Sustainability in Accountancy Education

Bruce Vivian
Head of Accountancy Education
The Sustainability Reporting Project

- Critically assess whether the IESs effectively support professional accountants in competently implementing sustainability reporting standards and conducting sustainability related assurance services.
- Evaluate whether IES revision is supported by the evidence obtained.
- Establish whether other publications such as non-authoritative guidance, thought leadership or published Panel observations should be developed and issued.
- Project is focused on IFRS S1 and S2 and proposed ISSA 5000, but is adopting a framework agnostic approach.
Different competency lenses

- Preparers vs auditors
- Aspiring vs professional accountants
- Core competence (everyone) vs specialized competence
- Large firms and corporates vs SMPs and SMEs
The International Education Standards (IESs)

A global baseline for accountancy education for IFAC member organizations, covering:

- Entry requirements
- Learning outcomes for initial professional development (IPD)
  - What a newly qualified professional accountant should know and be able to do.
  - The professional values, ethics and attitudes they should demonstrate.
- Practical experience
- Assessment
- Continuing professional development (CPD)

- Plus advanced learning outcomes for audit engagement partners
Information gathering framework

What hasn’t changed?  What’s new?

Business acumen
Behavioral competence
Technical expertise
Ethical behavior
Business acumen

What hasn’t changed?

- We understand and evaluate business models
- We understand regulatory, industry and other external factors
- We evaluate the impact of strategic business decisions
- We develop or evaluate an entity’s response to risk

What’s new?

- Breadth & depth of understanding governance, strategy and risk
- Adequacy of governance disclosures
- Long-term strategic measurement and evaluation of progress towards climate-based targets
## Behavioral competence

### What hasn’t changed?

- Analytical thinking
- Resilience, flexibility & agility
- Professional skepticism

### What’s new?

- Greater emphasis on self-learning
- Applying professional skepticism and judgment to a new subject matter
- Enhanced collaboration with experts and across organizations and value chains

<table>
<thead>
<tr>
<th>Competence</th>
<th>Description</th>
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<tbody>
<tr>
<td>Analytical thinking</td>
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<tr>
<td>Curiosity &amp; life-long learning</td>
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<td>Resilience, flexibility &amp; agility</td>
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<td>Intellectual agility</td>
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<td>Professional skepticism</td>
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<td>Professional judgement</td>
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<td>Collaborative working</td>
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## Technical expertise

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<thead>
<tr>
<th>What hasn’t changed?</th>
<th>What’s new?</th>
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<tbody>
<tr>
<td>✓ We can analogize to existing financial statement concepts (e.g., assertions)</td>
<td>✓ Reviewing disclosure about sustainability risk</td>
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<td>✓ We understand processes &amp; controls</td>
<td>✓ Deciding what is material</td>
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<td>✓ We write, review or evaluate policies &amp; procedures</td>
<td>✓ Different ways to measure</td>
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<td>✓ Reviewing disclosure showing greater near-term financial risk</td>
<td>✓ Scientific based metrics</td>
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<td>✓ Physical risks</td>
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<td>✓ Energy flows and emission sources</td>
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<td>✓ Scientific and estimation uncertainties</td>
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<td>✓ More emphasis on information obtained from external sources</td>
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Ethical behaviors

What hasn’t changed?

Professional competence and due care

What’s new?

Possible increased risk of management bias
  - New pressures to achieve long-term strategic commitments
  - Concerns about greenwashing erode trust
Building capacity: we need to think wholistically

Build capacity amongst
- Preparers
- Assurance providers
- Future professional accountants
- Non-accountant experts
- Regulators
- Educators

Integrate sustainability into
- University curricula
- Professional curricula
- Assessments
- Practical experience
- CPD offerings
- Post-qualification specializations
i.e., everywhere!

**Remember:** sustainability-related reporting has many touch points into accountancy curricula, including reporting, auditing, management accounting, taxation, ethics, governance, risk management, internal controls, professional skills (where else?)
We have a responsibility to be professionally competent.

- Read IFRS S1 and S2
- Read ED ISSA 5000
- Read COSO report: “Achieving effective internal control over sustainability
- Read publicly available sustainability reports
- Complete the forthcoming ISSB eLearning course when it is published
- Go to IFAC’s sustainability education resource pages for more opportunities
What to expect in the coming months

- Literature review
- Outcomes of information gathering
- Possible exposure draft of IES revisions
- Possible non-authoritative guidance and other thought leadership