

David McPeak
IAESB Principal
International Accounting Education Standards Board
International Federation of Accountants

29th August 2017

Dear David,

Exposure Draft - IES 7, Continuing Professional Development (Revised)

ACCA (The Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above exposure draft.

ACCA is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. We support our 188,000 members and 455,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA's continuing professional development (CPD) policy is integral in ensuring the on-going competence and expertise of our members and we ensure that our Members remain compliant with this policy throughout their careers.

In addition, ACCA has partnered with the accountancy bodies of Cyprus, Malawi, Botswana and Zambia, to establish joint CPD schemes. These are capacity building initiatives by which ACCA adapts its own, robust, CPD programme to build capacity within national accountancy bodies.

ACCA is supportive of the proposals outlined in the exposure draft. We are pleased to be able to contribute. ACCA's answers to the seven questions put forward in the exposure draft can be found in the enclosure.

If you have any further queries or wish to discuss our responses, please do not hesitate to contact Katrina Smyth, Head of Education Recognition, at the e-mail address katrina.smyth@accaglobal.com.

Yours sincerely



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Enc. 'ACCA Response to IAESB Exposure Draft - Continuing Professional Development (Revised)'

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ACCA Response to Exposure Draft - IES 7, Continuing Professional Development (Revised)

1. Is the objective statement (paragraph 8) of the proposed IES7 appropriate and clear?

ACCA believes that for the most part the objective statement is appropriate and clear, however would ask that the following be considered:

- Learning new skills for career progression is an important aspect of CPD. Undertaking CPD in order to gain new skills to aid career progression is not explicit in the objective statement as it refers to “develop and maintain the professional competence,, to perform their roles”.
- Is there scope to include a specific reference to ‘maintenance of professional ethics’ in the objective statement?

2. Are the requirements (paragraphs 9 - 17) of the proposed IES7 appropriate and clear?

ACCA believes that for the most part these paragraphs are appropriate and clear, however would suggest the following clarifications:

- Paragraphs 10 and 11: There are references to “development and maintenance of professional competence.” Having defined what CPD is in Paragraph 2, would it be possible to simply refer to “CPD” throughout the IES
- Paragraphs 14 and A22-24: While the flexibility for IFAC bodies in determining the amount of CPD their members should undertake when using the input-based approach may be welcome, it is possible that it may lead to large variances across bodies. ACCA would therefore welcome guidance for all bodies on how to determine the correct amount of CPD using this method.
- Paragraph A22 (a): states that “a portion could be verifiable”. This seems to imply that it would be acceptable for a body adopting an input or mixed approach to not require any CPD to be verifiable. Was this intended?
- Paragraph 17: It may be helpful for the wording for Paragraph 17 be updated to reflect the fact that enforcement should occur only when required and not simply “on a regular basis.”

- Paragraph A7 (c) makes reference to reputational damage and standing of the professional accountant, the employer and the profession as a whole. ACCA believes that lack of competence has the potential to damage the reputation of the IFAC member body and would therefore ask for this to be considered for inclusion.
- Paragraph A15: ACCA agrees with the inclusion of “relevant” but to reinforce its importance we would recommend that it is repeated before the word CPD in each of the sub-paragraphs (a), (b) and (c).
- Paragraph A22 (b): ACCA suggests that “relevant” should be repositioned before “learning or” and that the “and” at the end of the sentence be removed as it implies that all three elements can only operate in conjunction with one another.
- Paragraph A23: The reference to “time spent” in A23 (a) may cause confusion because the term “number of hours” is referenced in A22 and this in itself is a measure of “time spent”.
- Paragraph A25: the example given indicates that CPD is only given is an exam is passed may cause difficulties. Members may complete the learning in one CPD year but sit the exam later. Using the example given, the Member would not be able to claim CPD for the learning.
- Paragraph A27 uses the terminology “verifiable evidence that could be used to demonstrate” whereas Paragraph A28 uses “evidence that could be used for verification”. It is not clear why the wording for input and output based approaches are not the same and ACCA would therefore suggest the wording is amended for either to make them consistent.
- Paragraph 27: ACCA would suggest amending the order of the examples in Paragraph A27 to reflect the most commonly used methods of CPD and also adding in three additional ones. The proposed new order including additional examples would be:
 - Assessment/self-assessment of learning outcomes achieved
 - Records of work performed (work logs) that have been verified against a competency map
 - Objective assessments against a competency map
 - Carrying out additional roles
 - Independent confirmation of learning gained through advocacy roles or coaching and mentoring
 - Examination results
 - Specialist or other qualifications
 - Evaluations or assessments of written or published material by a reviewer; and
 - Publication of professional articles or of the results of research projects.

- Paragraph A30 (a): ACCA would suggest replacing the word “auditing” with “reviewing”. Auditing has a specific meaning to many professional accountants and IFAC member bodies and may raise expectations about the nature of the process adopted.
- Paragraph A35: The wording prescribes that wilful failure should result in disciplinary action. If this is the intention of the IES then perhaps the content should be moved from the Explanatory Material to the Requirements in Paragraphs 15 to 17.

3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES7?

In relation to paragraph 14, guidance on how an IFAC body following the input-based approach or a mix of input and output can set and justify the amount of hours required each year for their members would be a welcome addition to the explanatory paragraphs.

Guidance on whether different amounts (hours or units) can be set for different classes of membership or by members working in specific areas or sectors would also be welcome.

4. Do proposed revisions to the output-based approach requirement (paragraph 13) and related explanatory material (paragraphs A19 - A21) 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?

ACCA suggests that guidance on identifying and setting learning outcomes could be included at this point. The reference to ‘learning outcomes’ assists clarity and has the advantage of being consistent with the revised IES 8 however, IES 8 is considerably more prescriptive in terms of the required learning outcomes which leads to more certainty for both professional accountants and IFAC member bodies.

IES 7 (Revised) would benefit from clear guidance or examples of the learning outcomes that might be appropriate for typical roles that a professional accountant may undertake.

5. Are there any terms within the proposed IES7 which require further clarification? If so, please explain the nature of the deficiencies?

The definition of “professional competence” used in paragraph A1 seems to imply that it is only in relation to learning outcomes which were achieved during IPD when surely it will also apply to new learning outcomes achieved via CPD. Clarification on this would be welcomed from ACCA.

It is unclear why the explanation of what CPD is does not align precisely with the definition of lifelong learning. The definition of lifelong learning includes the terms “voluntary and self-motivated pursuit” and this seems at odds with the mandatory nature of CPD as specified in paragraph 9.

6. Do you anticipate any impact or implications for your organisation, or organisations with which you are familiar in implementing the requirements included in this proposed IES7?

ACCA has three routes members can follow in order to meet their CPD requirement. One of these routes is the “other IFAC body” route where ACCA members that are also a member of another IFAC body, may follow their route in order to also satisfy ACCA’s CPD requirement. ACCA is currently secure in the knowledge that any member following this route would either be following an output-based approach or if input or combination they would have achieved at least 120 hours over three years. However, if bodies able to set their own input amount this assurance of an equivalent policy is removed. We would either need to remove the other IFAC body route or accept that members in different jurisdictions may be required to achieve less CPD.

Certain regulated work that practitioners undertake has requirements to specify an amount of CPD in relation to that work. These requirements will be at odds with the adoption of an output-based approach.

For example:

- Practitioners in Ireland who provide advice to consumers on retail financial products or arrange, or offer to arrange, retail financial products for consumers are required to achieve at least 15 formal hours of CPD each year relevant to the functions in respect of which they are a qualified or grandfathered person.
- Practitioners in South Africa undertaking tax work, and those who intend to do so in future, should register on the South African Revenue Service (SARS) e-filing system. Registered members must ensure that they comply with SARS’ CPD requirements. SARS states that registered tax practitioners must undertake at least 15 hours of tax related CPD each year, of which at least nine hours must be verifiable.

Members often find planning the most difficult part of the CPD cycle preferring to do “just-in-time” learning or to book onto relevant courses as and when they come up. Planning is a key stage in output-based CPD so it will take time and resources to educate members.

Members and other stakeholders may be resistant to moving to output-based CPD as there can be a perception that it can be less rigorous. Good communication and marketing will be essential to get the right messages over - some bodies may not have the resources to do this.

ACCA anticipate that many bodies will find it difficult to provide the competency framework and planning tools required to move to an output-based approach due to resource and technical constraints. Bodies which currently have an input-based approach may need support to move to a mixed or fully output-based approach. This might be particularly problematic for bodies wanting to become members of IFAC who may currently only have an informal CPD policy.

7, What topics or subject areas should implementation guidance cover?

It would be helpful if the implementation guide also covered the following:

- Guidance on how to move from an input-based to an output-based approach with practical help on the issues a body may need to address and the solutions they could employ.
- Practical examples of how to measure of a combined approach
- An explanation of why a focus on outputs is essential but also an explanation of why a combined approach might be necessary in some respects. Extensive examples of what such an approach might look like would be useful.