



**Private and confidential**

Mr. David McPeak  
Senior Technical Manager  
International Accounting Education Standards  
Board  
International Federation of Accountants  
277 Wellington Street West, 4th Floor  
Toronto, Ontario  
M5V 3H2 Canada

31 August 2017

Dear Mr. McPeak,

**IFAC International Accounting Education Standards Board (IAESB) – Proposed International Education Standard (IES) 7, Continuing Professional Development (Revised)**

We appreciate the opportunity to respond to the May 2017 IAESB's Exposure Draft on the proposed changes to IES 7, Continuing Professional Development. This response is made on behalf of PwC. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We recognize that IES 7 Revised is intended to serve public interest by having professional accountants develop and maintain the competence necessary to perform their roles and to meet the needs of clients, employers and other stakeholders.

We believe that the revisions proposed appropriately address most of the significant issues as summarised in the Explanatory Memorandum with the following exceptions.

**Removal of the prescribed minimum number of hours when using the input-based approach**

Regarding the proposed revision to remove the prescribed minimum number of hours when using the input-based approach, it is unclear to us what issue this change is responding to and we are concerned the change has potential to:

- Dilute the effectiveness of IES 7
- Exacerbate some of the issues that the revisions are designed to address (e.g., the consistency of CPD undertaken by professional accountants)
- Result in significant inconsistencies across IFAC member bodies.

We believe that the IAESB should instead re-assess the minimums specified in Extant IES 7 and revise the minimums if determined to be appropriate.

**Requirement to demonstrate achievement of learning outcomes when using the output-based approach**

Regarding the proposed output-based approach, we believe it will be difficult to determine and articulate specific and relevant learning outcomes for experienced professional accountants who have completed their initial development and have a wide range of roles and responsibilities. Therefore, we



believe it will be important to develop implementation guidance that illustrates specific and relevant learning outcomes that may be appropriate in these circumstances.

Responses to the questions specifically raised in the Request for Comments section of the Exposure Draft, including additional explanation of the two points summarised in this response letter, have been included in the Appendix. All paragraph references (paragraph XX) are to the May 2017 IES 7 Exposure Draft unless otherwise indicated.

We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Ralph Weinberger, Global Assurance L&E Partner at [ralph.a.weinberger@pwc.com](mailto:ralph.a.weinberger@pwc.com) or me at [james.g.kaiser@pwc.com](mailto:james.g.kaiser@pwc.com)

Yours sincerely,

A handwritten signature in black ink that reads "James G. Kaiser".

James G. Kaiser  
Global Assurance Methodology & Transformation Leader



**Responses to specific questions**

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

The revised Objective statement is appropriate and clear.

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

We believe the revised requirements are appropriate and clear subject to the following observations:

**Removal of the prescribed minimum number of hours when using the input-based approach**

1. None of the issues cited in the explanatory memorandum refer to a request or need for removal of the prescribed minimum number of hours. We are concerned that the proposed revision to remove the prescribed minimum number of hours when using the input-based approach (paragraph 14) has the potential to dilute the effectiveness of IES 7 and may also exacerbate some of the issues that the revisions are designed to address (e.g., the consistency of CPD undertaken by professional accountants).
2. We believe that removing the prescribed minimum and leaving the flexibility for IFAC member bodies to determine these minimums could result in significant inconsistencies across IFAC member bodies, which will be challenging for global organizations who employ professional accountants subject to the standards of different IFAC member bodies.

**Requirement to demonstrate achievement of learning outcomes when using the output-based approach**

1. Regarding the proposed output-based approach, we believe it will be difficult to determine and articulate specific and relevant learning outcomes (paragraph 13) for experienced professional accountants who have completed their initial professional development and have a wide range of roles and responsibilities. Therefore, we believe it will be important to develop implementation guidance that illustrates specific and relevant learning outcomes that may be appropriate in these circumstances.

**Other**

1. We noted that the requirements in paragraphs 9, 13 and 14 each refer to the professional accountant's "roles and responsibilities". We did not know whether the addition of "and responsibilities" implies a new consideration in the context of CPD. We note that scope paragraph 4 and explanatory material paragraphs A4 and A6 mention only "roles". We also note that the term "responsibilities" is not defined in the Framework or the Glossary of Terms. Other than the use of "responsibilities" in a different context in IES 5, we do not believe this term is used elsewhere in the Standards. We believe that proposed IES 7 can achieve the intended objectives without the addition of this term. If the addition of this term was intentional, we believe it should be defined and used consistently throughout the proposed revisions to IES 7 and the relevance to other Standards should be considered.
2. Paragraph 12 references measuring CPD but does not seem to mention measuring the quality of such CPD when using the input-based approach. We believe that completing a specified amount of learning and development activity relevant to their role may not necessarily mean



that a professional accountant will develop and maintain professional competence if that learning and development activity is not of high quality. We suggest adding a reference to the quality of the learning and development activity to paragraph 14.

3. We noted a typo in paragraph 10. We believe it should say “IFAC member bodies shall promote the importance of, and a commitment to, CPD as well as to the development and maintenance of professional competence.”

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

1. The explanatory memorandum indicates that further guidance and clarification is needed for IFAC member bodies and other stakeholders about “how to move from an input-based to an output-based measurement approach.” Although the proposed revisions to IES 7 describe how each of the measurement approaches could operate, we believe that additional implementation guidance should be provided to address how to move from one measurement approach to the other. More details of what we believe should be included in the implementation guidance are discussed in our response to Question 7.
2. The explanatory memorandum indicates that further clarification and guidance is needed for IFAC member bodies and other stakeholders about “how to improve consistent implementation of measurement requirements when both input and output measures are used”. We believe that additional implementation guidance should be provided in this regard as we do not believe such guidance is reflected in the proposed explanatory material paragraphs. More details of what we believe should be included in the implementation guidance are discussed in our response to Question 7.

**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?**

1. With regards to paragraph A20, we expect that the identification of “clearly-defined learning outcomes” to cover the wide range of possible professional competencies that will be relevant to individual professional accountants in different roles, will be challenging for the types of organizations identified. We believe that including implementation guidance to illustrate clearly-defined learning outcomes, will increase the likelihood that IFAC member bodies will encourage adoption of the output-based measurement approach rather than preferring an input-based measurement approach where a “specified amount of learning and development activity relevant to their role” may be perceived as easier to measure.
2. Explanatory materials relating to verifiable evidence (paragraphs A26-A28) are currently categorised within “Monitoring and Enforcement of CPD”. We believe these paragraphs would be better categorised within “Measurement of CPD” as they relate to demonstrating “achievement of the learning outcomes” (as noted in paragraph 13) and completing “a specified amount of learning and development activity” (as noted in paragraph 14), both of which are included within “Measurement of CPD” in 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?**



1. We refer you to our third point in response to Question 2 regarding the possible addition of the term “responsibilities” to the Glossary if this term is retained.
2. Use of the words “voluntary” and “self-motivated” in the definition of “Lifelong Learning” (Glossary and paragraph A2) seem to be more applicable to optional activities, rather than a core element of the pursuit of professional competence that is “critical” to meet public interest expectations. We recommend removing the words “voluntary” and “self-motivated.” We offer as an alternative definition the following:

“Lifelong Learning represents the ongoing pursuit of technical competence; professional skills; and professional values, ethics, and attitudes. Lifelong Learning is critical if professional accountants are to meet public interest expectations”.

3. Use of the word “increased” in the context of expectations to display professional competence (paragraph A3) implies a change in expectations over what was expected prior to the proposed revisions to IES 7. As an alternative we recommend replacing “face increased expectations” with “continue to be expected”. We also recommend replacing “display” with “develop and maintain” to align more closely with the objective of Revised IES 7. In summary, we offer as an alternative the following:

“Professional accountants continue to be expected to develop and maintain professional competence as they anticipate and adapt to changes in processes, technology, professional standards, regulatory requirements, employer demands, and other areas”.

**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?**

We would anticipate that the change will help clarify expectations within our organization, with the exception of the proposed revision to remove the prescribed minimum number of hours when using the input-based measurement approach. As described in our response to Question 2, we believe a prescribed minimum number of hours should be retained.

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

Given one of the objectives of the proposed revisions to IES 7 is to assist IFAC member bodies and other stakeholders to understand how to move from an input-based to an output-based measurement approach, we believe relevant implementation guidance will be helpful. We recommend that this implementation guidance include the following:

- The expected benefits of moving from an input-based to an output-based measurement approach;
- How to identify “clearly defined learning outcomes” that cover the wide range of possible professional competences that are relevant to individual professional accountants that perform different roles;
- Examples of learning outcomes and illustrations of how they can be measured through input and output-based measures;
- How to implement consistent implementation of measurement requirements when both input and output-based measures are used;
- Illustrative examples/good practices relating to the recording of CPD, including some of the more intangible outputs e.g., reflection.