

September 4, 2017.

Ref.: SEC/094/2017 - DN

International Ethics Standards Board for Accountants (IESBA)
545 Fifth Avenue, 14th Floor
New York, NY 10017
USA

Dear Sirs,

We, the Ibracon – Instituto dos Auditores Independentes do Brasil (Institute of Independent Auditors of Brazil), appreciate the opportunity to comment on the Exposure Draft (ED) Proposed International Education Standard IES 7 – Continuing Professional Development (Revised) - CPD

We believe that issuing an ED related to this topic is important as the professional accountant and standards setter can express its view about the clarification of the standard and the developing implementation support materials taking into account, quality, relevance and consistency of CPD undertaken by accountants.

The reorganization of the paragraphs of Requirements and the Explanatory Materials brings better structure for IES 7, presenting the importance of CPD, how to promote, give access, measure and monitor CPD and also promote the enforcement.

The revised glossary of terms presents the concept of CPD framework and Lifelong Learning in a comprehensible and practical way.

Following your guidance, we separated our comments by the following topics:

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

Paragraph 8 address the objective of this IES, mentioning that professional accountants need to develop and maintain the professional competency necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.

We observe that it seems be repetitive include in the objective that the professional accountant need to meet the needs of the public interest and also the needs of the clients, employers and stakeholders, if these later do not conflict to the public interest needs.

In addition, acting in the public interest cannot meet the needs of the clients and employers which give an idea of some inconsistencies in the objective described.

Therefore, we believe that the objective statement proposed can be clearer.

Question 2. Are the Requirements (see paragraphs 9-17) of the proposed IES 7 (see Appendix 1) appropriate and clear?

Yes, the requirements proposed in IES 7 are appropriate. They are clear when reading it together with the explanatory paragraphs.

Questions 3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7 (see Appendix 1)?

Regarding this question we have the following observations:

Paragraph A 7, mention that CPD applies to all professional accountant regardless of sector or size the organization, which we agree. However, it would be helpful to clarify, since the beginning of the explanatory material that CPD requirements can be different and will depend on the role of the professional accountant.

In addition, in item (a) of this paragraph mention that professional accountant needs to maintain professional knowledge and skill to ensure that a client and employer receives competent professional service. We agree in part of this statement as we believe that there is other parties interest in the professional accountant role that was not mentioned in A 7 (a).

Paragraph A 14, present special circumstances that would need to have specific requirements in CPD. We agree that it is necessary, however we observe that it would be better explained or more guidance should be included.

A 17 Paragraph present some examples of learning and development activity that may be undertaken as part of a planned program of CPD which we considered very useful, except for item (h) that we believe it would an activity hard to measure and monitor.

Paragraph A 27 brings examples of verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach. We believe that item (c) assessment of learning outcomes achieved and (e) objective assessment against competency, in the way that they are described, does not make clear what type of verifiable evidence should be provided.

Paragraph 34 we suggest to include examples of steps that address the balance between the permission to a professional accountant to defer or avoid compliance with CPD requirements and necessary punitive sanctions.

Paragraph 36 and 38 address the issue of reporting publicly the compliance or not of the CPD by a professional accountant. We agree that it can act as a general deterrent for professional accountants, and provide a clear signal to the public of the profession's commitment to maintaining competence. However, we stress out that, in case of noncompliance, not only the professional accountant is affected but can also other be affected, for example the entities for which he had provided any service.

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?

We believe that the revision in paragraph 13, which presents output-based approach requirements can help to improve our understanding and our ability to apply an output-based measurement approach.

However, considering the subjectivisms of this approach we suggest to you to include more examples touching real situations in the related explanatory material.

Question 5. Are there any terms within the proposed IES 7 (see Appendix 1) which require further clarification? If so, please explain the nature of the deficiencies?

We do not identify any term that could need further clarification.

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 (see Appendix 1)?

We understand that there are no major changes in the IES 7, the revision comprises mainly a reorganization of this IES and clarification of requirements including more explanatory material. Our jurisdiction is following this IES without having more difficulties for such period, however, one of the requirements mention in this ED can cause some implications.

Related to the item A 36, A 37 and A 38, we have effective monitoring and enforcement process of CPD, however we do not have the legal authority to expel non-compliant professional accountants or to deny them the right to practice and nor the legal rights to publish the names of professional accountants who willfully fail to comply.

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

We believe that a implementation guidance should cover the following areas:

- Measurement of CPD: Mainly related to output-based approach.
- Monitoring CPD: Emphasizing example of verifiable evidences
- Supplementary monitoring process: Mainly to the topic related to audit a sample of professional accountants to check compliance with CPD requirements
- Enforcement: Including examples of steps that address the balance between the permission to a professional accountant to defer or avoid compliance with CPD requirements and necessary punitive sanctions