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David McPeak  
IAESB

Dear David,

**Proposed International Education Standard 7, Continuing Professional Development (Revised)**

The following comments have been prepared by Professor Catriona Paisey, a professor of accounting at the University of Glasgow and Professor Nicholas Paisey, a professor of accounting at Heriot-Watt University, Edinburgh. We are also members of the Institute of Chartered Accountants of Scotland (ICAS). We have conducted research into continuing professional development (CPD) in the accountancy profession and have published papers on this topic in *Critical Perspectives on Accounting* in 1996 and in *Accounting Education: An International Journal* in 2007. We also guest edited a special issue of *Accounting Education: An International Journal* on CPD and are currently engaged in a research project on extant CPD policies of accountancy bodies. Our latest research is not yet published but was presented at the 2016 conference of the European Accounting Association. Our comments here draw on the findings and conclusions of this latest research.

**General comments**

We agree that clarity is needed (paragraph 12), especially in relation to the output and combination approaches. Most accountancy bodies currently have input-based CPD but there is a lot to commend output-based CPD as it focuses attention on professionalism and the expectation that professionals should be able to reflect upon their development needs and to act accordingly. We therefore welcome the clarifications in the proposed standard around output-based CPD and combination approaches. We also welcome the fact that the proposed standard does not specify the number of input hours (paragraph 14) as this proposal better fits with a principles-based approach. The specification of hours does not appear to sit well with the need for accountants, as professionals, to engage in CPD reflectively rather than adopting a strict compliance approach. We also support the risk-based approach proposed for monitoring (paragraph A31) as it seems sensible to direct resources at those professionally-qualified accountants who may be most likely to be in situations where the public interest could be affected most noticeably.

We have a number of concerns with the current proposals, however. We have set out these concerns below and indicated which paragraphs of the proposed standard relate to these concerns.

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## ***Professional responsibilities or role?***

The essence of our concern is that, at various points, the proposed standard refers to the professional responsibilities of accountants and to their role. For example, paragraph 9 states that “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” while paragraph 13 refers to the proposed switch from an emphasis on the demonstration of competencies to the achievement of learning outcomes relating to role and professional responsibilities. The preamble makes it clear that the intention here is that the CPD would now relate to both role and professional responsibilities but, although the term “role” is clear, the term “professional responsibilities” is used in various places but is not defined. The conjunction of role and professional responsibilities makes it clear that professional responsibilities are not the same as one’s role. We believe that professional responsibilities should relate to one’s responsibilities as a member of the accountancy profession in the same way as we would expect, for example, a doctor’s professional responsibilities to relate to the practice of medicine.

For many accountants, their role will be in an area related to accounting and hence their professional responsibilities will relate in some way to the accountancy profession. For such accountants, the proposals will be relatively straightforward to apply as CPD activities relating to role would also relate to some aspect of professional responsibilities and vice versa. However, where a professionally qualified accountant is not currently working within an accounting-related role, difficulties could arise. To some extent this is recognised in paragraph A9 which acknowledges that each professional accountant has differing learning and development needs but there could be some instances that cause particular difficulty.

To illustrate with some examples from the UK, it is commonplace for professionally-qualified solicitors who are members of the Law Society of Scotland to relinquish membership of the Law Society if they move to employment in another field. This effectively means that they align role with profession. However, this does not always apply within accountancy. If we take our own institute, ICAS, as an example, there are significant numbers of ICAS members who do not work within accountancy-related jobs but who retain their membership of ICAS. For example, there are comedians, radio presenters, members of the clergy and people who have left to train as science teachers. For these people, they retain professional membership but do not have an accounting role, hence profession and role are not aligned. For such individuals, the CPD that would be helpful to them to retain professional competence (defined using the IAESB definition as the ability to perform a role to a defined standard) might well have nothing whatsoever to do with accounting. For example, a science teacher might want to undertake CPD on some new teaching method while a comedian or radio presenter might want to undertake CPD on a new sound recording system. The question then becomes, what CPD should these people undertake in order to meet IES 7 (proposed) requirements?

Professional bodies with such categories of member would therefore have to consider whether CPD activities that have no relationship with accounting, however widely defined, are acceptable for their CPD purposes. Given that an expressed reason for CPD is the maintenance of trust in the public interest, it seems to us that non-accounting related CPD would be unlikely to maintain trust or be in the public interest. The public would rightly be concerned if someone could maintain membership of a medical professional body by undertaking CPD not related to their medical practice and it is our view that the same argument applies in accountancy. Following this logic, we believe that CPD requirements need to relate to the work of the profession of accountancy. Whilst recognising that this professional scope is nowadays quite wide, we believe that there will be activities that form part of some members’ role that will fall outside of the scope of the accountancy profession and in these circumstances we believe that the CPD must relate to professional responsibilities (in the sense of the accountancy profession) rather than the member’s current role. We recognise that this will present difficulties for individual professional bodies who retain people in membership who are no longer in accounting-related roles. It is possible that some exemption might be required for them but we do not believe that the existence of such members should drive the CPD requirements more generally.

This view essentially focuses on what is meant by a professional accountant. The IAESB has defined a professional accountant as “an individual who achieves, demonstrates and further develops professional competence to perform a role in the accountancy profession”. We believe that the view we have presented above is consistent with people performing a “role in the accountancy profession” but not with someone simply performing “a role”. Taking everything together we would like to see paragraph 9 and other mentions revised with the addition of “in the accountancy profession” and “accountancy-related” as follows:

“IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional competence relevant to their role in the accountancy profession and accountancy-related professional responsibilities”.

This means that a new requirement will be necessary for those current members who do not have a role in the accountancy profession or accountancy-related professional responsibilities. For such members, there are three logically-consistent possibilities. The first is to exempt them from CPD but to ensure that such members cannot hold themselves out to be a member of their institute e.g. they should not use designatory letters after their name or refer to themselves by their designation, for example by saying that they are a chartered accountant. The second is to remove them from membership. The third is to move away from linking CPD to the concept of being a professional accountant but that, in our view, would have detrimental consequences for public trust and confidence in the accountancy profession.

### ***Learning outcomes approach***

The proposals for output-based CPD include a change from the current demonstration of competence to the achievement of learning outcomes (paragraph 13). In educational terms, this makes sense but we believe that such a change could be difficult for professionally-qualified accountants to implement in practice since learning outcomes can be difficult to specify. Our experience of working in universities that use learning outcome approaches is that these are often not fully understood, and require considerable thought and precision of language. Difficulties will therefore arise where the specified learning outcomes lack precision or clarity, in addition to difficulties associated with the appropriateness of the learning outcomes themselves. We consider that considerable training and review would be required to make the proposed system workable and this may impose a significant burden on professional bodies if charged with the task of monitoring the achievement of these learning outcomes.

### ***Planning of activities***

Paragraph 5 refers to “planned self-development activities”. We agree that it is important to plan activities but we do not believe that it is always possible to plan activities in advance. Sometimes, opportunities arise serendipitously and it is not always possible for individuals to know in advance what it is that they need. Therefore, whilst recognising that careful planning is good practice, we believe that there must be scope for unplanned, as well as planned, self-development activities.

Yours sincerely,

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