



COMMON CONTENT

PROFESSIONAL ACCOUNTANCY QUALIFICATIONS

by

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Content of Presentation

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Project Purpose and Participating Institutes

To develop, maintain and unify **high quality** auditor and accountancy education benchmarks reflected in national qualifications that meet the challenges posed by globalisation and diverse stakeholders.

France	Compagnie Nationale des Commissaires aux Comptes (CNCC) Order des Experts-Comptables (OEC)
Germany	Institut der Wirtschaftsprüfer (IDW) Wirtschaftsprüferkammer (WPK)
Ireland	Chartered Accountants Ireland (CAI)
Italy	Consiglio Nazionale dei Dottori Commercialisti e Esperti Contabili (CNDCEC)
Netherlands	Koninklijk Nederlands Instituut van Registeraccountants (NIVRA)
United Kingdom	Institute of Chartered Accountants in England & Wales (ICAEW) Institute of Chartered Accountants of Scotland (ICAS)

Project Background (1)

- Increasing international harmonization
 - IFRS (accounting) and ISAs (auditing)
 - EU independence rules / IESBA ethics code
 - business and financial management practices
- Challenges to harmonisation
 - Business and tax law, national standards
 - Local business practices and needs
 - Unharmonisable national education *systems*

Project Background (2)

- Common Content harmonisation solutions:
 - Retention of national audit and accountancy qualifications
 - Cooperation among national institutes
 - National content (e.g. business law and tax)
 - Common content (e.g. IFRS, ISA)
 - Harmonise learning outcomes and required knowledge - not “education systems”
 - Compliance system
 - Independent oversight

Relevance to Green Paper

- Green Paper objective: high quality audits
- **Education and training of auditors as important to high quality audits as professional standards!**
- National qualifications of differing quality
- Cross-border aptitude test/passport without common high quality education benchmarks:
 - **In long run, race to the bottom on quality!**

The Common Content Model (1)

Common content

(with an international focus: high quality education benchmarks agreed jointly)

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National content

(with a national focus and determined nationally, but subject to common content framework)

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National audit qualification

(based on high quality benchmarks with an international and national focus)

The Common Content Model (2)

- Complies with 8th EU Directive and IES
- Detailed learning outcomes/competencies
→ nature and extent of knowledge
(common and national: over 100 pages)
 - Assurance and Related Services
 - Performance Measurement and Reporting
 - Strategic & Business Management
 - Financial Management
 - Tax and Law

The Common Content Model (3)

- Professional and other competencies
 - Information Technology
 - Business Environment and Economics
 - Quantitative Methods
 - Professional Values and Ethics (e.g. independence)
- Skills Framework
 - Cognitive and Behavioural Skills (e.g. professional scepticism)
 - Integrated Competencies

Benefits of Common Content (1)

- In line with EU subsidiarity principle
 - Common regime with retention of national audit and accountancy qualifications
 - Harmonisation of education that is common
 - Framework for national content and aptitude test
 - High quality education benchmarks, rather than harmonisation of education system
- **Increases *de facto* qualification portability!**

Benefits of Common Content (2)

- Skills Framework: helps auditors apply competencies in practice
- **High quality education benchmarks contribute to high audit quality across EU**
- Compliance system ensures **real** harmonisation – not just on paper!
- Independent oversight to ensure compliance system applied fairly

Benefits of Common Content (3)

- Education requirements, compliance system and oversight proven to work in practice on participating institutes
- Serves as model for mutual recognition of audit professionals from outside EU under comprehensive economic treaty and trade agreements
- Facilitates cross-border exchanges of views among audit/accountancy educators

Benefits of Common Content (4)

- Cost of participation:
 - Cost of review to join: about € 15,000 once
 - Annual cash expenditures thereafter:
 - Travel expenses of Institute's Steering Group member for a maximum of three one-day meetings per year within the EU
 - plus
 - Currently, about € 1,000 in common expenses per Institute per year
 - Cost of update review every several years (significantly less than cost of review to join)

Common Content Challenges

- Greater coverage of EU needed beyond six mostly larger EU economies to increase harmonisation across EU
- Closer working relationship desired with national audit regulators and the European Commission

Questions and Project Contacts

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