

Mr. David McPeak  
Senior Technical Manager  
International Accounting Education Standards Board  
277 Wellington Street West, 4<sup>th</sup> Floor  
Toronto, Ontario  
M5V 3H2 Canada

5 September 2017

Dear Mr. McPeak:

### **Proposed International Education Standard 7 Continuing Professional Development**

Ernst & Young Global Limited welcomes the opportunity to offer its views on Proposed International Education Standard (IES) 7 Continuing Professional Development, issued by the Board.

Overall, we support the International Accounting Education Standards Boards (IAESB) continuing effort to improve its standards, including the proposed revision of IES 7 issued on June 5, 2017. We support the direction of revised IES 7 and the removal of the fixed hours requirement of continuing professional development (CPD) under the input-based approach. In regards to the output-based approach, we struggle whether enough explanatory guidance has been provided in the revised IES 7 for professional accountants to be able to measure CPD undertaken through an output-based approach. As a result, given the complexity of measuring CPD under an output-based approach, we suggest that the Board revisit whether additional explanatory guidance is necessary related to the output-based approach.

Since the term is not defined in the proposed standard nor in the IAESB Glossary of Terms, it is unclear to us what is meant by reference to "professional responsibilities" in Paragraph 9 and how this is intended to be different from the reference to one's role. For example, is it intended to encompass the skills that support the professional accountant's compliance with a relevant code of ethics? Or the competencies required to achieve professional certification in the jurisdiction served by the professional accountant? Or something else? As a result, we believe additional clarification is needed in the proposed IES 7 as to a professional accountant's professional responsibility to develop and maintain professional competence relevant to their role and professional responsibilities.

Below are our responses to the specific questions asked in the consultation paper.

#### **Specific questions**

##### **Question 1: Is the Objective statement (see paragraph 8) of the proposed IES 7 appropriate and clear?**

Yes, the objective statement is appropriate and clear.

##### **Question 2: Are the Requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?**

We are comfortable with no longer proscribing a fixed numerical amount of CPE hours in IES 7. However, it is unclear in paragraph 14 and the related explanatory guidance as to how the specified amount of learning and development activity is to be determined under the input-based approach. Historically, this has been a specified number of hours or units of learning and development activity. With the removal of the hours requirement, could this alternatively be a

specified set of learning or specified courses professional accountants should attend? We suggest that the explanatory paragraphs A22 and A23 be revised to expand the examples beyond hours or learning units, if that was the intention.

We suggest that paragraph 16 be modified to include remediation. We suggest the following revision to paragraph 16: IFAC member bodies shall ... and, (b) provide appropriate sanctions and remediation for failure to meet those requirements.

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

Yes, we believe that additional explanatory paragraphs are needed to better explain the requirements of the proposed IES 7. Our suggestions are as follows:

- Since member bodies are responsible for specifying the amount of verifiable evidence that professional accountants are required to maintain for monitoring CPD that has been undertaken, there could be situations when non-verifiable activities will qualify for CPD. As a result, the IAESB should provide examples of non-verifiable activities that qualify for CPD. For example, non-verifiable activities could be independent or informal learning activities that are not held by a recognized educational or professional sponsor.
- Given the complexity of measuring CPD under an output-based approach, we suggest that the IAESB provide additional explanatory guidance related to measuring the achievement of CPD under the output-based approach.

Additionally, we offer several suggestions to improve the clarity of certain explanatory paragraphs. Our suggestions are as follows:

- We suggest that paragraph A6 be revised because as currently written the 'it' in the second sentence is circular. Therefore, as currently written this states 'Ensuring professional accountants develop and maintain the professional competence necessary to perform their roles improves professional competence necessary to provide high quality services...'. As a result, we propose the paragraph be reworded as follows: Ensuring that professional accountants develop and maintain the professional competence necessary to perform their roles serves several purposes. It protects the public interest, ~~improves professional competence necessary to provide~~ supports the provision of high quality services to clients, employers, and other stakeholders, and promotes the credibility of the accountancy profession.
- As worded, paragraph A21(a) describes an input-based approach when the focus of A21 is on determining the achievement of learning outcomes. See detailed response in Question 4 below.
- As indicated in our response to Question 2, we suggest that paragraphs A22 and A23 be expanded to include additional examples beyond hours or learning units.

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

No. As indicated in our overall comments, we struggle whether enough guidance has been provided in the revised IES 7 for professional accountants to be able to measure CPD undertaken

through an output-based approach. As a result, we suggest that the Board provide additional explanatory guidance and examples regarding the output-based approach.

Paragraph A21 describes the factors that should be considered in determining whether the achievement of learning outcomes has occurred under an output-based approach. However, A21(a) describes an input-based approach to determine whether learning outcomes have been achieved. Our interpretation is that an individual would assess whether they have met a learning need by reviewing the CPD activities they have completed. However, reviewing CPD activities does not necessarily assess whether the learning outcomes have been achieved. Although well designed formal learning will include some form of assessment of achievement of learning outcomes, other forms of CPD (such as unstructured reading) will not. Therefore, we believe that in order for completion of a learning program to be used as an output measure, IES 7 needs to address the importance of including properly designed learning which incorporates suitable assessment processes. In addition, this section does not address how a professional accountant determines the sufficiency of learning outcomes achieved (i.e., how many learning outcomes need to be met to comply with the CPD requirements).

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

Yes. The term professional responsibilities should be defined within the revised IES 7.

**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?**

No, we do not anticipate implications to our Firm since the revised IES 7 continues to allow the use of the input-based or output-based approach or a combination of the two.

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

To facilitate the implementation of proposed IES 7, we believe the Board should issue implementation guidance simultaneously with the issuance of proposed IES 7 as a standard. Any implementation guidance should be concise, faithful to the issued standard and limited to the requirements described therein.

We believe that the issuance of examples would be helpful in the implementation of proposed IES 7. Implementation guidance on proposed IES 7 should include examples of how a member body can apply a learning outcomes approach while using either an input-based or output-based approach to measuring CPD. Examples the Board may consider include:

- ▶ Examples of individual learning plan templates which identify the skills an individual needs to develop through CPD, plans necessary learning programs to achieve them and demonstrates the competence has been obtained.
- ▶ Examples of how to use input from program facilitators on how well participants demonstrated performance at the level expected by the end of the program.
- ▶ Examples on how to measure the effectiveness of a program by using output-based measures (e.g., post event surveys measuring application and business impact), to validate the effective design of the program combined with using input-based measures (e.g., attendance of the program) to conclude that an individual gained the relevant competencies.

We also believe that the Board should consider addressing in IES 7 implementation guidance assessment during CPD via experiential learning. As a learner progresses through their career, learning becomes increasingly skills focused (as opposed to knowledge focused), and therefore

more difficult to assess within a learning program. Assessment of performance on the job therefore becomes more relevant.

We also believe that IES 7 implementation guidance should provide guidance on the types of evidence that could be used for verification purposes in an output-based measurement approach. Similarly, we suggest that examples of non-verifiable activities that could be used to qualify for CPD would be useful.

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We would be pleased to discuss our comments with members of the International Accounting Education Standards Board or its staff. If you wish to do so, please contact Don Zimmerman (+ 44 20 7980 0686).

Yours sincerely,



Ernst & Young Global Limited