



Association of Accounting Technicians response to the IAESB Exposure Draft on Continuing Professional Development

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1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the IAESB Exposure Draft on Continuing Professional Development, published June 05 2017.
- 1.2. AAT is submitting this response on behalf of our membership and for the wider public benefit.
- 1.3. AAT has added comment in order to add value or highlight aspects that need to be considered further.
- 1.4. AAT has focussed on the operational elements of the proposals and has provided opinion on the practicalities of implementing the measures outlined.

2. Executive summary

- 2.1. AAT is currently reviewing its CPD policy and recording procedures and it is useful to have sight of IFAC's plans for development on IES7 to feed into consideration. AAT notes that the proposed changes to IES7 include the removal of the combination measurement approach by way of addressing confusion around the implementation of this measurement method, AAT welcomes this development.
- 2.2. As identified in AAT's response to the IES7 survey (submission deadline of 25 February 2016), the extant IES7 identified at A16 shortcomings with input-based measurement systems. The comment column in the supplement to the proposed IES7 Exposure Draft explains that the deletion of this paragraph was due to it not aligning with how input-based approaches can be applied to learning and development activities. The Exposure Draft does not appear to provide clarification or justification to support this change. In responding to the abovementioned survey AAT indicated that it would like to see a review undertaken to establish whether the effective outcomes of operating the different methods of measurement is comparable. Assuming that this evidence has been obtained AAT is happy to support the maintenance of the two CPD measurement approaches, however in the absence of this evidence, or any explanation to that effect in the supporting guidance to the new draft IES7, AAT maintains the view that a move towards greater equality in CPD attainment measurement is essential.
- 2.3. The other changes as detailed in the Exposure Draft and supporting supplement do, in AAT's view, help to provide further clarity and will improve the consistency, quality and relevance of CPD undertaken by professional accountants.

3. AAT response to the consultation paper

- 3.1. The following paragraphs outline AAT's response to the questions posed in the consultation paper.

Question 1

Is the Objective statement of the proposal IES 7 appropriate and clear?

- 3.2. AAT agrees that the objective statement is appropriate and clear and clarifies the importance of CPD in terms of the numerous stakeholders which may be affected.

Question 2

Are the Requirements of the proposed IES 7 appropriate and clear?

- 3.3. AAT would like to raise a question over the wording in paragraph 10 as it is AAT's view that this is not appropriate and clear. Paragraph 10 states that "*IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the as development and maintenance of professional competence*". It appears that the second usage of 'as' is in the wrong place, however even with that being addressed AAT would suggest that 'CPD' and '*the development and maintenance of professional competence*' could be considered to be one and the same thing, with the latter arguably being a definition of the former. Having this described as an additional element for professional bodies to promote the importance of appears unclear in the way it is stated.
- 3.4. AAT would seek clarification on the expected definition of '*demonstrate*' as set out in paragraph 13 and what the expectations are for this in practice. Contingent on the expected definition of '*demonstrate*', this paragraph could also be seen as placing a prescriptive requirement on professional bodies which could be perceived to contradict the guidance relating to periodic monitoring as provided in the explanatory material at A29.
- 3.5. Linked to the above point therefore, further clarification of the practical expectations of '*systematic process*' and '*monitor*' as set out in paragraph 16 would be welcomed. Would minimum levels and standards be expected and/or required by IFAC for example?

Question 3

Are there any additional paragraphs needed to better explain the requirements of the proposed IES 7?

- 3.6. Please see response to question 2.
- 3.7. In addition, the examples provided at A27 as verifiable evidence that could be used to demonstrate learning outcomes that have been achieved under an output-based approach could be perceived to be a definitive list. In monitoring compliance with its existing output-based CPD scheme AAT has observed that its membership has demonstrated a wide variety of activities that have fulfilled the requirement of developing and maintaining the professional competence necessary to perform their roles, all of which following the framework AAT has in place aligned to that detailed at A9. On that basis AAT is of the view that the way this is presented could benefit from being softened in order to provide scope for flexibility which reflects the reality of the way in which many professional accountants will approach their CPD obligations.
- 3.8. Furthermore, the emergence of new technologies (such as digital credentials and badging) and dynamics such as peer-to-peer endorsement through professional networking platforms represent examples of new ways that verifiable evidence could be obtained that are not included in the list provided at A27. Producing something that could be perceived as a definitive list in the explanatory material runs the risk of the revised IES appearing to be quickly out of date.

Question 4

Do proposed revisions to the output-based approach and related explanatory material improve understanding and your ability to apply an output-based measurement approach? If not, what suggestions do you have to improve clarity of the output-based approach?

- 3.9. AAT has operated an output-based approach for some time and is therefore comfortable with the proposed revisions detailed in the exposure draft. AAT welcomes the developments in that they seek to further strengthen the scope for IFAC member bodies to understand and implement an output-based approach.

Question 5

Are there any terms within the proposed IES 7 (see Appendix 1) which require further clarification? If so, please explain the nature of the deficiencies?

- 3.10. Aside from the points raised in response to questions 2 and 3 above, AAT considers that the terminology as set out appears sufficient.

Question 6

Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirements included in this proposed IES 7 (see Appendix 1)?

- 3.11. As mentioned above, AAT is in the process of reviewing its CPD policy and reporting procedures, as such consideration as to the requirement for IFAC member bodies to specify the nature and extent of verifiable evidence required as part of its monitoring procedures will be at the forefront of this review.
- 3.12. Similarly, examples referenced at A10, A14 and A15 will provide a useful steer for AAT to consider whether the measures it has in place can be further developed accordingly.
- 3.13. As highlighted in AAT's response to question 2 above, if there are specific minimum requirements expected and/or required by IFAC then this may cause additional administrative costs and compliance burdens for IFAC membership organisations.
- 3.14. **Question 7**
What topics or subject areas should implementation guidance cover?
- 3.15. In general AAT is of the view that the implementation guidance is sufficient in terms of encompassing the relevant topics and subject areas to support the successful operation of CPD frameworks by IFAC member bodies.
- 3.16. As referenced above at 3.7, where there are examples provided (in this instance in relation to verifiable evidence) it is difficult to provide a definitive list, and mindful in particular of advances in technology which will provide new ways for bodies to engage with their professional accountant members, there is a need to provide for flexibility. It may therefore be useful to reinforce the benefits of the IFAC membership community in facilitating the sharing of practices implemented by IFAC member bodies to further ensure the consistency and rigour of the enforcement of IES7.

4. About AAT

- 4.1. AAT is a professional accountancy body with approximately 50,000 full and fellow members and over 90,000 student and affiliate members worldwide. Of the full and fellow members, there are over 4,250 licensed accountants who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types.
- 4.2. AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

5. Further information

If you have any questions or would like to discuss any of the points in more detail then please contact Adam Harper, Director of Strategy and Professional Standards, at:

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