



Technical Manager  
International Accounting Education Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto Ontario Canada M5V 3H2

March 4, 2011

Dear Madame/Sir

**IFAC International Accounting Education Standards Board (IAESB) – Proposed International Education Standard (IES) 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence (redrafted)***

We appreciate the opportunity to respond to the IAESB’s Exposure Draft on the proposed changes to International Education Standard 7: Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence. This response is made on behalf of PricewaterhouseCoopers. “PricewaterhouseCoopers” 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 is intended to serve the public interest in establishing standards to better ensure the competence of professional accountants. We welcome the redrafting of this standard as part of the IAESB project to revise and redraft IESs 1 – 8, building on the concepts and principles of the *Framework for International Education Standards for Professional Accountants (the Framework)* and the *IAESB Drafting Conventions (the Drafting Conventions)* and aiming to ensure consistent application by reducing ambiguity about the requirements imposed on an IFAC member body. We also recognize that in redrafting the standards the IAESB intends to clarify issues arising from changes in the environment of accounting education and the experience gained from implementation of the IESs by IFAC member bodies.

We believe that the redrafted IES7 appropriately focuses on the responsibilities of IFAC member bodies regarding lifelong learning and continuous development for their members. We believe that the requirements in the Exposure Draft will promote consistency in implementation by IFAC member bodies and that the requirements of this standard serve the public interest. Finally, we believe that the redrafted standard has clarified the requirements of the standard. We commend the IAESB in that the redrafted standard is faithful to the requirements of the current standard and its fidelity to the Drafting Conventions. The comments below are suggestions to improve the standard in its final drafting rather than fundamental disagreement with the content of the redrafted standard.

We respond below to the questions raised in the Response for Comments section of the Exposure Draft and provide a few other comments to consider in finalizing the standard. All paragraph references (Para XX) are to the IES7 Exposure Draft unless otherwise indicated.

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## **Our response to the three questions posed in the Request for Comments section of the Exposure Draft**

### ***1. Is the objective to be achieved by a member body, stated in the proposed redrafted IES 7, appropriate?***

We agree that the objective of IES7 (Para 7) is appropriate.

We recommend that the Objective for IES 7 and for the other redrafted IESs which will soon follow be directed to the responsible party. This is the approach taken by the IAASB in its redrafted ISAs and such an approach would provide consistency in form between the ISAs and the IESs as well as between the IESs themselves.

For IES 7 the responsible party is the IFAC member body. For this standard, the Objective would start with the words, "The objectives of the IFAC member body are...". In this form the Objective provides context to the Requirements by defining what it is that the IFAC member body is aiming to achieve in applying the Requirements.

We also recommend that the word "ensure" be not used in the Objective as that is beyond the power of a standard by itself.

### ***2. Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?***

We believe that, with one exception, the requirements in the IES7 Exposure Draft meet the three criteria specified by the IAESB for a requirement to be specified in a standard. That is, that

- The requirement is necessary to achieve the objective stated in the Standard;
- The requirement is expected to be applicable in virtually all situations to which the Standard is relevant; and
- The objective stated in the Standard is unlikely to have been met by the requirements of other Standards.

The exception relates to the wording of Para 10. See further comment (3.2) below.

### ***3. Are there any terms within the proposed redrafted IES 7 which require further clarification? If so, please explain the nature of the deficiencies.***

- (1) We note that Explanatory Materials are provided for all of the Requirements except for the first: "Member bodies shall promote the importance of, and a commitment to, continuous maintenance and development of professional competence." (Para 8). While this requirement can stand without explanation, member bodies may benefit from some explanation to promote consistency in implementation. For example, member bodies in developing countries with very limited expertise or resources or member bodies who directly provide no or very few professional development opportunities for their members may benefit from some explanation of the possible frequency and nature of activities which would satisfy this requirement, possibly accompanied by an example of activities which would fall short of satisfying the requirement.



- (2) Para 10 requires that, “Member bodies shall require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities.” Competence is the end result of a combination of inputs, CPD among them. The requirement in a standard about CPD should more appropriately be that Member bodies shall require all professional accountants to undertake CPD to contribute to developing and maintaining their professional competence. Note that the heading of the section containing Paras 10 and 11 is “Mandatory CPD for all Professional Accountants”. This is an unambiguous statement and should be reflected in the wording of the requirement. Further, one of the fundamental principles of the IFAC Code of Ethics is, “To maintain professional knowledge and skill at the level required to ensure competent professional services based on current developments in practice, legislation and techniques.” Including a requirement to be competent in IES7 contravenes the criteria that an IES should not repeat objectives met by the requirements of other standards. Similarly, the reference to maintaining competence can be deleted from the end of Para 15 without affecting the intent of that paragraph. We recognize that the content of Para 10 has been carried forward from the current IES7.
- (3) The requirement regarding output measures (Para 12) contains words which may be subject to various interpretations: objectively, verified, competent source, valid competence assessment method. The explanatory material (Para A12) does little to explain these terms. A future IAESB Practice Statement may be useful if this approach to CPD measurement becomes more popular. We recognize that the content of Para 12 has been carried forward from the current IES7 and that the Exposure Draft does provide more explanatory material than the current IES7.
- (4) It is difficult to see how, “Self-assessment that uses competency maps developed by the member body.” (Para A13) can be considered “objectively measured by a competent source” (Para 12 requirement). A competency map may have those characteristics, but the same cannot be said of the measurement process (self-assessment). We recommend that this item be removed from the list or that the following words be reinstated from the current IES7: “...and provides supporting evidence on request”.
- (5) Para A17 provides examples of evidence which can be used for verification of CPD inputs. As these items cover different aspects of a CPD activity (program duration vs program attendance), it would be useful to indicate that both are elements of CPD verification.

### **Developing Nations**

We believe that the requirements of this standard are appropriate for developing nations and have no comment regarding implementation difficulties other than as mentioned elsewhere in this response.

### **Translation**

We have no comment on potential translation issues.



### **Other Comments**

Para 7 – concluding sentence, edit for clarity. This sentence might be more clear if the words used in Para 1 were used again here. Accordingly, “These requirements contribute to the profession’s objective of providing high-quality services to meet the needs of clients, employers, and other stakeholders in the public interest.” could instead read, “These requirements contribute to the profession’s objectives of providing high-quality services to meet the needs of clients, employers, and other stakeholders and to strengthen public trust in the profession.” Or, “These requirements contribute to the profession’s objectives of providing high-quality services to meet the needs of clients, employers, and other stakeholders and to serve the public interest.”

Para A5 – various CPD activities, edit for clarity. This paragraph uses a variety of terms to describe CPD activities such as courses, conferences, seminars, self-learning modules, organized on-the-job training, briefing sessions, discussion groups, workplace learning and receiving professional development support from a mentor or coach. These terms cover various aspects of training design. Some can be subsets of others or could be combined with others to describe a CPD activity. A simpler list with more consistent use of terms might be better. Also, while this is an interesting list, it is not clear how member bodies would “facilitate access to opportunities and resources” for some of these activities which should be the focus of this explanatory item. Consider whether the substance of Para A5 might be better placed as explanatory material to Para 8 as any of these activities can be promoted by member bodies.

Para A24 – editorial comment. Replace “unlikely” with “be unlikely to” or “not likely”.

### **Closing remarks**

We commend the IAESB for issuing this Exposure Draft of redrafted IES7. We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Christine Adshead, Global Assurance Learning and Education Partner on (44(0) 161 245 2529).

Yours faithfully,

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP