

COMMON CONTENT PROJECT

FREQUENTLY ASKED QUESTIONS AND ANSWERS

I. Common Content Purpose

Question 1: Why was the Common Content Project established?

Over the last few decades, the environment in which professional accountants and auditors work has been subject to considerable change. In particular, the work of the profession is becoming increasingly permeated by the impact of the globalisation of economies. This is exemplified by increasing harmonisation of:

- financial reporting (IFRS) and auditing (ISAs) standards
- risk management and internal control frameworks (COSO)
- regional and international independence and ethical requirements (EU, PCAOB, IESBA Code of Ethics)
- assurance and related services
- business and financial management practices

In addition, the profession is affected by the speed of change in technology; members of the profession are increasingly mobile at an international level.

These developments need to be reflected in the qualification programs for professional accountants and auditors, which would increasingly need to become harmonised. Nevertheless important challenges to such harmonisation remain, including:

- national business and tax law, and national standards
- local business practices and needs
- the inability to harmonise national education delivery systems in the foreseeable future

Common Content involves a practical application of, and is in full compliance with, the International Education Standards (IES) issued by the International Accounting Education Standards Board (IAESB). The Project also applies, and complies with, the education requirements for statutory auditors pursuant to the EU Statutory Auditor Directive.

Common Content has influenced developments in IES and the EU Statutory Auditor Directive.

Question 2: What is the purpose of the Common Content Project in this context?

To further develop, maintain and unify high quality professional accountancy education benchmarks reflected in the distinct qualifications of participating premier accountancy bodies and recognised internationally as meeting the challenges posed by globalisation and the needs of diverse stakeholders. This involves internationalising and harmonising the high quality educational

outcomes for relevant skills, of professional accountants, of those bodies, that are subject to globalisation and changing public expectations, while retaining the strength of local educational structures, qualifications and designations.

Question 3: Why didn't the Common Content Project establish a single professional accountancy designation on a worldwide basis with a uniform curriculum?

The accounting and auditing profession in different countries developed differently historically and so, there are services that the profession traditionally provides in some countries but not in others or the emphasis placed within a service provided is different. Furthermore, the delivery systems for education, training, and assessment (examinations) are very different from one country to another, and are unlikely to be harmonised in the foreseeable future. The stage of development of the country, the sophistication of its education system and the proximity of the education system to the profession are all matters of difference. Hence, uniform professional qualification requirements for accountants and auditors cannot be established at an international level in the near future. In addition, within their national environments, individual qualifications have real brand value.

Question 4: If a single professional accountancy designation on a worldwide basis with a uniform curriculum is not the right solution, why is Common Content the right solution?

The Common Content Project recognises both the similarities and differences needed in the education and training of professional accountants by not seeking to unify educational and assessment structures and delivery systems, but to harmonise the educational content for those areas that are common (IFRS, ISAs, ISQC 1, IESBA Code of Ethics, management accounting, strategy and business management, financial management) on the basis of, and in full compliance with, IES, and to only provide a framework for those areas that are national in content (national accounting law and standards, national auditing and ethical requirements, business law, tax law, etc.). This system allows optimal harmonisation without losing the strengths of the national qualifications, which is entirely in line with the principle of subsidiarity of the European Union. It is therefore possible to establish improved comparability of accountant and auditor qualifications in the world through increased harmonisation of educational content by means of Common Content.

Question 5: What are the benefits of Common Content?

In summary, the advantages of the Common Content Project as a means of harmonising a high level of education and training of statutory auditors include:

- it represents a common platform for harmonising education and training that recognises both the areas that are common and the areas that need to be different in national qualifications under application of the principle of subsidiarity, but is not a uniform qualification with uniform educational delivery systems
- the common content portion of the Project provides detailed requirements and guidance on those areas that are common (e.g. IFRS, ISAs, etc.)
- the national content portion of the Project provides a framework for considering what is national (e.g., law and tax) and provides a firm foundation for the aptitude test and therefore for portability of auditor qualifications within the EU and worldwide
- the skills framework, which helps ensure that auditors are able to apply their competencies in practice and is important for the adaptability of education and training
- the compliance system, which ensures real harmonisation – rather than just on paper
- the oversight system with a majority of independent members, which provides assurance that the compliance system is applied fairly

- the educational requirements, compliance system, and oversight have been proven to work in practice through the application of compliance and oversight processes in 2008-2009
- the Project can serve as a model for the mutual recognition of audit professionals between the European Commission and countries from outside of the EU under comprehensive economic treaty and trade agreements

The by-products of the Project should not be overlooked. The Common Content Project fosters the cross-border exchange of views of those involved in the education and training of auditors in the EU and worldwide – including academics, the profession, professional bodies and regulators – on such matters as educational programs and courses, examinations and training. Such cross-fertilisation helps improve the quality of education of auditors on an EU-wide and worldwide basis to the benefit of all stakeholders.

II. Establishment of Common Content

Question 6: When was the Common Content Project established?

Project in its current form based on the Constitution exists since 2006, but was conceived in the year 2000.

Question 7: What is the expected life of the Project?

The Project is expected to be of unlimited duration, since the complete harmonisation of qualification requirements of professional accountancy qualifications in the EU and worldwide is not expected to be completed in the foreseeable future. In addition, IES and national curricula need to be dynamic to be able to address changes in the environment.

III. Membership in Common Content?

Question 8: Who are the full members of Common Content?

Full members of Common content are premier accountancy bodies that share the vision, mission, values and objectives of the Project and have met the requirements for membership and, in particular, among others, that the professional qualification of those bodies meets Common Content requirements for professional qualifications (“Participating Institutes”). Current Participating Institutes (“full members”) are:

Belgium	Instituut van de Bedrijfsrevisoren-Institut des Réviseurs d'Entreprises
France	Compagnie Nationale des Commissaires aux Comptes Ordre des Experts-Comptables
Germany	Institut der Wirtschaftsprüfer Wirtschaftsprüferkammer
Ireland	Chartered Accountants Ireland
Italy	Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili
Romania	Camera Auditorilor Financiari din România
The Netherlands	Koninklijke Nederlandse Beroepsorganisatie van Accountants
United Kingdom	Institute of Chartered Accountants in England and Wales Institute of Chartered Accountants of Scotland

Membership is not limited by geographical or political considerations (i.e., it is not limited to Europe or the EU). Membership is open to any Institute of professional accountants that meets the

membership requirements: there are no other restrictions on membership. The detailed membership requirements are included in the Organizational Document.

Question 9: Is it possible to become involved in the Project without becoming a full member?

Yes: accountancy bodies that share the vision, mission, values and objectives of the Project and have the objective of becoming full members can become associate members. Associate membership is open to any Institute of professional accountants that meets the membership requirements for associate membership: there are no other restrictions on membership. The detailed requirements for associate membership are included in the Organizational Document. Currently, the following Institutes are associate members of the Project:

Austria	Kammer der Steuerberater und Wirtschaftsprüfer Institut Österreichischer Wirtschaftsprüfer
Poland	Polska Izba Biegłych Rewidentów
Portugal	Ordem dos Revisores Oficiais de Contas
Spain	Instituto de Censores Jurados de Cuentas de España

Question 10: How is the Project governed?

Project governance is set forth in the Organizational Document, which includes a Constitution. The Constitution provides for a Steering Group that generally consists of one voting member for each Participating Institute (full member) and an independent chair. There is an Oversight Committee with a majority of independent members to exercise oversight over the process applied to accept new members and the process for compliance of members with Common Content requirements. The Project is not a legal entity, and is therefore not domiciled in any state.

Question 11: How is the Project financed?

Financing is provided by, in general, equal contributions by Participating Institutes; lesser contributions would be provided by Associate Members. In the recent past, the annual contributions per full member were about € 1000 per member and € 500 per associate member. In addition, the Project requires contribution in kind through the time provided by staff from member Institutes.

Question 12: Is the Project open to new members?

As a matter of principle, the Project is open to any new member that meets Common Content requirements, and has recently established a category of associate membership for those Institutes that may not meet those requirements in the near future, but that nevertheless share the same goals as Common Content.

Subsequent to the formal founding of the Project in 2006, the Project focused on ensuring that the requirements and systems established actually operate effectively and efficiently in practice – in particular, by having all member Institutes undergo a full self assessment and review of their qualifications under the oversight of the Oversight Committee. This permitted the Project to refine its requirements for membership and the compliance and oversight processes to make them “fit for purpose” when seeking new members. Consequently, the Project did not actively begin to seek new members until after these change management processes had been completed towards the end of the last decade.

The primary barriers to new members to the Common Content Project from accountancy bodies from other EU member states and from other developed countries have been the following issues:

- the time involved in performing a self assessment
- the cost of a high quality review process (this issue has been resolved by the introduction of a commitment by member Institutes to provide staff resources for reviews free of charge for their time)
- the fact that there is no official pressure for harmonisation of education and training from regulators from within or outside of the EU
- for accountancy bodies from outside the EU, the fact that national regulators in EU member states and the EU do not have a harmonised system in place to provide credit for at least the common portion of the qualifications from outside the EU

In addition, some potential members may have been deterred by the high quality of the educational benchmarks embodied in the Project qualification requirements. We believe that in terms of quality, Common Content represents the “gold standard” of qualification benchmarks for the accountants and auditors and are therefore not prepared to lower standards to attract new full members. Nevertheless, those Institutes intending to become full members that may currently have difficulty meeting this standard are able to seek associate membership.

Active conversations about potential membership are currently taking place with a number of larger and smaller Institutes.

Question 13: What is the relationship between Common Content and national regulators and any law or regulation governing education and qualifications of professional accountants and auditors?

The Project does not set forth or override legal or regulatory requirements for professional qualifications, which, when relevant, are prescribed by law or regulation and are administered by regulators. However, the Project seeks to engage with legislators and regulators responsible for professional qualification requirements so that Common Content requirements are taken into account. The overall objective is to exert influence to increase the harmonisation of law or regulation related to professional accountancy qualifications based on Common Content.

IV. What Does Common Content Require?

Question 14: What is the Common Content Solution in a nutshell?

In summary, the Common Content solution involves:

- 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”**
 - congruence to system of learning outcomes contemplated in revision of International Education Standards and used in education programs of other major national bodies in EU
- compliance system
- independent oversight

The Steering Group of the Common Content Project believes that the Common Content Project is a model for the harmonisation of professional qualifications of statutory auditors within the EU and on a worldwide basis.

Question 15: What are the general requirements for full membership in the Common Content Project?

The Common Content Project is governed by a Constitution, which stipulates that an accountancy body shall be considered for membership as a Participating Institute only if its entry-level professional qualification:

- meets or exceeds relevant national and international requirements for professional accountants
- meets or exceeds examination requirements at national, EU and international levels for statutory auditors of financial statements
- meets or exceeds IAESB International Education Standards 1-8
- requires compliance with the highest ethical standards including the IESBA Code of Ethics for professional accountants
- requires integrity and a commitment to the public interest
- requires holders of its qualification to meet or exceed national, EU and IAESB requirements for continuing professional development and
- meets the criteria for membership established by the Steering Group

The last requirement includes the general and detailed requirements for professional accountancy qualifications set out in the Common Content Qualification Requirements document, the Learning Outcomes and Knowledge document, and the Skills Framework.

Question 16: What is the Common Content Model for Qualification Requirements?

The model applied by Common Content for Qualification Requirements can be depicted as follows:

$$\begin{array}{c} \text{Common content} \\ \text{(with an international focus: high quality education benchmarks agreed jointly)} \\ \\ + \\ \\ \text{National content} \\ \text{(with a national focus and determined nationally,} \\ \text{but subject to common content framework)} \\ \\ = \\ \\ \text{National audit/accountancy qualification} \\ \text{(based on high quality benchmarks} \\ \text{with an international and national focus)} \end{array}$$

Question 17: What do the Qualifications Requirements Cover?

Overarching educational requirements are set forth in the document “Qualification Requirements”. The detailed educational requirements are set forth in the documents “Learning Outcomes and Knowledge” and “Skills Framework”. The Learning Outcomes and Knowledge document covers the professional and other knowledge needed to achieve the learning outcomes (professional values

and ethics, law, information technology, and business environment, economics and quantitative methods). The learning outcomes are divided into the five service areas of professional accountants (assurance and related services – which include audits of financial statements, performance measurement and reporting – which include financial reporting, strategic and business management, financial management, and tax and legal services). The required knowledge, and knowledge level, are set forth for each learning outcome. Required professional skills (cognitive and behaviour skills, as well as multidisciplinary skills) are defined in the Skills Framework document.

V. How Does Common Content Operate?

Question 18: How does the Common Content Compliance System Operate?

The Common Content Project has a functioning compliance system under the oversight of an Oversight Committee. The compliance system is described in the Compliance Manual. Under the Compliance Manual, each member body is required to perform a self-assessment of its compliance with Common Content requirements. This self-assessment is then subject to independent review through a review team drawn from outside of the jurisdiction of the reviewed body. The compliance process is overseen by the Oversight Committee comprising a majority of independent members.

Question 19: What are the consequences if the review determines that not every requirement of Common Content has been achieved at the time of the review?

A full self-assessment and review process under the oversight of the Oversight Committee for all Participating Institutes was undertaken in 2008-2009, and in 2015 for the IBR-IRE in Belgium. This included the observation by the independent members of the Oversight Committee of selected review visits. The results of the review process indicated that all of the Participating Institutes have met the requirements for continuing membership, but that more or less remedial action is required by the Institutes as applicable. The experience gained from the compliance process led to the revision of the Common Content educational requirements (including creating the distinction between requirements and guidance) and to strengthening the compliance process through a compliance manual.

Given this experience, it is to be expected that any Institute subjecting itself to a self-assessment and review is likely to require some remedial action. As long as the Institute can demonstrate that it will undertake this remedial action within the foreseeable future, required remedial action is not a barrier to full membership.

Question 20: What resources are required to join the Project?

The primary cost results from needing to perform a detailed self-assessment of compliance of the qualification with Common Content requirements, but much of these costs can be internalised by using own staff unless external consultants are required. In addition, there is the cost of the review, which involves the travel and accommodation (less than € 5000) of the review team, but not their time. However, in future, a member Institute will need to provide a qualified individual to the review team pool free of charge for their time for review team activities (usually one person week for a review). After joining, in the past the cost per member Institute per year has been about € 1000 per Institute plus the expenses of having a representative attending up to three one-day Steering Group meetings per year. In the past the cost per Associate Member has been about € 500 per year.

Question 21: How does the Project operate?

The organisation is run in a very lean fashion; there is no need for an entity with a formal legal form or entity staff at this time. All of the work is done by members of the Steering Group. If expansion of membership occurs, a more formal operating and legal framework may be appropriate. Other than the agenda item papers for Steering Group meetings, all supporting documents of the Project are published on the website.

Question 22: Is there a difference between founding members and new members?

All full members, including new members, have same voting rights and are treated the same in every other way: there is no distinction between existing and new members. Associate members do not have voting rights, but have the rights and responsibilities as defined in the Organizational Document.

VI. More Information About Common Content

Question 23: Is there a website where more information can be obtained?

The website of the Common Content Project is: www.commoncontent.com

The website contains all of the official documents of the Project, including:

- Organizational Document
- Qualification Requirements
- Learning Outcomes and Knowledge
- Skills Framework
- Compliance Manual

Question 24: Whom can I contact in the Project?

The following persons are the official representatives of the Project with their contact details:

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