

**Basis for Conclusions**  
**Prepared by the Staff of the IAESB™**  
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**IES™**

*International Education Standard™*

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# IES 7, Continuing Professional Development (Revised)

**IAESB**

International Accounting  
Education  
Standards Board™

This document was prepared by the Staff of the International Accounting Education Standards Board™ (IAESB™).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

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## **BASIS FOR CONCLUSIONS**

### **IES 7, CONTINUING PROFESSIONAL DEVELOPMENT (REVISED)**

The Basis for Conclusions document for *IES 7, Continuing Professional Development (Revised)* (“IES 7 (Revised)”) has been prepared by the Staff of the International Accounting Education Standards Board (“IAESB” or “Board”). It relates to, but does not form part of IES 7 (Revised).

#### **Background**

1. The IES 7 (Revised) was developed with full consideration of comments received from the following sources: (i) IAESB Consultative Advisory Group (“CAG”), (ii) Respondents’ comment letters on the IAESB’s [Exposure Draft of Proposed International Education Standard 7, Continuing Professional Development \(Revised\)](#) (“IES 7 ED”) and targeted consultation with key stakeholders through survey, focus groups, and in-depth interviews; (iii) Respondents’ responses to the IAESB’s [Consultation paper, Meeting Future Expectations of Professional Competence: A Consultation on the IAESB’s Future Strategy and Priorities](#) (“SWP Consultation”); (iv) consultation with the IES Usage Study task force to include IES 7 relevant findings and issues; and (v) review of examples of Continuing Professional Development (“CPD”) principles, standards and guidance developed for other professions (actuaries, medics, pharmacists etc.) as well as U.S. professional accountants and accountancy Continuing Professional Education (“CPE”) program sponsors.
2. Upon the request of the IAESB Steering Committee, the IAESB CAG submitted its report, [Future IAESB Framework and 2017-2021 IAESB Strategy](#), to assist the Board in identifying future opportunities, gaps, issues, or emerging trends that may impact implementation of a revised IES 7, or provide the basis for the possible development of revising IES 7. In addition, the IAESB consulted with its CAG at the following stages of the revision project of IES 7: (i) Advice on project issues as well as feedback on the IAESB survey and focus groups’ findings (April 2016 meeting); (ii) Advice on the project proposal for the revision of IES 7 as well as feedback on ongoing consultation activities (September 2016 meeting); (iii) Advice on the preparation of IAESB’s IES 7 ED (April 2017 meeting); (iv) Advice on the preliminary analysis of respondents’ feedback on the IAESB’s IES 7 ED (October 2017 meeting); (v) Feedback on the final analysis of respondents’ comments on the IAESB’s IES 7 ED and advice on the proposals and drafting of the revised IES 7 (April 2018 meeting); and (vi) Feedback from the fatal flaw review of the revised IES 7 IES (April 2018 meeting).
3. The IAESB released its IES 7 ED on June 5<sup>th</sup>, 2017 with a deadline for comments of September 19<sup>th</sup>, 2017. The IAESB received 42 comment letters (See Appendix 1) from a variety of respondents, including IFAC member bodies and associates, public accounting firms, professional accounting associations, regional organizations, regulators, academics, professional accountants, CPD provider, and the public. The geographic distribution of responses, included respondent letters from: Europe (24%), North America (21%), Africa (17%), Asia (7%), South America (7%), Oceania (5%), Middle East (2%), and global (17%). Responses were reviewed using the International Monetary Fund’s classification and showed significant representation of Advanced (43%), Developing (38%), and Global (19%) economies.
4. The IAESB also benefited from respondents’ comment letters on the IAESB’s SWP Consultation with 21 responses having been received (See summary of responses included in [Appendix 2 of Agenda Item 2-1 of April 2016 meeting](#)). In addition, the Board was informed by the IES 7 task force’s findings from its survey, focus groups, and detailed Member Body interviews in defining issues and identifying a potential way forward to improve IES 7 (See Agenda Items [3-1](#) and [3-3](#) from the IAESB November

2016 meeting) and inform the development of a CPD framework ([Agenda Item 5-1 for the April 2016 meeting](#)).

## How Has IES 7 Been Improved

5. The IAESB has revised the requirements and clarified the accompanying explanatory material of IES 7 to provide IFAC member bodies with greater flexibility in applying the standard. These changes are intended to:
  - Clarify that professional accountants, regardless of sector or size of the organization in which they operate, undertake and record relevant CPD to maintain and develop professional competence to perform their role;
  - Provide greater flexibility in measuring a professional accountant's CPD by enabling PAOs to set output measures (i.e., achievement of learning outcomes), input measures (i.e., use of CPD hours or equivalent learning units) or both, that align to the learning and development needs for the range of roles that professional accountants perform in their jurisdiction;
  - Clarify what CPD activities PAOs may promote for CPD by providing examples of planned and unplanned learning and development activities for CPD; and
  - Link the approaches to the measurement of CPD with examples of verifiable evidence that can be used to demonstrate that learning outcomes have been achieved and that can be used to demonstrate that a specified amount of learning and development activity has been undertaken.
6. The revised IES 7 also sets out a CPD framework for professional accountants that can provide structure, guidance, or explanation of concepts in order to support the learning and development of professional accountants. CPD frameworks may help professional accountants identify, undertake, and record relevant CPD. For example, a CPD framework may include:
  - Perform self-assessment activities to identify relevant learning outcomes and personal development gaps;
  - Plan for, complete, and record learning and development activities;
  - Evaluate and undertake reflective activity on completed learning and development activities; and
  - Revise the learning and development plan accordingly.

## Significant Issues

7. The IAESB IES 7 task force analyzed and summarized the feedback received from the various consultations in terms of significant issues which were presented to the IAESB CAG and the IAESB for deliberation at their respective April 2018 meetings (See Agenda Items [6-1](#), [6-2](#), [6-3](#) of the April 2018 IAESB CAG meeting and Agenda Items [2-1](#), [2-2](#), and [2-3](#) of the April 2018 IAESB meeting). In addition, the IAESB commented on revised drafts of the IES 7 at their April and July 2018 meetings; while the IAESB CAG provided feedback on proposed wording for the revised IES 7 at its April meeting. For purposes of showing how the IAESB has concluded on these deliberations, the discussion of issues presented below has been organized according to the following headings: Placement of Input Measures in IES 7 (Revised); Focusing CPD Requirements on Developing and

Maintaining Professional Competence; Providing Examples of Evidence for Monitoring and Enforcement; Clarity of Objective Statement; and Other Issues.

## **Placement of Input Measures in IES 7 (Revised)**

### **Summary of Feedback Received on IES 7 Exposure Draft**

8. Appendix 2 summarizes respondents' comments received on the placement of input measures (e.g., CPD hours and equivalent learning units) in IES 7 (Revised). Eighteen (Member Bodies (12), Professional Accounting Firms (3), Professional Accountancy Organizations (2), and Regional Organization (1)) of 42 respondents did not support the removal of CPD hours from both the requirement and explanatory material. Eight (Member Bodies (5), Professional Accountancy Organizations (2), and Regional Organization (1)) of 18 respondents indicated the hours benchmark or guidance on establishing an appropriate or sufficient number of hours should at least be included in explanatory material. One Member Body noted possible risks associated with removing minimum or benchmark hours from IES 7 (Revised) requirements but indicated the requirements of IES 7 (Revised) were appropriate and clear. Nine (Member Bodies (5), Professional Accounting Firms (3), and Professional Accountancy Organization (1)) of 18 respondents were not supportive of removing minimum hours from the input-based approach requirement. The primary concern for these nine respondents is that the removal of a minimum number of hours will contribute to an inconsistent number of required hours or equivalent learning units used in input-based approaches which will make it difficult in situations where mobility of practice is important.
9. Four (Member Body (1), Professional Accounting Firms (2), and Academic (1)) of 42 respondents indicated through a direct comment that they supported the removal of prescribed hours from IES 7 (2014). The range of reasons supporting the removal of prescribed hours included: better reflects a principles-based approach; helps emphasize 'CPD reflectivity' instead of CPD compliance; measuring hours is not the same as measuring competence; there is no educational basis for the number of prescribed hours in extant IES 7 (2014); and removal of the number of prescribed hours provides flexibility for IFAC member bodies to administer in their own jurisdictions.
10. A majority of CAG members supported the task force's recommendation related to the analysis of comments that minimum CPD hours should be included as an example in explanatory material and should not be restored as a requirement. Two CAG members who did not support the removal of CPD hours from the requirements expressed concerns around weakening the requirements and lowering the standard with an impact on quality and consistency; and the risk of eliminating a minimum hour requirement for the input based-approach "activities" as well as the need for more emphasis on at least a periodical check that the learning outcomes related to the "input-based activities" are achieved.

### **IAESB Response to Feedback Relating to the Placement of Input Measures in IES 7 (Revised)**

11. Following a full discussion of comments received from the CAG and from respondents to the IES 7 ED, the Board concluded that the placement of CPD hours should be included as an example in paragraph A25 of Explanatory Material of IES 7 (Revised) and should not be restored as a requirement. This conclusion is based on the IAESB's view that removal of the amount of CPD hours from the requirement;

- Aligns with development of principles-based standards and is consistent with the formulation of other extant IES requirements, such as IES 5, *Initial Professional Development – Practical Experience*;
  - Provides flexibility to IFAC member bodies to establish the CPD hours that work best for their jurisdictions and markets;
  - Permits IFAC member bodies to adjust the number of CPD hours for professional accountants who perform roles that have greater responsibility to the public or pose a greater risk to the public to require more hours or CPD units than that identified in the extant requirement.
  - Provides greater flexibility for member bodies to adopt “bite-sized learning units” that are less than an 1-hour CPD unit; and
  - Aligns with the view that there is no rationale or empirical evidence from academic or professional literature to support the specified number of hours or CPD units that is identified in the extant requirement.
12. The IAESB continues to support the input-based approach in the Explanatory Material by explaining how an input-based approach measures CPD in terms of hours or equivalent learning units and by providing an example in paragraph A25 of Explanatory Material of IES 7 (Revised) of undertaking a specified amount of CPD in terms of CPD hours. The IAESB notes that removing CPD hours from the IES 7 (Revised) requirements and including an example of an input-based approach in the Explanatory Material section does not require any organization to change existing policy or practice.

## **Focusing CPD Requirements on Developing and Maintaining Professional Competence**

### **Summary of Feedback Received**

13. Appendix 2 summarizes respondents' comments received on focusing CPD requirements on developing and maintaining professional competence in IES 7 (Revised). Five (Member Bodies (4) and Regional organization (1)) of 42 respondents indicated that the removal of the phrase, “develops and maintains professional competence” from the requirements on measurement may have the unintended consequence of weakening these requirements.
14. Three (Member Bodies (3)) of 42 respondents did not agree with including the phrase ‘CPD that develops and maintains professional competence’ in the measurement requirements. All three respondents indicated that because the Board defines CPD in the IAESB Glossary of Terms as learning and development that develops and maintains professional competence, the phrase ‘CPD that develops and maintains professional competence’ is redundant and potentially confusing.
15. The IAESB's Draft Working Group (DWG) expressed concern that the phrase ‘CPD that develops and maintains professional competence’ implies that there is such a thing as CPD which does not develop and maintain professional competence which is inconsistent with the Boards definition of CPD. The DWG recognized that not all read the IAESB Glossary, Introduction sections of a standard, and the Explanatory material, but it is important to write our standards so that they refer to these resources consistently. It would be difficult if not impossible to undertake the development of standards if the Board sought to accommodate every possible way in which someone might read an IES.

16. The CAG supported the view that measurement requirements should emphasize a direct link between CPD and professional competence which is consistent with the purpose of IES 7 (See Paragraph 1 of IES 7 (Revised)) and the Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015).

### **IAESB Response to Feedback**

17. Following a full discussion of comments received from the CAG and from respondents to IES 7 ED, the Board concluded that the phrase, 'CPD that develops and maintains professional competence,' should be kept in requirement paragraphs 9 and 11 and added to paragraphs 13 and 14 of IES 7 (Revised). A majority of IAESB members supported including this phrase in the requirements for CPD measurement because it reinforced the goal on developing and maintaining professional competence, but identified how the output-based and input-based approaches are to be demonstrated for measurement purposes. In addition, the phrase aligns with the Objective statement of IES 7 (Revised) and supports the Board's view that professional accountants should undertake relevant CPD to perform their role.
18. The IAESB believes the risk of adding this phrase to the measurement requirements (Paragraphs 13 and 14 of IES 7 (Revised)) is acceptable if the phrase helps make clear to readers of IES 7 (Revised) that CPD must develop and maintain professional competence.

## **Providing Examples of Evidence for Monitoring and Enforcement**

### **Summary of Feedback Received**

19. Appendix 2 summarizes respondents' comments received on providing examples of evidence for monitoring and enforcement. Six (Member Bodies (2), Professional Accounting Firms (2), Regulator (1) and Professional Accountancy Organization (1)) of 42 respondents indicated that there is an important connection between explanatory material for the measurement approaches and examples of verifiable evidence contained under monitoring and enforcement. Three (Professional Accounting Firm (1), Regulator (1) and Professional Accountancy organization (1)) of these six respondents stated that the examples of verifiable evidence were essential to helping readers understand the measurement approaches. The other three respondents (Member Bodies (2) and Professional Accounting Firm (1)) observed that the concept of verifiable evidence appears in Explanatory Material for the input-based approach, but does not appear in any paragraph related to the output-based approach in the Explanatory Material. Respondents suggested that cross-referencing explanatory material paragraphs on measurement to examples of verifiable evidence included in explanatory material for monitoring and enforcement would help their understanding of the measurement approaches.
20. The CAG expressed support for including cross-references in Explanatory Material for both input-based and output-based measurement approaches.
21. The DWG does not agree with setting a precedent within the IESs for establishing cross-references between IES explanatory material paragraphs. The DWG points out that there are numerous relationships between explanatory material paragraphs in all of the IESs and picking only a couple of instances to introduce a cross reference would be inconsistent from a drafting perspective. In addition, the introduction of cross-references at these specific paragraphs in IES 7 (revised) may confuse readers as to whether the Board views only those paragraphs that are explicitly cross-referenced as being related. The DWG recommended that the IES 7 task force carefully consider the

ordering of the Explanatory material, to ensure it is as logical as possible and therefore helpful to the reader. The DWG further recommended that if additional support to aid understanding of the standard is needed implementation guidance would be a better vehicle to use.

### **IAESB Response to Feedback**

22. Following a full discussion of comments received from the CAG and from respondents to the IES 7 ED, the Board concluded that examples of evidence for monitoring and enforcement should be referred to when explaining the requirements on output-based and input-based measurement approaches in the Explanatory Material section. The Board has used cross-referencing in paragraphs A21 and A24 of the Explanatory Material section in IES 7 (Revised) to link examples of verifiable evidence with explanatory material for the measurement approaches to improve clarity and understanding of the output-based and input-based measurement approaches, respectively. The cross-references enable users to fully understand the important relationship between measurement and evidence. The examples of verifiable evidence provide assistance in implementing input-based and output-based measurement approaches.

## **Clarity of Objective Statement**

### **Summary of Feedback Received**

23. Appendix 2 summarizes respondents' comments received on the clarity of the Objective statement. Twenty (Member Bodies (10), Professional Accounting Firms (4), Professional Accountancy Organizations (3), Regulator (1), Public (1), and Regional Organization (1)) of 42 respondents indicated that the proposed Objective Statement included in the IES 7 ED was appropriate and clear.
24. Ten (Member Bodies (8), Professional Accounting Firm (1), and Regional Organization (1)) of 42 respondents indicated that the clarity of the Objective statement needed to be improved. The range of comments and suggestions for improving the clarity of the Objective statement, included: i) revise the statement so that it relates to the role and responsibilities of IFAC member bodies; ii) review whether it is appropriate to include a reference to the public interest in an IES Objective statement; iii) clarify the wording of the Objective statement to include: new knowledge and skills, undertaking CPD, referring to functions, and maintain professional ethics.
25. The CAG expressed a mixed view on the appropriateness of including a reference to the public interest in the Objective statement. A minority of CAG members supported including a reference to public interest in the Objective statement because IES 7 targets all professional accountants and the importance of CPD to the accountancy profession.

### **IAESB Response to Feedback**

26. Following a full discussion of comments received from the CAG and from respondents to the IES 7 ED, the Board concluded that the clarity of the Objective Statement would be improved by:
- Aligning the objective with the purpose of the standard (Paragraph 1 of IES 7 (Revised)) which is to prescribe CPD required for professional accountants to develop and maintain professional competence;
  - Focusing on the professional accountant's responsibility to undertake CPD; and
  - Linking professional competence to relevant CPD that is needed to perform a professional accountant's role.



The objective of the standard now focuses on establishing that professional accountants undertake relevant CPD. As a result, the Board is recognizing the responsibility of professional accountants in selecting relevant CPD that develops and maintains professional competence to perform their role.

27. In addition, the Board decided to explain the importance of CPD in the Explanatory Material section. Paragraph A7 of IES 7 (Revised) explains the purpose of undertaking relevant CPD by indicating that developing and maintaining professional competence not only protects the public interest, but also supports the performance of high quality services and promotes the credibility of the accountancy profession. Paragraph A8 of IES 7 (Revised) also explains why CPD is necessary for professional accountants, regardless of sector or size of organization in which they operate.

## Other Issues

### Introduction

28. The Board decided to improve the clarity of the ‘Scope of this Standard’ section by re-ordering the content of Paragraph 5 of IES 7 ED and including the description of what is included in CPD in Paragraph 2 of IES 7 (Revised) to enhance the understanding of the IAESB’s definition of CPD. In addition, the content of Paragraphs A2 and A4 of the IES 7 ED were re-ordered to improve clarity and flow of ideas and now appear as paragraphs A6 and A3 of IES 7 (Revised), respectively. Finally, paragraph A3 of IES 7 ED was enhanced by indicating that member bodies may periodically review their CPD policies and the application of this IES to support professional accountants. This change is now included in paragraph A4 of IES 7 (Revised).

### Requirements and Explanatory Material

#### *CPD for Professional Accountants*

29. Three (Member Bodies<sup>1</sup>) of 42 respondents requested further clarity for the meaning of ‘professional accountants’ which is used in Requirement paragraph 9 of IES 7 ED.
30. In response, the Board added a new Paragraph A1 to the Explanatory Material section of IES 7 (Revised) to define a professional accountant and provide a limited number of examples of what activities are included in the accountancy profession.
31. Three (Professional Accounting Firms (2) and Academic (1)<sup>2</sup>) of 42 respondents requested that ‘professional responsibilities’ be defined or removed from Requirement paragraphs 9, 12, and 13 of IES 7 ED.
32. In response, the Board deleted the phrase, ‘to their role and professional responsibilities’ because it increased complexity unnecessarily. The Board has decided to clarify these Requirement paragraphs by referring to the phrase, ‘to performing their role as a professional accountant’ which is consistent with the purpose and objective of IES 7 (Revised). These changes are now included in paragraphs 9, 13, and 14 of IES 7 (Revised).
33. The Board also decided to improve the clarity of the following Explanatory Material paragraphs by:

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<sup>1</sup> SAIPA; ICAS; JICPA.

<sup>2</sup> EY; PwC; Professors Catriona Paisey and Nicholas Paisey.

- Linking relevant CPD in paragraph A9 of IES 7 (Revised) to the responsibilities of a professional accountant's role and to assisting in maintaining and developing professional competence necessary to perform that role;
- Clarifying the use of a CPD framework in paragraph A10 of IES 7 (Revised) as a means to identify, undertake, and record relevant CPD;
- Including examples of tools in paragraph A11 of IES 7 (Revised) that member bodies can provide to help professional accountants identify, plan, and record relevant CPD, such as learning record examples that guide professional accountants in recording their learning and development activities; and
- Clarifying the types of requirements and guidance on learning and development or learning outcomes in paragraph A13 of IES 7 (Revised) that member bodies can consider relevant to roles and functions of professional accountants in their jurisdictions, such as learning outcomes for competence areas which cover specific accountancy activities, specialists' roles, or areas that require protection of the public interest.

*Promotion of and Access to CPD*

34. The Board decided to improve the clarity of the following Explanatory Material paragraphs by:
- Clarifying the scope of activities for promotion of CPD and development and maintenance of professional competence in paragraph A16 of IES 7 (Revised) by including additional examples such as, encouraging the use of a CPD framework by professional accountants to support relevant learning and development and working with local regulators and other licensing authorities to promote awareness of, and compliance with, local CPD requirements; and
  - Adding an example of planned and unplanned learning and development activities to promote CPD in paragraph A18 of IES 7 (Revised) that describes designing, developing, reviewing, or teaching in-person learning courses (delivered live or virtually), e-learning courses, conferences, seminars, or other educational programs and training events.

*Measurement of CPD*

35. The Board decided to improve the clarity of the following Explanatory Material paragraphs by:
- Clarifying the understanding of CPD measurement by adding a new paragraph A19 of IES 7 (Revised) that defines measurement;
  - Clarifying the understanding of learning outcomes by adding a new paragraph A22 of IES 7 (Revised) that defines learning outcomes, explains how they can be achieved, and provides further insight as to where they are relevant; and
  - Clarifying the use of both output-based and input-based measurement approaches in paragraph A27 of IES 7 (Revised) by providing examples that show how to construct an approach that includes both output-based and input-based measurement approaches.

*Monitoring and Enforcement of CPD*

36. One Member Body indicated that the current wording for paragraph 17 of IES 7 ED was confusing and redundant with the content of paragraph 16.

37. In response, the Board agreed that paragraph 17 is redundant with the content of paragraph 16 which requires a systematic process for monitoring and enforcement, and the content of paragraph 12 which requires a member body to establish an approach to measurement. As a result, the Board decided to delete paragraph 17 of IES 7 ED.
38. The Board also decided to improve the clarity of the following Explanatory Material paragraphs by:
- Clarifying the understanding of verifiable evidence by adding a new paragraph A28 of IES 7 (Revised) that defines verifiable evidence and explains how CPD can increase the confidence of stakeholders;
  - Describing more fully in paragraph A30 of IES 7 (Revised) the nature of verifiable evidence by providing examples of learning activities that are not easily verifiable, but can still be evidenced and documented;
  - Clarifying examples in paragraph A32 of IES 7 (Revised) about how to demonstrate that a specified amount of learning and development activity has been undertaken in an input-based approach (e.g., confirmed by a provider, instructor, employer, mentor or tutor) and about how to determine the relevance of learning and development activity with things such as, storyboards (for virtual training) and meeting agenda objectives;
  - Adding an example of a systematic monitoring process in paragraph A34 of IES 7 (Revised) that involves a member body working with regulators or other licensing authorities to assist in monitoring and enforcing CPD requirements; and
  - Providing an example of the duration of a CPD cyclical monitoring process in paragraph A36 of IES 7 (Revised).

### **Editorial Changes**

39. The IAESB agreed to several small editorial changes to improve the clarity of the IES 7 ED. These editorial changes in paragraphs 1, 3, 5, 10, 11, A2, A5, A12, A15, A20, A21, A23, A29, A31, A33, A35, A38, A39, A40, and A41 of IES 7 (Revised) addressed issues that improved the understanding without substantially changing the content of these paragraphs.

**List of Respondents to IAESB 2017 IES 7 Exposure Draft**

<b>ACRONYM</b>	<b>FULL NAME OF ORGANIZATION</b>
AAT	Association of Accounting Technicians
ACCA	The Association of Chartered Certified Accountants
AICPA	The Association of International Certified Professional Accountants
BDO International	BDO Global Coordination B.V.
Bouzas Sañudo	C.P.C. Miguel Ángel Bouzas Sañudo
CAI	Chartered Accountants Ireland
Castro Espinosa	M.A. and C.P.C. Raul Castro Espinosa
CPA Australia	Certified Practising Accountants of Australia
CPA Canada	Chartered Professional Association of Canada
DTT	Deloitte Touche Tohmatsu
Dumisani Msipa	Dumisani Msipa
EFAA	The European Federation of Accountants and Auditors for SMEs
EYG	Ernst & Young Global
FACPCE	Federación Argentina de Consejos Profesionales de Ciencias Económicas
Fonseca Vivas	Alvaro Fonseca Vivas, Universidad, Columbia
FRC(UK)	Financial Reporting Council of the United Kingdom
GAO	Government Accountability Office (USA)
IAA	Interamerican Accounting Association
IBRACON	Instituto dos Auditores Independentes do Brasil
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAN	Institute of Chartered Accountants of Nigeria
ICAS	The Institute of Chartered Accountants of Scotland
ICAZ	The Institute of Chartered Accountants of Zimbabwe
ICPAS	Indiana CPA Society
ICPAU	Institute of Certified Public Accountants of Uganda
IDW	Institut der Wirtschaftsprüfer
IRBA	Independent Regulatory Board for Auditors of South Africa

IES 7, CONTINUING PROFESSIONAL DEVELOPMENT (REVISED)

<b>ACRONYM</b>	<b>FULL NAME OF ORGANIZATION</b>
ISCA	Institute of Singapore Chartered Accountants
JICPA	The Japanese Institute of Certified Public Accountants
Knowledge Equity	Knowledge Equity
KPMG International	KPMG International
MIA	The Malaysian Institute of Accountants
NASBA	National Association of State Boards of Accountancy
NBA	NBA - Koninklijk Nederlands Instituut van Registeraccountants (Royal NIVRA)
PAFA	Pan African Federation of Accountants
Paisey & Paisey	Professor Catriona Paisey and Professor Nicholas Paisey
PWC	PricewaterhouseCoopers
Resa Monroy	C.P.C. Jorge Resa Monroy
Rodríguez Espínola	C.P.C. Juan Antonio Rodríguez Espínola
SAIPA	South African Institute of Professional Accountants
TÜRMOB	Union of Chambers of Certified Public Accountants of Turkey
WPK	Wirtschaftsprüferkammer

## Summary of Feedback Received on Significant Issues

### Summary of Feedback Received on Placement of Input Measures in IES 7 (Revised)

#### *Do Not Support Removal of Minimum Hours from IES 7 (revised)*

1. Eighteen (IDW; SAIPA; PAFA; ICAEW; CPA Australia; ACCA; PwC; GAO; EFAA; Chartered Accountants Ireland; KPMG; WPK; ICAN; JICPA; CPA Canada; Deloitte; ICPAU; ICAS) of 42 respondents indicated through a direct comment that they do not support the removal of minimum hour benchmarks from IES 7 (revised).
2. However, nine (SAIPA; PAFA; ICAEW; ACCA; EFAA; Chartered Accountants Ireland; ICAN; CPA Canada; and ICPAU) of the 18 respondents may be comfortable with IES 7 (revised) if benchmark hours are included in explanatory material:
  - (a) Eight (SAIPA; PAFA; ICAEW; ACCA; EFAA; Chartered Accountants Ireland; ICAN; and ICPAU) of 18 respondents indicated the hours benchmark or guidance on establishing an appropriate or sufficient number of hours should at least be included in explanatory material; and
  - (b) One (CPA Canada) noted possible risks associated with removing minimum or benchmark hours from IES 7 (revised) requirements but indicated the requirements of IES 7 (revised), including the input-based approach as proposed in the exposure draft, were appropriate and clear.
3. The primary concern for the remaining nine (IDW; CPA Australia; PwC; ICAS; GAO; KPMG; WPK; JICPA; Deloitte) of 18 respondents is that the removal of a minimum number of hours will contribute to an inconsistent number of required hours or equivalent learning units used in input-based approaches which will make it difficult in situations where mobility of practice is important.

#### *Supports Removal of Minimum Hours from IES 7 (revised)*

4. Four (Professors Paisey; EY; AICPA; BDO) of 42 respondents indicated through a direct comment that they support the removal of prescribed hours from IES 7 (revised). One respondent (EY) did not state a reason about why they support the removal, while reasons the other respondents support the removal include:
  - (a) **Better reflects a principles-based approach:**  
One (Professors Catriona and Nicholas Paisey) respondent noted that the proposed revision to remove minimum hours from the input-based approach requirement fits better with a principles-based approach for the standard.
  - (b) **Helps emphasize ‘CPD reflectivity’ instead of CPD compliance:**  
One (Professors Catriona and Nicholas Paisey) respondent commented that, prescribing hours tends to make CPD a compliance exercise when it should be about the need for professional accountants to spend time reflecting.

**(c) Measuring hours is not the same as measuring competence:**

One (AICPA) respondent commented that they support the removal of hours because measuring hours spent on learning activities is not the same as measuring the competence gained from those activities

**(d) There is no educational basis for prescribed hours in extant IES 7 (revised):**

One (BDO) respondent commented that they support the removal of prescribed hours in the IES 7 (revised) requirements because they believe those hours will become a recognized benchmark when there is not educational evidence for those hours as appropriate.

**(e) Removal promotes flexibility for IFAC member bodies:**

One (BDO) respondent stated they support the removal of prescribed hours from the IES 7 (revised) requirements because they believe IFAC member bodies should have the flexibility to establish benchmarks that work best for the circumstances in their unique jurisdictions.

5. Twenty of 42 respondents indicated that the requirements of IES 7 (revised) were appropriate and clear. Of those 20 respondents, seven (IDW; PAFA; EFAA; KPMG; WPK; CPA Canada; ICPAU) indicated the requirements were appropriate and clear, except for the removal of the minimum hours. Two (AICPA; BDO) of the 20 respondents directly stated that the requirements were appropriate and clear, in part, because minimum hours were removed. The remaining 11 (IAA; ISCA; IBRACON; Knowledge Equity; ICAZ; FACPCE: Miguel Angel Bouzas Sanudo; IRBA; TURMOB; Malaysian Institute of Accountants; and FRC) of 20 respondents did not directly state an opinion about the removal of minimum hours from IES 7 (revised) but did state that requirements were appropriate and clear or that they supported revisions to the requirements.

**Summary of Feedback Received on Focusing CPD Requirements on Developing and Maintaining Professional Competence**

6. Five (ICAEW, PAFA; SAIPA; ICPAU, ICAS) of 42 respondents noted that revisions made to the measurement approaches in IES (revised) removed reference to the development and maintenance of professional competence.
- (a) One (ICAEW) of the five respondents noted that revisions made to paragraph 9 in IES 7(revised), make clear that the purpose of CPD is to maintain and develop professional competence, but that both the input-based approach and the output-based approaches could be strengthened if a reference to professional competence were added to the measurement requirement paragraphs. For this reason, this issue is presented as applicable to both the input-based and output-based approaches.
- (b) Four (PAFA; SAIPA; ICPAU, ICAS) of the five respondents observed that the proposed revisions to the output-based approach, specifically replaced the focus on professional competence with a focus on demonstrating achievement of learning outcomes.
- (i) Three (PAFA; SAIPA; ICPAU) of these respondents noted that such revisions could be perceived to weaken, or lessen, the standard and were not helpful. These respondents did not offer suggestions for how IES 7 (revised) could be further revised.
- (ii) One (ICAS) of these respondents also noted that such revisions could be perceived to weaken the standard but suggested a revision to the output-based approach to address their concerns:

'IFAC member bodies using an output-based approach shall require professional accountants to demonstrate what had been gained from the achievement of learning outcomes and how these have been applied in developing and maintaining professional competence relevant to their role and professional responsibilities'.

- (c) In addition to their observations about the measurement requirements, ICAS and the ICAEW suggested that the IAESB consider further revision to explanatory material to help link measurement to a focus on developing and maintaining professional competence. ICAS also suggested implementation guidance would be helpful on this topic.

**Summary of Feedback Received on Providing Examples of Verifiable Evidence for Monitoring and Enforcement**

- 7. Six (PwC; FRC; NASBA; AICPA; Deloitte; ACCA) of 42 respondents provided feedback to the Board that the examples of verifiable evidence, provided at paragraphs A27 and A28, are more helpful to understanding measurement than monitoring or that the only reference to verifiable evidence included in explanatory material for measurement, appears with just the input-based approach, while the concept relates to both input-based and output-based approaches (i.e., the concept appears missing from the output-based approach). These comments are presented, in detail, under Theme 18 at Agenda Item [2-3](#) of the April 2018 IAESB meeting and are summarized as follows:
  - (a) Three (PwC; FRC; NASBA) respondents commented that the examples of verifiable evidence are essential to helping readers understand the measurement approaches and therefore the explanatory material at paragraphs A27 and A28 should be included with explanatory material for measurement (between paragraphs A19 and A25) or that explanatory material for measurement should be cross-referenced to paragraphs A27 and A28 to help readers find the examples.
  - (b) Three (AICPA; Deloitte; ACCA) respondents observed that the concept of verifiable evidence appears to show-up in explanatory material for the input-based approach at paragraph A22(a) but the concept does not appear in any paragraph related to the output-based approach explanatory material. In making this observations, these respondents questioned the inconsistency of how verifiable evidence has been presented for measurement (i.e., the assumption is the concept applies to both the input and output approaches, so should the reference be removed from A22(a) or should the concept be added to output-based approach paragraphs between A19 and A21).

**Summary of Feedback Received on Clarity of Objective Statement**

*Appropriate and Clear*

- 8. Twenty (SAIPA; PAFA; ICAEW; EY; PwC; ICAS; GAO; AAT; Knowledge Equity; NASBA; FRC; KPMG; AICPA; JICPA; FACPCE; CPA Canada; BDO; Miguel Angel Bouzas Sanudo; ICPAU; and TURMOB) of 42 respondents indicated that they believe the proposed Objective statement is appropriate and clear.

*Not Appropriate and Clear*

- 9. Ten (Deloitte; IDW; WPK; IBRACON; ICAZ; ICAN; ACCA; ISCA; CPA Australia; and IAA) of 42 respondents indicated that the Objective statement was not appropriate or clear or that further



revisions were necessary to make it more appropriate or clear. Feedback on reasons why respondents believe the Objective statement is not appropriate or clear varied as follows:

**(a) To whom the Objective is addressed:**

One (Deloitte) respondent noted ‘that the “Objective” of the proposed revised standard is directed at the professional accountant. While we understand that the ultimate aim of the Board, and for the profession more widely, is for professional accountants to develop and maintain the required level of professional competence, the purpose and focus of this standard is to set expectations and requirements for IFAC member bodies to implement, measure, monitor and enforce in order to achieve this. We therefore recommend the Board reconsiders the formulation of the Objective statement and revises it such that it addresses the Objective as it relates to the role and responsibilities of IFAC member bodies.’

**(b) Appropriate use of ‘public interest’ in the formulation of the Objective statement:**

- (i) Four (IDW, Deloitte, WPK, IBRACON) respondents questioned or challenged whether it is appropriate to include a reference to the public interest in an IES Objective statement.
- (ii) Conversely, as many as 28 respondents appear comfortable with the inclusion of a public interest reference in IES 7 (revised):
  - a. Twenty respondents (SAIPA; PAFA: ICAEW; EY; PwC; ICAS; GAO; AAT; Knowledge Equity; NASBA; FRC; KPMG; AICPA; JICPA; FACPCE; CPA Canada; BDO; Miguel Angel Bouzas Sanudo; ICPAU; and TURMOB) indicated the Objective statement is clear and appropriate as drafted, including the reference to the public interest;
  - b. Six (ICAZ, ACCA, ISCA, CPA Australia, IAA, and ICAN) respondents offered suggested edits to make the Objective statement more clear, but those suggestions did not remove reference to the public interest indicating they are also comfortable with the inclusion of a public interest reference in the IES 7 (revised) Objective statement; and
  - c. Two (EY and BDO) respondents offered suggestions to edit explanatory material related to the Objective statement and did not express concern with the inclusion of a public interest reference in the Objective statement.

**(c) Confusion with ‘develop and maintain’ compared to acquire new knowledge and skill:**

- (i) Two (ICAZ and ICAN) respondents suggested replacing the word ‘develop’, with ‘acquire’ or ‘update’, in the construct of ‘develop and maintain the professional competence necessary’. Respondents cited concerns that the word ‘develop’ does not make a clear distinction between CPD and IPD requirements or that ‘develop’ does not imply, strongly enough, the need for professional accountants to update themselves with new knowledge and skills;
- (ii) One (ACCA) respondent also noted that the Objective statement does not explicitly state that acquiring new skills and knowledge for career progression is part of CPD; and
- (iii) One (ISCA) respondent noted that the Objective statement could be enhanced by making reference to the need for continued development of knowledge and skills because of the continuously changing business environment.

**(d) Objective statement appears to be missing reference to CPD:**

Two (CPA Australia; ACCA) respondents noted that the Objective statement makes no reference to CPD or undertaking CPD as it relates to ‘develop and maintain professional competence.’

**(e) Other suggested edits to the Objective statement:**

- (i) One respondent (IAA) suggested replacing the word ‘role’ with ‘functions’ in the construct of the Objective statement; and
- (ii) One respondent (ACCA) asked if specific references to the ‘maintenance of professional ethics’ should be included in the Objective statement.

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