to cover emerging digital technologies.</td>
</tr>
</tbody>
</table>
| PS            |          | We do not agree with the definition of professional judgment, which 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. This is the characteristic that distinguishes professional judgment from mere human or technical judgment. We therefore strongly recommend that the words “in making informed decisions about courses of action that are appropriate in the
circumstances” be reinserted. We believe that it is beyond the mandate of the IAESB to define professional judgment beyond that defined by IESBA and the IAASB.

**Question 4. Are there any terms within the new and revised learning outcomes of IESs 2, 3, 4, and 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?**

<table>
<thead>
<tr>
<th>Member Organizations</th>
<th>Both</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAT</td>
<td></td>
<td>No, other than specific comments on LO’s as stated in Question 1.</td>
</tr>
<tr>
<td>ACCA</td>
<td></td>
<td>ACCA believes that the terms within the new and revised learning outcomes are clear and that the wording changes that have been made are an improvement to the existing outcomes.</td>
</tr>
<tr>
<td>AICPA</td>
<td></td>
<td>No additional comments.</td>
</tr>
<tr>
<td>ANAN</td>
<td></td>
<td>We cannot think of any ambiguity in the meanings attributable to both the new, old and revised learning outcomes of IESs 2, 3, 4 &amp; 8.</td>
</tr>
<tr>
<td>CAANZ</td>
<td></td>
<td>No further clarification is required.</td>
</tr>
<tr>
<td>CAI</td>
<td></td>
<td>We have no additional terms or learning outcomes to add.</td>
</tr>
</tbody>
</table>
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

<table>
<thead>
<tr>
<th>Agency</th>
<th>ICT</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA Ireland</td>
<td>Both</td>
<td>There are none.</td>
</tr>
<tr>
<td>IAA</td>
<td>ICT</td>
<td>We suggest that the definition of intellectual agility be linked to the risk-taking capacity of the professional. It requires the professional to step aside and look at the information without prejudice, thinking like thinkers, offering reasons for reasons. These ideas may sound redundant but they are not. When analyzing a problem, do not jump to conclusions. Information and Communications Technologies. - We suggest the definition of ICT be broadened to include, the use of algorithms to construct new rules for predictive analysis.</td>
</tr>
<tr>
<td>ICAEW</td>
<td>ICT</td>
<td>We question the introduction of the new learning outcome “use ICT to communicate with impact and influence others” (page 40, IES 2, Table A). We suggest that the terms impact and influence be clarified, including how communication impact and influence would be measured or evaluated as this wording does not relate to technical knowledge or competence nor necessarily connote a positive outcome. We also query the new learning outcome “apply ethical principles when accessing, storing, generating, using and sharing data and information” (page 15, IES2). This new learning outcome is too prescriptive and would potentially require a significant change in the knowledge and skills elements set out in a syllabi for a qualification. We suggest therefore that this learning outcome be revised as it is not necessary to require such a change in the syllabi of an IFAC member body.</td>
</tr>
</tbody>
</table>
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

PS
Lastly, we believe that there has been considerable focus on appropriate communications with Engagement Quality Control Review (ECQR) in Europe and we may have expected this topic to be included in IES8. And more specifically on IES8, PAR9(a)(v), we do not believe that ‘and documented’ is redundant given the continued focus on this area.

ICAS
Both
No changes required for other terms.

ICPAU
PS
Under paragraph (a)(iv) which reads as follows:
“Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered to make informed decisions and reach conclusions.”

The phrase “contrary audit evidence” requires further clarification. We would suggest that either the ‘phrase’ be defined or re-phrased within the new and revised standard to provide clarity.

IDW
Both
We do not believe that further changes are necessary.

IMCP
PS
IES 4
a(iii) Apply techniques to reduce bias. We believe that it should be specified what kind of techniques

ISCA
Both
We did not note any terms requiring further clarification.
There are such terms. Since “critical thinking” and “questioning mindset” are two terms that are likely to have the same meaning in the non-English-speaking world, we would like to see a clear definition of these terms (or a clear explanation of their difference).

We have no comments.

The term “data” and “information” are widely used throughout the Exposure Draft. Data may imply facts and figures while information provides context for data which will enable informed and meaningful decision making. IFAC can consider providing clarity on the terms for “data” and “information”.

In our opinion, the other terms within the new and revised learning outcomes of IESs 2, 3, 4 and 8 seem clear.

Some clarification of what “curiosity” is meant to cover might be helpful (see page 24 of the exposure draft). In IES 4 Paragraph 11 Table A “Learning Outcomes for Professional Values, Ethics and Attitudes” (a)(ii) it states “Demonstrate curiosity by exploring beyond what is immediately apparent.” The explanation given is “A new learning outcome is included to recognize the importance of curiosity when applying professional skepticism.” Is “curiosity” defined someplace that is more specific than “exploring beyond what is immediately apparent,” which could cover many things?

We do not believe that further changes are necessary.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

BDO  Both  We have reviewed the new and revised learning outcomes and, with the exception of the terms noted in response to question 3, above, we do not believe that any additional terms that require further clarification.  See Question 3

DTT  Both  IES 3
•  b(ii) The term ‘collaboration skills’ is introduced in the new IES 3 learning outcome (b)(ii). We do not believe this term will be well understood, and recommend the Board either provides a definition, or more clearly articulates what this learning outcome is trying to specifically address.

EYG  Both  No, there are no additional terms with the new or revised learning outcomes which required clarification.

KPMG  Both  The words “adequate” and “sufficient” are used extensively and we believe these should be clearer or more definitive. Where there are examples these are appreciated. We suggest, when providing examples, that the IAESB describe that these are ‘including, but not limited to, the following examples’ for clarity.

PS  We believe the following terms would benefit from further clarification, and we suggest specific enhancements below.
IES 4
•  a(ii) ‘Demonstrate curiosity by exploring beyond what is immediately apparent’ is somewhat vague. It is not clear how it is incremental to (i), (iii), and (iv). It is not clear how these four learning outcomes clearly link to professional judgment as
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019) - Final Version

defined, with respect to having the ability to apply training, knowledge, skills and experience.

• a(iii) We recommend that the concept of having an awareness of potential personal and organizational bias be built into this learning (same for IES 8.9(iii))

IES 8

• a(v) We do not believe ‘and documented’ is redundant given the continued focus on this area. We recommend that this term is reinstated.

PWC Both We believe further refinement (R) and/or issuance of non-authoritative implementation guidance (G) would be warranted for the following learning outcomes. See Question 1 for Refinements

<table>
<thead>
<tr>
<th>IES reference</th>
<th>R</th>
<th>G</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IES 2 paragraph 7 (e) (vi) “Assess audit evidence for appropriateness and sufficiency”.</td>
<td>X</td>
<td></td>
<td>Evidence used in a conclusion may be appropriate sufficient but it may omit or ignore other audit evidence. We recommend the following wording for the learning outcome: “Evaluate audit evidence by considering its appropriateness, sufficiency and any contrary audit evidence gathered, make informed decisions and reach conclusions”. This ensures consistency with IES 8 paragraph 9 (a) (iv), corresponding learning outcome for engagement leaders.</td>
</tr>
</tbody>
</table>
| IES 2 paragraph 7 (f) (iii) “Apply ICT to support the” | X | | We believe this can be interpreted as meaning that ICT always be applied by a professional accountant in identifying, reporting or managing risk. In our view, this might not alw
### Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

**Analysis of Comments (2019)- Final Version**

<table>
<thead>
<tr>
<th>Identification, reporting and management of risk in an organization.</th>
<th>be the case (e.g., for a non-complex organization). We recommend that implementation guidance be developed to provide examples of how an accountant would develop skills to demonstrate this learning outcome in both a complex and non-complex organization.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IES 2 paragraph 7 (f) (vi) “Assess the adequacy of systems, processes and controls for capturing, transmitting, reporting and safeguarding data and information”.</td>
<td>We recommend including “processing” and “analyzing” in the learning outcome to align with the definition of ICT. We recommend the following wording for the learning outcome: “Assess the adequacy of systems, processes and controls for capturing, processing, transmitting, analyzing, reporting and safeguarding data and information.”</td>
</tr>
</tbody>
</table>

In addition, we believe that it would be helpful to provide implementation guidance to explain the difference in meaning of the terms “data” and “information” when they are used together and when they are not used together or, alternatively to consider using them together in all cases, if appropriate.

For example “data” and “information” are used together in IES 2 paragraph 7 (f) (vi) whereas in other cases they are also used independent of one another such as in IES 2 Paragraph 7, (b) (iii) (“Analyze data to provide information to support management decision making”).
## Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

### Analysis of Comments (2019)- Final Version

<table>
<thead>
<tr>
<th>IES 2 paragraph 7 (h) (ii) “Recommend improvements to processes and controls”.</th>
<th>X</th>
<th>If the proposed learning outcome is intended to be specific to ICT, we would propose that the learning outcome include a reference to ICT. We also recommend that implementation guidance be developed to provide examples of how an accountant would develop skills to demonstrate this learning outcome.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IES 2 paragraph 7 (h) (vi) “Use ICT to communicate with impact and influence others” and IES 3 paragraph 7 (b) (vii) “Present ideas and influence others to provide support and commitment.”</td>
<td>X</td>
<td>The use of the word “influence” may not be consistent with the role of an independent auditor. We suggest “inform” may be a more appropriate term. In addition, we believe IES 2 paragraph 7 (h) (vi) could be interpreted in many ways (e.g., using email to communicate with clients, using Powerpoint/Google slides for presentations, using visualization software). We recommend the IAESB consider providing implementation guidance with examples of how an accountant would develop skills to demonstrate this learning outcome.</td>
</tr>
<tr>
<td>IES 2 paragraph 7 (i) (ii) “Explain the impact of ICT developments on business and organizational environments”.</td>
<td>X</td>
<td>Given the expected pace of ICT developments, we recommend the IAESB consider making this an Advanced skill rather than an Intermediate skill or consider reducing the proficiency requirement by changing the verb from “Explain” to “Recognize”.</td>
</tr>
</tbody>
</table>
In addition, we recommend the IAESB consider providing implementation guidance with some examples of how an accountant would develop skills to demonstrate this learning outcome.

### IES 3 paragraph 7 (a) (v) “Demonstrate intellectual agility”.

- **X**

  We believe the learning outcome may be difficult to measure. Consequently, we recommend implementation guidance on how an accountant would develop and demonstrate this learning outcome. The guidance could leverage the rationale included in the Explanatory Memorandum such as “re-evaluate conclusions in response to new or existing facts and identify new or alternative ways of working and, adapt quickly to changing circumstances."

### IES 3 paragraph 7 (b) (ii) “Demonstrate collaboration skills”

- **X**

  If the proposed new learning outcome is retained (see our recommendation in response to Question 1), we recommend implementation guidance to clarify how it relates to ICT and/or Professional Skepticism, as well as how it differs from the extant learning outcome articulated in IES 3 paragraph 7 (b) (i) “Display cooperation and teamwork when working towards organizational goals”.

### IES 3 paragraph 7 (c) (vi) “Demonstrate an awareness of personal and organizational

- **X**

  We recommend the IAESB consider whether these learning outcomes would be better placed in IES 4 (alongside other professional skepticism and professional judgment learning outcomes).
**Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism**

**Analysis of Comments (2019)- Final Version**

<table>
<thead>
<tr>
<th>Bias&quot; and (vii) “Reflect on experiences to improve future actions”.</th>
<th>X</th>
<th>The Explanatory Memorandum describes reflection on experiences as an underlying competency to apply professional skepticism. If there is an incremental aspect to the new learning outcome, we believe associated implementation guidance would be useful to distinguish the new learning outcome from the extant learning outcome.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IES 3 paragraph 7 (c) (vii) “Reflect on experiences to improve future actions”.</td>
<td>X</td>
<td>We recommend the IAESB consider expanding “curiosity” to “intellectual curiosity” as this term is commonly referred to in relation to professional skepticism and is likely to be better understood.</td>
</tr>
<tr>
<td>IES 4 paragraph 11 (a) (ii) “Demonstrate curiosity by exploring beyond what is immediately apparent”.</td>
<td>X</td>
<td>We recommend the IAESB clarify whether this is personal or organizational bias. We believe it may be personal bias so we recommend the following wording for the learning outcomes: “Apply techniques to reduce personal bias” and “Evaluate the potential impact of personal bias on conclusions”.</td>
</tr>
</tbody>
</table>
| IES 4 paragraph 11 (a) (iii) “Apply techniques to reduce bias” and IES 8 paragraph 9 (m) (iii) “Evaluate the potential impact of bias on conclusions”. | X | }
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

<table>
<thead>
<tr>
<th>IES 8 paragraph 9 (a) (i) “Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team”</th>
<th>In addition we recommend the IAESB consider providing implementation guidance with examples of how and accountant would develop skills to demonstrate these learning outcomes.</th>
</tr>
</thead>
</table>
| IES 8 paragraph 9 (f) (i) “Evaluate the ICT environment to identify controls that relate to the financial | We believe this may not fully address the objective noted in the Explanatory Memorandum to reflect the “importance of the engagement partner setting the tone at the top to ensure proper application of professional skepticism at all phases of the engagement.” Additionally, we suggest that the learning outcome include the concept of the engagement leader “supervising the engagement team”.

We recommend the following wording for the learning outcome: “Lead the audit engagement through active involvement in planning, directing, supervising and reviewing the work of the engagement team and set the tone at the top to ensure proper application of professional skepticism at all phases of the engagement”.

| X | We recommend the IAESB consider providing implementation guidance with examples of how an accountant would develop skills to demonstrate this learning outcome. |
### Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

#### Analysis of Comments (2019)- Final Version

| Statements to determine the impact on the overall audit strategy. | X | It may not be clear why “language” would influence the application of appropriate professional skepticism. We recommend the IAESB consider providing implementation guidance to address this as well as including examples of how an accountant would develop skills to demonstrate this learning outcome. |
| IES 8 paragraph 9 (i) (ii) “Evaluate the potential influence of cultural and language differences on the performance of the audit”. | X | We believe “reflection” can be interpreted in multiple ways. We recommend the IAESB consider providing implementation guidance with examples of how an accountant would develop and demonstrate this learning outcome. |
| IES 8 paragraph 9 (j) (iv) “Promote reflection on experiences to improve future actions”. | X | The use of “inquiry” and “critical thinking” in this learning outcome could inadvertently imply that inquiry and critical thinking is sufficient evidence for resolving audit issues. As such, we recommend adding “evidence” to the learning objective. We recommend the following wording for the learning outcome: “Resolve audit issues using inquiry, critical...” |
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

<table>
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<tr>
<th>and analyze outcomes”</th>
<th>thinking and evidence to consider alternatives and analyze outcomes”</th>
</tr>
</thead>
</table>

**Individuals**

Azua & Brito (Comisión de Educación) Both: We believe that it is necessary to review the document to revise the wording, given that in some passages the meaning is not clear. Probably that is because it comes from a text in English.

Bowman Both: In addition, in the received document, some writing errors are observed. Our comments are the following:

See Question 1

**Other Professional Organizations**

EFAA Both: No, there are no terms requiring further clarification.

**Professional Accountancy Education Organizations**

CAA & TAS Both: We have not identified any terms within the new and revised learning outcomes of IES 2, 3, 4, AND 8, which require further clarification.

Common Content Both: No changes required for other terms.

**IV. Comments on Other Matters**
BDO

Both

We note that the competences for IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (IES 8), as included in the proposed changes to Table A in Appendix D of the ED are listed with competence levels, which are themselves not included in the published version of IES 8, nor included as a tracked change. We do not believe that competence levels should be included in a revised IES 8, as the words used in the specific learning outcomes are clear and already indicative of an Advanced level. However, if it is the board’s intention to include competency areas levels within the published Handbook of IESs for IES 8 – given the importance of the engagement partner role and the public interest - we would support levels that continue to be set at advanced. We would not support competence areas which as highlighted in Appendix D only go to the intermediate level.

The exposure draft indicates that the new IESs are likely to become effective from January 1, 2021 which is likely to be 18 months after the IAESB itself has ceased to exist. For the IESs, including this set of revised IESs, to have legitimacy with IFAC Member Bodies, regulators, firms and other stakeholders, it is important that IFAC ensures appropriate measures are undertaken to provide appropriate custodianship and communication of the revised suite of IESs.

Finally, we noted some inconsistencies with the lettering/proposed lettering of certain of the competence areas/learning outcomes versus the published Handbook of IESs during our review of the exposure draft and ask that the board ensures that these are corrected in the final published version.

We appreciate the opportunity to comment on the ED, which has proven to be a substantial publication by the IAESB. We also congratulate the IAESB on the extensive engagement with
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

stakeholders that has taken place as part of the ICT and professional skepticism task forces – including engagement with other standard-setting boards.
Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

V1. LIST OF RESPONDENTS

<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>FULL NAME OF ORGANIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAT</td>
<td>Association of Accounting Technicians, United Kingdom</td>
</tr>
<tr>
<td>ACCA</td>
<td>The Association of Chartered Certified Accountants, United Kingdom</td>
</tr>
<tr>
<td>AICPA</td>
<td>The Association of International Certified Professional Accountants</td>
</tr>
<tr>
<td>ANAN</td>
<td>Association of National Accountants of Nigeria</td>
</tr>
<tr>
<td>Azua &amp; Brito (Comision de Educacion)</td>
<td>Digna Azua &amp; Jorge Brito, members of Technical Commission of Education of the Inter-American Accounting Association (A.I.C.)</td>
</tr>
<tr>
<td>BDO International</td>
<td>BDO Global Coordination B.V.</td>
</tr>
<tr>
<td>Bowman &amp; Lemon</td>
<td>Keith Bowman, Public Accountants Council of Ontario &amp; Dr. Morley Lemon, Professor Emeritus University of Waterloo</td>
</tr>
<tr>
<td>CAANZ</td>
<td>Chartered Accountants Australia and New Zealand</td>
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<tr>
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<td>The Institute of Certified Public Accountants in Ireland</td>
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<tr>
<td>DTT</td>
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Revision of International Education Standards 2, 3, 4, and 8 – Information and Communications Technologies & Professional Skepticism

Analysis of Comments (2019)- Final Version

<table>
<thead>
<tr>
<th>Acronym</th>
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<tr>
<td>EFAA</td>
<td>The European Federation of Accountants and Auditors for SMEs</td>
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<tr>
<td>EYG</td>
<td>Ernst &amp; Young Global</td>
</tr>
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<td>IAA</td>
<td>Inter-american Accounting Association</td>
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<td>ICAEW</td>
<td>The Institute of Chartered Accountants in England and Wales</td>
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<td>Institute of Certified Public Accountants of Uganda</td>
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<tr>
<td>IDW</td>
<td>Institut der Wirtschaftsprufer</td>
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<td>ISCA</td>
<td>Institute of Singapore Chartered Accountants</td>
</tr>
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<td>IFAC Professional Accountants In Business Committee (Larry White)</td>
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