



ICAS Guidance on IES8 competencies and learning outcomes

IES 8 Requirements

International Education Standard 8 (IES8) Revised is effective from 1 July 2016 and is aimed at ensuring that each Audit Engagement Partner develops and maintains the necessary competencies to perform the role effectively. It replaces the previous version of IES 8.

The previous version of IE8 applied to all “audit professionals”, however the revised standard is aimed at Audit Engagement Partners only. It is, however, far more prescriptive in relation to the competencies and learning outcomes required.

This guidance document provides guidance on these competencies and learning outcomes. For further advice and support on other aspects of IES8 please search “IES8” on icas.com.

What are the competencies & learning outcome?

The competencies and learning outcomes are prescriptive and set out in Table A of [IES 8 \(Revised\)](#). We have re-produced these in the first column of the table below. In the second column we have provided general guidance to all Audit Engagement Partners (and firms) and in the third column we have provided guidance to RIs in ICAS audit registered firms and included relevant links.

We have split the requirements into two areas:

- Technical requirements; and
- Professional requirements.

Technical Requirements		
Competencies & Learning Outcome (Extracted from IES8)	ICAS Guidance for All Audit Engagement Partners	Additional ICAS Guidance for all ICAS Responsible Individuals
(a) Audit (i) Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy. (ii) Evaluate responses to the risks of material misstatement. (iii) Evaluate whether the audit was performed and documented in accordance with applicable auditing standards (e.g., ISAs) and relevant laws and regulations. (iv) Develop an appropriate audit opinion and related audit report, including a description of key audit matters as applicable.	Audit Engagement Partners must be up to date with (by experience and other learning methods, such as courses): • all International Standards on Auditing (ISAs) & International Standard on Quality Control 1; • all audit pronouncements & any audit specialisms for their audit clients; • the audit legislative framework. in order to achieve the learning outcomes.	RIs must ensure that they keep up to date with: • all ISA requirements & ISQC1; • all applicable Practice Notes; • all applicable Bulletins; • any audit specialist requirements; • their firm's audit methodology, including any application specialist audit programmes; • the ICAS Audit Regulations; • ICAS Audit News to achieve the learning outcomes. A combination of learning methods is expected but course attendance is important. The ICAS course 'Keeping Your Audit on Track' must be attended in line with our mandatory requirements.

(b) Financial accounting and reporting (i) Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements. (ii) Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements. (iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management. (iv) Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.	Audit Engagement Partners must keep up to date with (by experience and other learning methods, such as courses): - the financial reporting standards applicable in their jurisdiction and any other jurisdictions in which their clients are based; - any specialist financial reporting requirements of their clients; in order to be able to achieve the learning outcomes. The financial reporting landscape is dynamic so Audit Engagement Partners would be expected to demonstrate tangible, regular, financial reporting CPD.	RIs must ensure that they keep up to date with: - all UK GAAP i.e. FRS 100-105; - IFRS - if applicable for their Public Interest Entity clients - any specialist financial reporting for clients e.g. SORPs; - their firm's accounts disclosure checklist requirement; in order to achieve the learning outcomes. A combination of learning methods is expected but RIs would be expected to obtain regular financial reporting updates, for example by course attendance or online training, given the dynamic financial reporting environment.
(c) Governance and risk management (i) Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.	Audit Engagement Partners would be expected to develop a good understanding (by practical experience and other learning methods such as research & discussions): - their firm's risk methodology; - the risk ISAs (315 & 330); - the corporate governance requirements in their jurisdiction & those of their clients; - the nature of the client's businesses and their corporate governance framework; - each clients' risks & controls over these areas.	In addition, for RIs on Public Interest Entity (PIE) audits and any other entities adopting it, the UK Corporate Governance Code
(d) Business environment (i) Analyse relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market, competition, product technology, and environmental requirements.	Audit Engagement Partners would be expected to develop a good understanding (by practical experience and other learning methods such as research & discussions): - their firm's risk methodology; - the risk ISAs (315 & 330); - full knowledge of the business in relation to their clients' businesses; - each clients' risks & controls over these areas.	No further commentary
(e) Taxation (i) Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the	Audit Engagement Partners would be expected to develop a good understanding (by practical experience and other learning methods such as courses, research & discussions) of	RIs would be expected to attend/obtain regular tax updates.

results of these procedures on the overall audit strategy.	taxation in their jurisdiction and that of their clients.	
(f) Information technology (i) Evaluate the information technology (IT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.	This is self-explanatory	No further commentary
(g) Business laws and regulations (i) Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.	Audit Engagement Partners would be expected to understand (by practical experience, and other learning methods such as courses, research & discussions) the: • business law framework (including any relevant audit and financial reporting legislation) in their jurisdiction and those of their clients; and • the main legal framework of their clients, • including any specialist audit knowledge.	RIs would be expected to keep up to date with: • the Companies Act 2006 • the ICAS Audit Regulations; • changes brought in on 17 June 2016 by SATCAR (Statutory Auditors and Third Country Regulations 2016); • the main legal framework of their clients; • any specialist audit knowledge and specialist audit procedures as necessary,
(h) Finance and financial management (i) Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy. (ii) Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.	This is self-explanatory	No further commentary

Professional Skills		
Competences & Learning Outcome (Extracted from IES8)	ICAS Guidance for All Audit Engagement Partners	Additional ICAS Guidance for all ICAS Responsible Individuals
(i) Intellectual (i) Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyse outcomes.	The following block of learning outcomes are the development of the “soft skills” that are required of Audit Engagement Principals – these are difficult to demonstrate. Whilst there may be CPD programmes such as courses for new partners or career progression training, some of these skills may be demonstrated as part of the following: • induction programmes; • mentoring programmes; and/or • performance appraisal.	During a monitoring visit we would expect these soft skills to be demonstrated on audit engagement files and, where conducted, during the performance appraisal process. However, we acknowledge that, whilst performance appraisals are recommended, they are not mandatory. We would also expect these learning outcomes to be considered as part of the annual Audit Compliance Review process, in particular through the cold file review process.
(j) Interpersonal and communication (i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity. (ii) Resolve audit issues through effective consultation when necessary.		
(k) Personal (i) Promote and undertake lifelong learning. (ii) Act as a role model to the engagement team. (iii) Act in a mentoring or coaching capacity to the engagement team.		
(l) Organisational (i) Evaluate whether the engagement team, including auditor’s experts, collectively has the appropriate objectivity and competence to perform the audit. (ii) Manage audit engagements by providing leadership and project management of engagement teams.		
Professional Values, Ethics, and Attitudes		
(m) Commitment to the public interest (i) Promote audit quality in all activities with a focus on protecting the public interest.		
(n) Professional scepticism and professional judgment (i) Apply a sceptical mindset and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.		
(o) Ethical principles (i) Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour in the context of an audit and determine an appropriate resolution to ethical dilemmas. (ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit.	We would expect Audit Engagement Partners to keep up to date (by practical experience and other learning methods such as courses, reading and research) and comply	RIIs would be expected to keep up to date (by practical experience and other learning

(iii) Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.

with the ethical requirements in their jurisdiction and with the ICAS Code of Ethics.

methods such as courses, reading and research) and comply with:

- the [ICAS Code of Ethics](#)
- the [FRC Ethical Standards](#) (Revised to take account of the EU Audit Regulation & Directive requirements)

For further information on IES8 please search “IES 8” on icas.com.