Sustainability in Accountancy Education

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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

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Different competency lenses

Preparers vs auditors

Aspiring vs professional accountants

Core competence (everyone) vs specialized competence

Large firms and corporates vs SMPs and SMEs

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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 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*

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Information gathering framework

What hasn't changed? ≫ **What's new?**

Business acumen

Behavioral competence

Technical expertise

Ethical behavior

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Business acumen

What hasn't changed? »» What's new?

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

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Behavioral competence

What hasn't changed? **»** What's new?

What hasn't changed?

Analytical thinking

Curiosity & life-long learning

Resilience, flexibility & agility

Intellectual agility

Professional skepticism

Professional judgement

Collaborative working

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

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Technical expertise

What hasn't changed? ⟫ What's new?

What hasn't changed?

- ☑ We can analogize to existing financial statement concepts (e.g., assertions)
- ☑ We understand processes & controls
- ☑ We write, review or evaluate policies & procedures
- ☑ Reviewing disclosure showing greater near-term financial risk

What's new?

- ☐ Reviewing disclosure about sustainability risk
- ☐ Deciding what is material
- ☐ Different ways to measure
- ☐ Scientific based metrics
- ☐ Physical risks
- ☐ Energy flows and emission sources
- ☐ Scientific and estimation uncertainties
- ☐ More emphasis on information obtained from external sources

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Ethical behaviors

What hasn't changed? ⟫ What's new?

Professional competence and due care

Possible increased risk of management bias
- New pressures to achieve long-term strategic commitments
- Concerns about greenwashing erode trust

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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
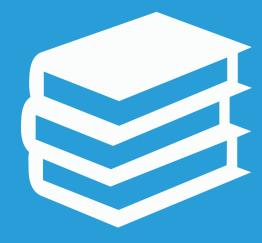
  i.e., everywhere!

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?)

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Start preparing today

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

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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