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Dear Sir/Madam

Exposure Draft: *Proposed International Education Standard IES™7 – Continuing Professional Development (Revised)*

CPA Australia welcomes the opportunity to comment on the proposed *International Education Standard IES™7 – Continuing Professional Development*. CPA Australia is one of the world's largest professional accounting bodies, with a global membership of more than 160,000 members working in 118 countries. Our goal is to maximise the share of people who want a career built on professional accounting skills.

General Comments

CPA Australia supports some of the revisions to this standard. However, we do not support the removal of the specification of the number of CPD hours required for professional members of IFAC professional accounting bodies.

Whilst we have no argument with the focus on educational and professional development outcomes as described in the revision of IES7, we do have a concern that:

1. IFAC member bodies may not have the ability to describe to members the requirements of the output-based approach rather than CPD hours measurement (as per existing input-based approach) and that this may not lead to improvements in professional learning and competency.
2. The resources required of IFAC member bodies to sufficiently audit professional development requirements of output-based measurement will mean that little headway will be achieved.
3. Whilst some IFAC member bodies may be in a position to develop output-based measures (as CPA Australia does in most of our professional development offer), this will be difficult to impossible to stipulate for other providers of professional development, particularly for those organisations conducting internal corporate programs.

Specific Comments

Question 1. Is the Objective statement (paragraph 8) of the proposed IES 7 appropriate and clear?

8. The objective of this IES is that professional accountants develop and maintain the professional competence necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.

CPA Australia supports this objective statement as it is appropriate and clear, and specifically in that it promotes the credibility of the accounting profession, in the public interest. However, we would recommend the re-insertion of the reference to CPD into this objective statement as the focus of this standard is CPD and the universal language of professional accounting is "CPD", as it relates to the development of professional competence.

Question 2. Are the Requirements (paragraphs 9-17) of the proposed IES 7 appropriate and clear?

CPD for All Professional Accountants

9. IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional competence relevant to their role and professional responsibilities.

Promotion of and Access to CPD

10. IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the as [sic] development and maintenance of professional competence.

11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for CPD that develops and maintains professional competence.

Measurement of CPD

12. IFAC member bodies shall establish an approach to measurement of professional accountants' CPD, using the output-based approach, input-based approach, or both.

Output-Based Approach

13. IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities.

Input-Based Approach

14. IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities.

Monitoring and Enforcement of CPD

15. IFAC member bodies shall specify the nature and extent of verifiable evidence that professional accountants are required to maintain for CPD that has been undertaken.

16. IFAC member bodies shall establish a systematic process to (a) monitor whether professional accountants meet the IFAC member body's CPD requirements, and (b) provide appropriate sanctions for failure to meet those requirements.

17. IFAC member bodies shall undertake processes for measuring, monitoring, and enforcement of CPD on a regular basis.

CPA Australia supports the measurement of CPD using either the output-based approach or the input-based approach, or a combination of both.

CPA Australia is concerned that the removal of specified hours (Ref: Para A16-A20. "Complete at least 120 hours...") will lead to differential approaches by IFAC member bodies, thus removing a "benchmark" of consistency across the profession. CPA Australia believes there should be some uniformity of standard for professional development hours (or equivalent) for the input-based approach to ensure the profession is committed to enabling ongoing development of professional competence, in the public interest. We believe the proposed revisions to the standard (namely the removal of specified hours) will not achieve the aim to improve consistency of CPD undertaken by professional accountants.

Question 3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7?

CPA Australia recommends retaining the requirement of 120 hours (or equivalent learning units) of relevant professional development activity in each rolling three-year period, of which 60 hours (or equivalent learning units) shall be verifiable.

CPA Australia believes that the explanatory paragraphs for the output-based approach (Ref: Para 13) and the input-based approach (Ref: Para 14) may require further explanatory details in order for IFAC member bodies to interpret and apply the intentions consistently.

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

CPA Australia believes the output-based approach is educationally sound. CPA Australia, in principle, supports a move towards output-based approaches for measuring CPD, however the monitoring and enforcement of the output-based approach to CPD may not be successful. The current implementation guidance does not cover this in a practicable and executable manner, particularly at scale.

Question 5. Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?

No.

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?

CPA Australia believes that auditing output-based CPD will have large resource impacts for IFAC member bodies and their professional members. Additionally, professional members of IFAC member bodies will have limited ability to meet the verifiable requirements in terms of their own resources and understanding of competency based education.

Question 7. What topics or subject areas should implementation guidance cover?

CPA Australia has an Accounting and Finance Capability Framework, as do some other IFAC member bodies. We recommend inclusion of best practice examples of how capability (or competency) frameworks can be used to measure, monitor and enforce CPD requirements. Implementation guidance should also cover best practice case studies of IFAC member bodies using output-based approaches to measure, monitor (including verification) and enforce CPD. In particular, the case studies should address implementation guidance at scale by using best practice case studies of IFAC member bodies who have memberships of greater than 100,000 professionals.

Should you have any questions regarding this submission, please do not hesitate to contact Robert Thomason by email at rob.thomason@cpaaustralia.com.au.

Yours Sincerely



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