

Our Ref: T/11

4 March 2019

International Accounting Education Standards Board  
529 Fifth Avenue, 6th Floor,  
New York, NY 10017  
United States of America

davidmcpeak@iaesb.org.

Dear Sir/Madam

**EXPOSURE DRAFT IES 8 PROFESSIONAL COMPETENCE FOR ENGAGEMENT PARTNERS  
RESPONSIBLE FOR AUDITS OF FINANCIAL STATEMENTS (REVISED)**

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to **Exposure Draft IES 8 Professional Competence for Engagement Partners Responsible For Audits of Financial Statements (Revised)**

We are grateful for the opportunity to provide comments on the above subject.

We are supportive of the Board's goal to update IES 8 and enhance requirements relating to professional skepticism and ICT.

Our comments are provided in the attached appendix.

We hope you will find our comments helpful.

Yours sincerely,

  
CPA Derrick Nkajja  
CEO/SECRETARY

Institute of Certified Public Accountants of Uganda

*Appendix: Comments to the Exposure Draft IES 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*

CL/....

**EXPOSURE DRAFT IES 8 PROFESSIONAL COMPETENCE FOR ENGAGEMENT PARTNERS RESPONSIBLE FOR AUDITS OF FINANCIAL STATEMENTS (REVISED)**

GENERAL COMMENTS		
PROPOSED CHANGE(S)	Ref	COMMENT(S)/ SUGGESTIONS
<p>(a) Audit</p> <p>(i) Lead the audit engagement through active involvement in planning, directing, and reviewing the work of the engagement team.</p>	Pg. 70	<p>We agree with the inclusion of this new learning outcome as it emphasizes the role of the engagement partner in the whole audit process.</p> <p>We further suggest that, just like emphasis has been given to the other aspects of the audit process in the learning outcomes that follow, <b>planning and review are so critical to the audit process that they ought to have separate learning outcomes.</b></p> <p>We therefore propose that this learning outcome be disaggregated as follows;</p> <p>(i) <b>“Lead the audit engagement through active involvement in the audit process.</b></p> <p>(ii) <b>Develop an audit plan commensurate to the audit risks identified.”</b></p>
For learning outcomes (a)(iv), (v) and (vi)	Pg. 70	We agree with the changes introduced though we suggest that the phrase “contrary audit evidence” is defined or explained elsewhere in the standard.
(b) Financial Accounting and reporting	Pg. 70	<p>Whereas we agree with all the learning outcomes enlisted in respect to this section, 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.</p> <p>We suggest addition of the following learning outcome;</p> <p><b>“Update their knowledge of applicable financial reporting framework and</b></p>

		<p>regulatory requirements.”</p> <p>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.</p>
(c) Governance and risk management	Pg. 71	<p>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;</p> <p><u>(c)(i) “Identify those charged with governance, determine the best form of communication with them and assess the nature and level of communication required”</u></p> <p>This outcome we believe would form a formidable basis upon which evaluation of corporate governance structures and risk assessment would best be done.</p>
For competency areas (d), (f), (g), (h), (i), (j), (k) and (m)	Pg. 71	We agree with the suggested changes.
(j) Personal	Pg. 71	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.
(l) Commitment to the public interest	Pg. 72	<p>In regard to item (j)(i), we suggest that the phrase “professional and regulatory standards” be re-drafted to “<b>professional standards and regulatory requirements</b>” for the entire learning outcome to read as follows;</p> <p>(j)(i) Promote audit quality and compliance with <u>professional standards and regulatory requirements</u> with a focus on protecting the public interest</p> <p>This is intended to provide clarity.</p>
(m) Professional skepticism and professional judgment	Pg. 72	<p>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 <u>lead</u> 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;</p> <p>(m)(vi) “Foster an attitude of professional skepticism amongst the engagement team.”</p>
(n) Ethical principles	Pg. 72	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

		<p>integrity, professional behavior, and professional competence and due care, confidentiality and objectivity among the engagement team is included.</p> <p>(n)(iv) “Promote the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, amongst the engagement team.”</p> <p>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.</p>
<p><b>SPECIFIC COMMENTS</b></p>		
<p><b>Question 1</b> Do you support 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? If not, what changes would you suggest?</p>	<p>We support the revised learning outcomes of IES 8 provided in Appendix D except as explained in general comments above.</p>	
<p><b>Question 2</b> Are there additional ICT and professional skepticism learning outcomes that you would expect from aspiring and professional accountants (See Appendix E)?</p>	<p><b>Information and Communications Technologies (ICT)</b></p> <p>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.</p> <p>The proposed learning outcome would thus read as follows;</p> <p><b>“Develop and maintain competences that enable the engagement team to apply ICT in the audit engagements.”</b></p> <hr/> <p><b>Professional Skepticism</b></p>	

	<p>We propose addition of <b>demonstration of intellectual agility</b> 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.</p> <p>The proposed learning outcome would read as follows;</p> <p>(i) <b>“Demonstrate intellectual agility in evaluating conclusions made and in adapting quickly to changing circumstances.”</b></p>
<p><b>Question 3</b> 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?</p>	<p>Yes, we are in support of the new definitions that have been added of the IAESB Glossary of Terms.</p>
<p><b>Question 4</b> Are there any terms within the new and revised learning outcomes of IES 8, which require further clarification (See Appendix E)? If so, please explain the nature of the changes?</p>	<p>Under paragraph (a)(iv) which reads as follows: “Evaluate audit evidence by considering its appropriateness, sufficiency and any <b>contrary audit evidence</b> gathered to make informed decisions and reach conclusions.”</p> <p>The phrase <b>“contrary audit evidence”</b> requires further clarification. We would suggest that either the ‘phrase’ be defined or re-phrased within the new and revised standard to provide clarity.</p>