



International Accounting
Education
Standards Board

529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaesb.org

Committee: International Accounting Education Standards Board

Meeting Location: Radisson Blu Hotel; Nairobi, Kenya

Meeting Date: April 18-20, 2018

SUBJECT: **Revision of IES 7, *Continuing Professional Development* – Issues Paper (04/18)**

INTRODUCTION

1. The overall purpose of this paper is to assist the IAESB (Board) members in their discussion of issues related to the revision of International Education Standard (IES) 7, *Continuing Professional Development* (2014) (IES 7).
2. This paper is designed to:
 - A. Provide information on the revision of IES 7 and the discussions of the IAESB at its most recent and previous meetings;
 - B. Outline the recent work of the IES 7 Task Force (TF); and
 - C. Facilitate discussion about the final analysis of comments on the IES 7 exposure draft and proposed final wording for IES 7 (revised).
3. The analysis of comments and final recommended wording for IES 7 (revised) are organized below in the discussion of issues to follow the flow of the standard, beginning with the introduction and ending with explanatory material. In preparing the final analysis of comments and developing recommendations for the final proposed wording of IES 7 (revised), the task force considered every comment received from exposure draft respondents. Agenda Item 2-3 cross-references every exposure draft comment to the paragraphs of this discussion paper to transparently demonstrate where each comment was included in the TF analysis and recommendations.
4. This agenda item contains the following materials:

Agenda Item 2-1	Revision of IES 7, <i>Continuing Professional Development</i> – Issues Paper (04/18)
Agenda Item 2-2	IES 7 Analysis of Comments – Final
Agenda Item 2-3	IES 7 Cross-walk of Comments to Discussion of Issues at Agenda Item 2-1
Agenda Item 2-4	Proposed wording of IES 7, <i>Continuing Professional Development</i> (revised-Marked-Up Version)
Agenda Item 2-5	Proposed wording of IES 7, <i>Continuing Professional Development</i> (revised-Clean Version)

BACKGROUND

I. Project scope

5. It is in the public interest that professional accountants undertake CPD to maintain and develop their professional competence throughout their career and that the effectiveness of CPD undertaken is globally consistent. The TF was originally charged with evaluating how IES 7, including potential supplementary implementation guidance, could be improved to support the public interest.
6. To evaluate IES 7, the TF completed comprehensive outreach activities with IES stakeholders between November 2015 and July 2016. This enabled the TF to present to the Public Interest Activity Committees' Consultative Advisory Group (CAG) and Board a comprehensive list of issues and recommendations about whether IES 7 was fit for purpose, consistently implemented, and serving the public interest.
7. At the November 2016 Board meeting, the TF recommended that IES 7 be revised and additional implementation guidance be developed to address issues identified through completed outreach activities. In summary, the TF identified four significant issues resulting in recommendations to revise IES 7:
 - a. Clarify CPD Activities;
 - b. Incorporate concepts of a CPD Framework into IES 7;
 - c. Revise and clarify the principles and requirements for CPD measurement approaches to support understanding and consistent implementation; and
 - d. Revise the target audience of IES 7 to include professional accountants (i.e., adding requirements directed to professional accountants in addition to those already directed to IFAC member bodies)
8. The Board approved that the TF develop proposed revisions to IES 7 for the first three issues and present a proposed exposure draft to the Board in April 2017 for those issues. The Board agreed the fourth issue (target audience) was a valid issue and recommended that additional input from the public be obtained before proposed revisions to IES 7 is exposed for public comment. The Board agreed to develop a consultation paper specific to the fourth issue as a separate project from remaining work on IES 7.
9. At the April 2017 meeting, the Board approved the release of an exposure draft for IES 7 (revised) with a 90 day response period. The exposure draft was released for comment on June 5, 2017 with comments due by September 19, 2017, with additional extension from September 5, 2017. The Board received 42 responses on the proposed revision of IES 7.
10. At the November 2017 meeting, the TF presented to the Board its preliminary analysis of comments on the exposure draft ([see Agenda Item 3.1 from the November 2017 Board meeting](#)). As a result, the Board asked the TF to:
 - a. Complete its analysis of comments on the IES (revised) exposure draft; and
 - b. Develop and present a final recommendation on the wording of IES 7 (revised) at its April 2018 Board meeting.
11. Information about the project rationale, scope, and activities completed by the TF between November 2015 and the November 2016 Board meeting are outlined in Appendix 1.

II. Project activities – since November 2017 Board meeting

12. In the period since the November 2017 Board meeting, the TF completed its analysis of comments, developed recommendations for the final proposed wording of IES 7 (revised) based on that analysis of comments, conducted three teleconferences, attended an all-day in-person meeting, and met with the Board's Draft Working Group (DWG) to address DWG comments on the final proposed wording of IES 7 (revised).
13. To complete the analysis of comments and develop recommendations for the final proposed wording of IES 7 (revised), the TF coded and themed every comment received on the exposure draft. The TF then organized those themes based on how they relate to the standard (e.g., suggestions relative to the requirements versus comments relating to explanatory material). Agenda Item 2-3 presents the TF's coding of all comments by theme, organized to follow the flow of the standard, and cross-referenced to the TF's analysis of comments and proposed recommendations, presented below in the discussion of issues.

14. For some comments the TF is recommending that the Board make additional revisions to IES 7 (revised). These recommendations are presented in the discussion of issues below for Board comment. The TF has carried forward all recommended revisions to Agenda Item 2-4, Proposed wording of IES 7, *Continuing Professional Development* (revised; Marked-Up) Agenda Item 2-5, Proposed wording of IES 7, *Continuing Professional Development* (revised; Clean) so that the Board has the ability to see all recommended changes presented together in the standard.
15. The DWG has reviewed Agenda Item 2-4 and all proposed TF revisions to the wording of IES 7 (revised). Except for two issues, highlighted in the discussion below, the DWG and TF are in agreement on proposed final wording for IES 7 (revised).
16. A full list of TF activities undertaken since project inception (November 2015 Board meeting) is included at Appendix 1.

DISCUSSION

A1. Revisions to IES 7 (revised) Introduction paragraphs

Summary of issues:

17. Six (6) of 42 respondents (Indiana CPA Society; ISCA; ICPAU; IRBA; Professors Catriona and Nicholas Paisey; AICPA) suggested revisions to paragraphs in the IES 7 (revised) Introduction. These comments are presented, in detail, under Theme 1 at Agenda Item 2-3 and are summarized below.
 - a. One (1) respondent (Indiana CPA Society) suggested that ‘networking’ included at paragraph 5(e) be replaced with ‘collaboration’ to support the concept of acquiring specific skills rather than simply the act of interacting with others which is now commonly associated with networking.
 - b. Three (3) respondents provided commentary about how the concept of ‘relevant CPD’ has been included in the standard:
 - i. ISCA suggested that ‘relevant to the work of the professional accountant’ be added to the beginning of paragraph 5.
 - ii. ICPAU commented that, in general, IES 7 (revised) could be improved by making a stronger link to CPD that is relevant to the role of the professional accountant.
 - iii. IRBA noted that the meaning of relevant is clear in the body of the standard but that the IAESB might define ‘relevant CPD activities’.
 - c. Two (2) respondents (Professors Catriona and Nicholas Paisey; AICPA) suggested that paragraph 5 and A17 be modified to strike a better balance between ‘planned activities’ and those activities that occur in an unplanned manner (e.g., on-the-job learning) which also form a valuable part of learning and development. For example, the AICPA suggested that paragraph 5(h) could be revised to include unstructured development of skills (currently 5(h) describes acquiring unstructured knowledge).
 - d. The AICPA also noted concerns with the IAESB Explanatory Memorandum which indicates that ‘self-development activities need to be planned’ and ‘all forms of learning, formal or informal, and practical experience are valid learning and development activities when they are planned, relevant, and reflected upon.’ Combined with wording at paragraphs 5, A8 and A17, the AICPA was not certain if the IAESB only considers planned learning and development activities to be valid forms of CPD, which if true, the AICPA would not agree with.

Analysis and recommendations for issues:

18. The TF understands the concern about the use of the word networking but notes that ‘networking’ is used throughout the IAESB Framework and the IESs. Therefore, **the TF recommends** that ‘networking’ continue to be used in IES 7 (revised).
19. The TF notes that adding ‘relevant to the role of the professional accountant’ would be consistent with revisions made elsewhere in the standard (see suggested revisions to paragraphs 9, 13 and 14) which also clarify that CPD is learning and development that develops and maintains professional competence

considered relevant to a role in the accountancy profession. Therefore, **the TF recommends** that paragraph 5 be modified to incorporate 'relevant' to the role of the professional accountant. See paragraph 27 for the final proposed wording of impacted paragraphs in IES 7 (revised).

20. The TF acknowledges feedback that in general IES 7 (revised) could be improved to make a better link between CPD being relevant to the role of the professional accountant and that further explanation could be provided about what relevant learning and development would consist of. The TF believes that suggested revisions to paragraphs 5, 9, 13, 14 and the suggested addition of a new explanatory material paragraph immediately before A14 (see paragraph 86 below) accomplish these objectives. Specifically, revisions at paragraphs 5, 9, 13, and 14 seek to make clear that CPD includes learning and development considered relevant to the role of the professional accountant in the accountancy profession, while the newly proposed explanatory paragraph before A14 (see paragraph 86 below) better explains roles and responsibilities in the accountancy profession. Therefore, as it pertains to this set of feedback, **the TF recommends** that no further revisions be made to IES 7 (revised).
21. The TF believes it was not the Board's intention to suggest that only 'planned' learning and development activities are valid forms of CPD. The TF agrees that unplanned forms of learning are valuable components of CPD.
22. The TF also observes that the use of the words 'unplanned' and 'unstructured' could be confused by some readers of the IESs to be the same thing. The TF believes that they are not the same thing. In the context of the IESs, learning and development activities could either be planned or unplanned. Learning and development activities could also either be structured or unstructured. This means unstructured activities could be planned or unplanned just as structured activities could be planned or unplanned. Based on this observation, the TF believes that the current placement of the words 'planned' and 'unstructured' in paragraph 5 may be confusing. The TF notes that 'unstructured' is used only at paragraph 5 in IES 7 (revised) (as adopted from IAESB Framework paragraph 25) while the concept of planned vs unplanned appears in several instances (paragraphs 5, A8, newly proposed N9, and A17).
23. The TF believes that the concept of 'planned' and 'unplanned' is intuitive and that it is important for CPD to include both forms of learning and development activity. The incorporation of a CPD Framework into IES 7 (revised) further introduces the concept of planning for CPD. To avoid signaling that the intention is to only allow planned learning and development, the TF believes it is important to clarify throughout IES 7 (revised) that learning and development activities, whether planned or unplanned, contribute to relevant CPD.
24. The TF notes that 'structured' and 'unstructured' learning and development activities are not defined by the IAESB. The TF also notes that IES 7 is the only IES that makes reference to 'unstructured' learning and development activities. Given that the word 'unstructured' is only used once in IES 7 (revised) and that the concept of 'structured' learning and development activities does not appear in the IAESB Framework or in IES 7 (revised), **the TF recommends** that reference to 'unstructured' be removed from paragraph 5.
25. Therefore, **the TF recommends** that the word 'planned' be removed from paragraph A17 to be consistent with proposed revisions suggested for paragraphs A8 and A9 (see paragraph 98 below) and the suggested addition of a new explanatory paragraph (N27) (see paragraph 167 below).
26. Following DWG review of paragraph A17, **the TF recommends** that bullet (a) be re-worded slightly to improve readability; that bullet (b) be relocated to the end of the provided list and that wording be conformed to proposed edits for bullet (a); that the word 'relevant' be removed from bullet (h) and that a comma be added after the word 'journals' to make clear that reading professional literature and journals are examples of subject matter that might be researched.
27. Based on the recommendation outlined above, **the TF recommends** that paragraphs 5 and A17 be modified as follows:

Proposed Revisions for Paragraph 5	
Proposed IES 7	CPD includes learning and development activities that contribute to the development and maintenance of professional competence, such as: (a) education, (b) training, (c) practical experience, (d) mentoring and coaching, (e) networking and sharing of knowledge and experiences, (f) observation, feedback, and reflective activity, (g) planned self-development activities, and (h) unstructured acquiring of knowledge.
Final Proposed Wording	CPD includes learning and development activities that are relevant to the role of the professional accountant and contribute to the development and maintenance of professional competence, such as: (a) education, (b) training, (c) practical experience, (d) mentoring and coaching, (e) networking and sharing of knowledge and experiences, (f) observation, feedback, and reflective activity, and (g) self-development activities and (h) unstructured acquiring of knowledge.

Proposed Revisions for Paragraph A17	
Proposed IES 7	<p>The following represent examples of learning and development activities that may be undertaken as part of a planned program of CPD:</p> <ul style="list-style-type: none"> (a) Participating in, or completing of, educational programs or training events, such as in-person or virtual live courses, e-learning courses, conferences, and seminars; (b) Designing, developing, reviewing, or teaching educational programs or training events, such as in-person or virtual live courses, e-learning courses, conferences, and seminars; (c) Reflecting on practical experiences and developing personal development plans through self-appraisal; (d) Receiving on-the-job training, performance feedback, or professional development guidance from a mentor or coach. (e) Providing on-the-job training, performance feedback, or professional development guidance as a mentor or coach; (f) Participating in and working on professional boards, technical committees, sector activities, information networks, or communities of practice; (g) Writing articles, papers, or books of a technical, professional, or academic nature; (h) Researching relevant subject matter, including reading professional literature and journals for application in the professional accountant's role; and (i) Studying for professional re-examination or formal testing.
Final Proposed Wording	<p>The following represent examples of learning and development activities that may be undertaken as part of a planned program of CPD:</p> <ul style="list-style-type: none"> (a) Participating in, or completing of, educational programs or training events, such as live learning courses - delivered in-person or virtually live courses, e-learning courses, conferences, and seminars; (b) Designing, developing, reviewing, or teaching educational programs or training events, such as in-person or virtual live courses, e-learning courses, conferences, and seminars; (c) Reflecting on practical experiences and developing personal development plans through self-assessment activities; (d) Receiving on-the-job training, performance feedback, or professional development guidance from a mentor or coach. (e) Providing on-the-job training, performance feedback, or professional development guidance as a mentor or coach; (f) Participating in and working on professional boards, technical committees, sector activities, information networks, or communities of practice; (g) Writing articles, papers, or books of a technical, professional, or academic nature; (h) Researching relevant subject matter, including reading professional literature and journals, for application in the professional accountant's role; and (i) Studying for professional re-examination or formal testing. (j) Designing, developing, reviewing, or teaching educational programs or training events, such as live learning courses – delivered in-person or virtually, e-learning courses, conferences, and seminars.

A2. Revisions to Explanatory Material for IES 7 (revised) Introduction Paragraph A1

Summary of issues:

28. One (1) respondent (Deloitte) commented that paragraph A1 includes a reference to IPD which makes it sound like the achievement of outcomes is an end point rather than conveying the need for ongoing development based on different roles. This comment is presented under Theme 2 at Agenda Item 2-3.

Analysis and recommendations for issues:

29. The TF notes that paragraph A1 appears to be a combination of IAESB Framework paragraphs 18 and 34. The TF notes that the reference to ‘which were achieved during IPD’ appears to come from IAESB Framework paragraph 34 while the rest of A1 comes from Framework paragraph 18. The TF agrees with the observation and given the inconsistency between IES 7 (revised) paragraph A1 and IAESB Framework paragraph 18, **the TF recommends** that reference to ‘which were achieved during IPD’ be removed from A1 as follows:

Proposed Revisions for A1	
Proposed IES 7	Professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of learning outcomes for: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes which were achieved during IPD.
Final Proposed Wording	Professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of learning outcomes for: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes which were achieved during IPD .

A3. Revisions to Explanatory Material for IES 7 (revised) Introduction Paragraph A2

Summary of issues:

30. Four (4) respondents (PwC; Knowledge Equity; FRC; AICPA) provided suggested revisions for the definition of lifelong learning included at paragraph A2 and as a newly proposed term in the IAESB Glossary of Terms. These comments are presented, in detail, under Theme 3 at Agenda Item 2-3 and are summarized as follow:

- a. One (1) respondent (AICPA) commented that ‘technical competence’ should be replaced by ‘professional competence’ in the description and definition of lifelong learning.
- b. One (1) respondent (FRC) suggested that the description of lifelong learning could be improved if it was amended to include a reference to ‘throughout a professional accountant’s working life’.
- c. Two (2) respondents (PwC; Knowledge Equity) commented that the inclusion of words ‘voluntary’ and ‘self-motivated’ make lifelong learning sound like something that is optional for professional accountants that is then described as being critical to meet the public interest. Both respondents commented that there appears to be a disconnect between something that is described as both ‘voluntary’ and ‘critical’.

Analysis and recommendations for issues:

31. The TF notes that the definition of lifelong learning and the description of lifelong learning at A2 spell out ‘professional competence’ as the IAESB defines it by making reference to ‘technical competence’, ‘professional skills’, and ‘professional values, ethics and attitudes’. While the TF agrees that replacing all three concepts with ‘professional competence’ would be easier to read, the TF believes it is important to call attention to the three components of professional competence in the context of lifelong learning to draw readers attention to the fact that all three components should be pursued. Therefore, **the TF recommends** retaining references to the three components of professional competence.

32. The TF considered the suggestion to add ‘throughout a professional accountant’s working life and notes that ‘working life’ is not a term or phrase used elsewhere in IES 7 (revised) which may introduce some

unintended questions for readers of IES 7 (revised). Therefore, as it relates to this feedback, **the TF recommends** that the definition and description of lifelong learning be retained as currently worded.

33. Finally, the TF agrees that there appears to be a contradiction in the explanation of lifelong learning at paragraph A2 in that ‘voluntary’ and ‘self-motivated’ make lifelong learning sound like something that is optional to pursue, which does not align well with the second sentence of paragraph A2 which states that lifelong learning is critical to meet public interest expectations. Therefore, **the TF recommends** that the proposed Glossary definition and explanation of lifelong learning at paragraph A2 be modified as follows:

Proposed Revisions for Paragraph A2	
Proposed IES 7	Lifelong learning represents the ongoing, voluntary, and self-motivated 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.
Final Proposed Wording	Lifelong learning represents the ongoing, voluntary, and self-motivated continuing 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.

Proposed Revision to Glossary Definition	
Proposed Definition	<i>Lifelong Learning</i> – The ongoing, voluntary, and self-motivated pursuit of technical competence; professional skills; and professional values, ethics, and attitudes.
Final Proposed Wording	Lifelong Learning – The ongoing, voluntary, and self-motivated continuing pursuit of technical competence; professional skills; and professional values, ethics, and attitudes.

A4. Revisions to Explanatory Material for IES 7 (revised) Introduction Paragraph A3

Summary of issues:

34. Two (2) respondents (PwC; AICPA) suggested revisions to paragraph A3 which describes the increased expectations professional accountants face as they adapt and operate in a rapidly changing environment. These comments are presented, in detail, under Theme 4 at Agenda Item 2-3 and summarized as follows:
- a. PwC suggested that ‘face increased expectations’ be replaced with ‘continue to be expected’ because ‘increased’ implies a change in expectations over what was expected prior to the proposed revisions of IES 7. PwC also suggested that the word ‘display’ be replaced with ‘develop and maintain’ to align the wording of this paragraph with wording used throughout IES 7 (revised).
 - b. AICPA commented that they appreciate the inclusion of paragraph A3 and suggested that because of the extent of change the profession faces, it might be appropriate for the IAESB to restore the following extant language at paragraph A3: “because of such change, it may be appropriate for IFAC member bodies to periodically review their CPD policies and the application of this IES.”

Analysis and recommendations for issues:

35. The TF agrees with respondent analysis regarding suggested revisions. The TF notes that the language suggested was previously included at paragraph A1 in IES 7 and believes it would therefore be appropriate to restore that language in explanatory material for the Introduction section of the standard. Therefore, **the TF recommends** that paragraph A3 be revised as follows:

Proposed Revisions for Paragraph A3	
Proposed IES 7	Professional accountants face increased expectations to display professional competence as they anticipate and adapt to changes in processes, technology, professional standards, regulatory requirements, employer demands, and other areas.
Final Proposed Wording	Professional accountants face increased expectations continue to be expected to display develop and maintain professional competence as they anticipate and adapt to changes in processes, technology, professional standards, regulatory requirements, employer demands, and other areas. In supporting professional accountants in meeting these expectations, IFAC member bodies may periodically review their CPD policies and the application of this IES.

A5. Revisions to Explanatory Material for IES 7 (revised) Introduction Paragraph A4

Summary of issues:

36. Three (3) respondents (ICAS; Knowledge Equity; FRC) suggested revisions to paragraph A4 which acknowledges that undertaking CPD does not guarantee that all professional accountants will develop and maintain professional competence but that CPD plays an important role in developing and maintain professional competence that is relevant to a role. These comments are presented, in detail, under Theme 5 at Agenda Item 2-3 and summarized as follows:
- a. Two (2) respondents (ICAS: Knowledge Equity) requested that lead-in to this paragraph, regarding CPD not guaranteeing that all professional accountants will develop and maintain the professional competence necessary to provide high-quality professional service, be removed. ICAS and Knowledge Equity noted concerns about the message this might send regarding the importance of CPD.
 - b. One (1) respondent (FRC) suggested that this paragraph could be strengthened if the word ‘enabling’ was replaced with ‘requiring’.

Analysis and recommendations for issues:

37. The TF believes the reference to CPD not guaranteeing, ‘that professional accountants will develop and maintain professional competence necessary to provide high-quality professional service,’ is appropriate and important because, whether stated positively or negatively, there are a multitude of environmental and systemic factors that contribute to the provision of high-quality professional service. CPD is one of those factors but by itself cannot guarantee the provision of high-quality professional service. If a professional accountant were discovered to not be providing competent professional services, CPD might need to be improved but the conclusion could not automatically be made that CPD has been ineffective or sufficient. Therefore, as it relates to this feedback, **the TF recommends** that the wording of paragraph A4 be retained as it is currently drafted.
38. Finally, the TF notes that replacing the word ‘enabling’ with ‘requiring’ at paragraph A4 would cause issues for the meaning of CPD because this change would have ‘CPD require professional accountants to develop and maintain professional competence.’ The TF does not agree that CPD requires professional accountants to develop and maintain professional competence, rather CPD enables or helps professional accountant develop and maintain professional competence. Therefore, as it relates to this feedback, **the TF recommends** that the wording of paragraph A4 be retained as it is currently drafted.

Action Requested:

1. **Do you agree with the recommendations for proposed revisions to Introduction paragraphs and related explanatory material presented at paragraphs 17-38, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

B1. Should the Objective statement be retained as proposed or further revised?

Summary of issues:

39. The Board asked respondents if they believe the Objective statement in IES 7 (revised) is appropriate and clear. Themes 6 and 7 presented at Agenda Item 2-3 organize responses to this question by those who believe the Objective statement is appropriate and clear (Theme 6 responses) compared to those respondents who believe the Objective statement needs further revision (Theme 7 responses).
40. To facilitate review of feedback in this area, the proposed Objective statement is presented next to the extant IES 7 Objective statement and the Objective statements for the other IESs in the following table:

IES	Objective Wording
Proposed IES 7	The objective of this IES is that professional accountants develop and maintain the professional competence necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.
Extant IES 7	The objective of an IFAC member body is to have professional accountants develop and maintain their competence subsequent to IPD through the undertaking of CPD that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers, and other stakeholders.
IES 1	The objective of this IES is to establish educational entry requirements to professional accounting education programs that are fair, proportionate, and protect the public interest.
IES 2	The objective of this IES is to establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.
IES 3	The objective of this IES is to establish the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.
IES 4	The objective of this IES is to establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.
IES 5	The objective of this IES is to establish the practical experience that is sufficient for aspiring professional accountants, and needs to be completed by the end of IPD, in order to perform a role as a professional accountant.
IES 6	The objective of this IES is to establish whether aspiring professional accountants have demonstrated an appropriate level of professional competence by the end of IPD in order to perform a role as a professional accountant.
IES 8	The objective of this IES is to establish the professional competence that professional accountants develop and maintain when performing the role of an Engagement Partner.

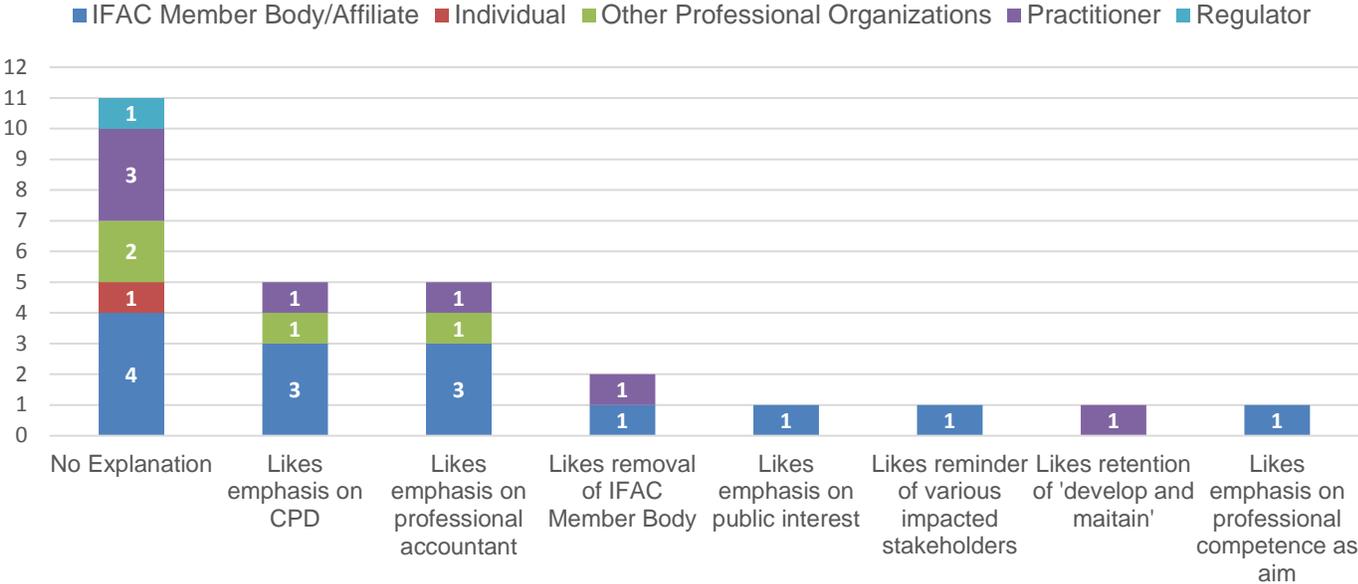
Appropriate and Clear

41. In summary, 20 of 42 respondents¹ indicated that they believe the proposed Objective statement is appropriate and clear. The following charts summarize responses in support² of the Objective statement as proposed.

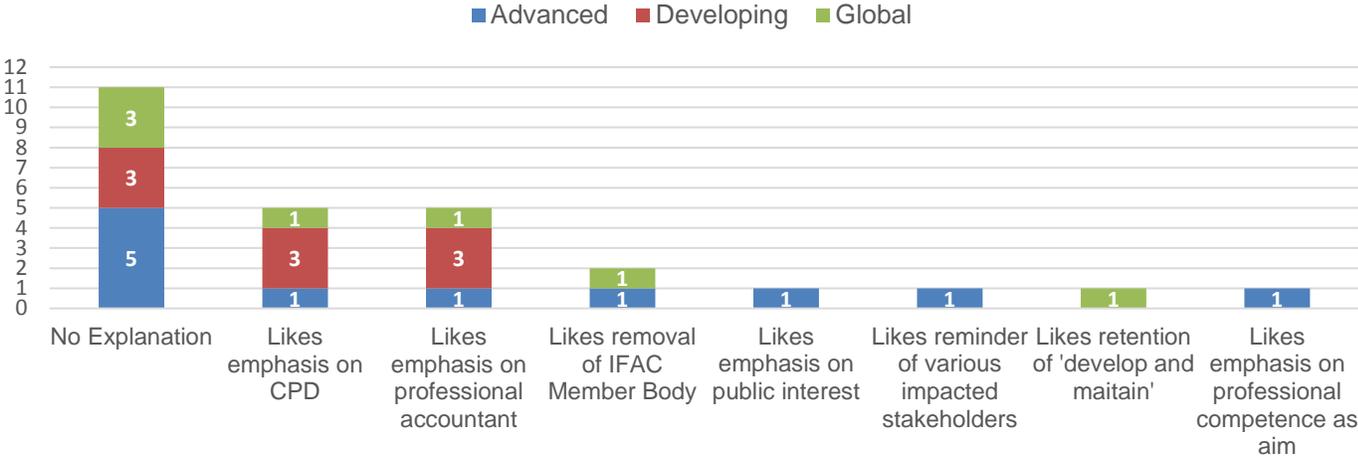
¹ The 20 respondents include: SAIPA; PAFA; ICAEW; EY; PwC; ICAS; GAO; AAT; Knowledge Equity; NASBA; FRC; KPMG; AICPA; JICPA; FACPCE; CPA Canada; BDO; Miguel Angel Bouzas Sanudo; ICPAU; and TURMOB.

² ‘No Explanation’ responses capture those respondents who stated explicitly that they believe the objective statement is appropriate and clear but did not offer explanation or thought about why they agree with the objective statement.

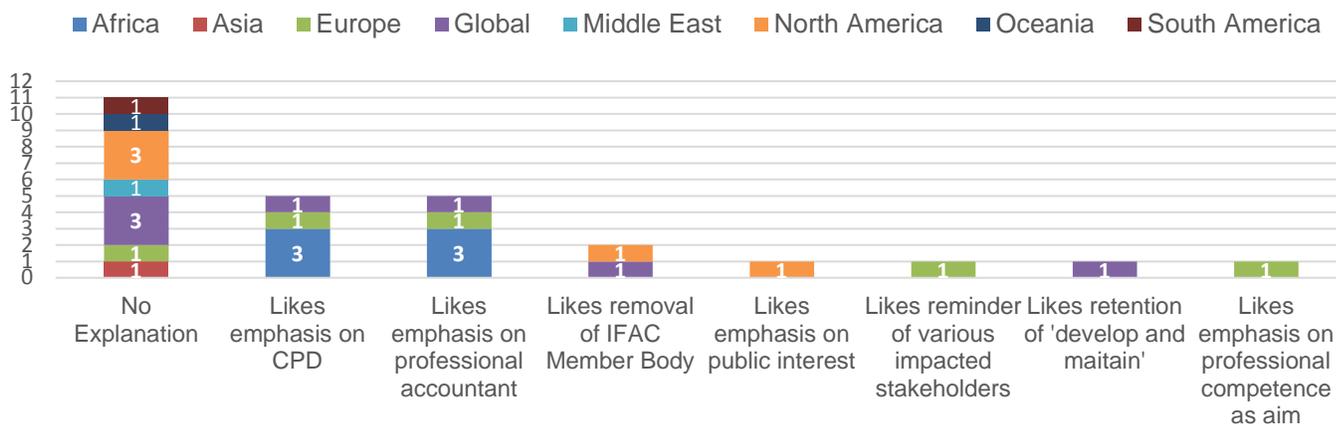
Objective is Appropriate and Clear: **Respondent Type Response**



Objective is Appropriate and Clear: **Economic Region Response**



Objective is Appropriate and Clear: **Geographic Response**



Not Appropriate and Clear

42. Ten (10) of 42 respondents³ indicated that the Objective statement was not appropriate or clear or that further revisions were necessary to make it more appropriate or clear. Feedback on reasons why respondents believe the Objective statement is not appropriate or clear varied as follows:

a. **To whom the Objective is addressed:**

One (1) respondent (Deloitte) noted ‘that the “Objective” of the proposed revised standard is directed at the professional accountant. While we understand that the ultimate aim of the Board, and for the profession more widely, is for professional accountants to develop and maintain the required level of professional competence, the purpose and focus of this standard is to set expectations and requirements for IFAC member bodies to implement, measure, monitor and enforce in order to achieve this. We therefore recommend the Board reconsiders the formulation of the Objective statement and revises it such that it addresses the Objective as it relates to the role and responsibilities of IFAC member bodies.’

b. **Appropriate use of ‘public interest’ in the formulation of the Objective statement:**

i. Four (4) respondents questioned or challenged whether it is appropriate to include a reference to the public interest in an IES Objective statement:

Ref	Reason for Concern	Respondent
1	Do not believe that the inclusion of ‘in the public interest’ in IES 1 or IES 7 is consistent with the IAESB Framework which states the “objective assists an IFAC member body to understand the overall aim of the standard, and what needs to be accomplished, as well as decide whether more needs to be done to achieve the objective”. Specifically, the inclusion of ‘in the public interest’ does not assist in understanding the overall aim of the standard, what needs to be accomplished, or whether more needs to be done because ‘in the public interest’ is difficult to define.	IDW; Deloitte; WPK
2	Do not believe that an objective referring to the public interest, as a means of understanding what needs to be done, and in particular, whether more needs to be done, is enforceable in any jurisdiction of which we are aware. Laws, regulations and standards are written by legislators, regulators and standard setters (including the IAESB), respectively, in the public interest. There is a presumption in writing laws, regulations and standards, that when those subject to the laws, regulations and standards have complied with them, the public interest has been served because those complying with laws, regulations and standards cannot be expected to ascertain who the public is and what their interests are - that is the role of legislators,	WPK

³ The 10 respondents who believe the Objective statement is not appropriate or clear, include: Deloitte; IDW; WPK; IBRACON; ICAZ; ICAN; ACCA; ISCA; CPA Australia; and IAA

	regulators and standard setters when writing laws, regulations and standards, respectively. For these reasons, we strongly recommend deleting the reference to "in the public interest" in the objective.	
3	Meeting the needs of the public interest is repetitive with meeting the needs of clients, employers, and stakeholders.	IBRACON; WPK

- ii. Conversely, as many as 28 respondents appear comfortable with the inclusion of a public interest reference in IES 7 (revised):
 - 1. 20 respondents (see para 41 above) indicated the Objective statement is clear and appropriate as drafted, including the reference to the public interest;
 - 2. Six (6) respondents offered suggested edits to make the Objective statement more clear (see items 42c-e below) but those suggestions did not remove reference to the public interest indicating they are also comfortable with the inclusion of a public interest reference in the IES 7 (revised) Objective statement; and
 - 3. Two (2) respondents offered suggestions to edit explanatory material related to the Objective statement and did not express concern with the inclusion of a public interest reference in the Objective statement.
- c. **Confusion with ‘develop and maintain’ compared to acquire new knowledge and skill:**
 - i. Two (2) respondents (ICAZ and ICAN) suggested replacing the word ‘develop’, with ‘acquire’ or ‘update’, in the construct of ‘develop and maintain the professional competence necessary’. Respondents cited concerns that the word ‘develop’ does not make a clear distinction between CPD and IPD requirements or that ‘develop’ does not imply, strongly enough, the need for professional accountants to update themselves with new knowledge and skills;
 - ii. ACCA also noted that the Objective statement does not explicitly state that acquiring new skills and knowledge for career progression is part of CPD; and
 - iii. ISCA noted that the Objective statement could be enhanced by making reference to the need for continued development of knowledge and skills because of the continuously changing business environment.
- d. **Objective statement appears to be missing reference to CPD:**

Two (2) respondents (CPA Australia; ACCA) noted that the Objective statement makes no reference to CPD or undertaking CPD as it relates to ‘develop and maintain professional competence.’
- e. **Other suggested edits to the Objective statement:**
 - i. One (1) respondent (IAA) suggested replacing the word ‘role’ with ‘functions’ in the construct of the Objective statement; and
 - ii. One (1) respondent (ACCA) asked if specific references to the ‘maintenance of professional ethics’ should be included in the Objective statement.

Analysis, alternatives, and recommendations for issues:

To whom the Objective Statement should be addressed:

- 43. The TF notes that the recommendation from the respondent concerned about who the Objective statement is addressed to, is to reformulate the Objective so that it is addressed to IFAC Member Bodies. This suggestion is made to avoid addressing the Objective to professional accountants and to help align the Objective statement with the IAESB Framework’s stated purpose for IES Objective statements.
- 44. The TF notes that the revised Objective statements for all of the IESs remove direct reference to IFAC Member Body responsibility. Removing that reference in a revised IES 7 aligns the Objective statement for IES 7 (revised) with the other IESs.
- 45. Therefore, **the TF recommends** that a direct reference to the responsibilities of IFAC Member Bodies

should not be added to the formulation of the Objective statement in IES 7 (revised). The TF also notes that there are other potential revisions that could be made to the related explanatory material, to address other noted issues from respondents, which may also address concerns about who the Objective is addressed to, without adding a reference to IFAC Member Bodies (see paragraphs 75-81 below).

Appropriate incorporation of 'public interest' reference:

46. The TF notes that the majority of respondents agree with the inclusion of the public interest reference in the Objective statement.
47. Those respondents who expressed concerns about the inclusion of a reference to the public interest noted that the inclusion does not make it easier to understand what needs to be done to achieve the objective of the IES while others noted that the inclusion of the reference is redundant with other concepts included in the Objective statement.
48. In addition, the TF notes that the currently proposed wording for the objective statement suggests that undertaking CPD is necessary because it is in the public interest. The TF believes this suggestion may be inconsistent with the IAESB Framework given that the Framework indicates that the IAESB serves the public interest by strengthening the worldwide accountancy profession through the development and enhancement of professional accounting education and the overall objectives of professional accounting education are to (a) develop the professional competence of aspiring professional accountants, and (b) develop and maintain the professional competence of professional accountants.
49. The TF also notes that current wording of the objective may imply, unintendedly, that undertaking CPD in the public interest aligns with meeting the needs of clients, employers, and other stakeholders – which may not always be the case.
50. Finally, the TF notes that the current wording emphasizes 'roles', which is consistent with the emphasis that is placed on roles throughout IES 7 (revised), however, current wording does not include reference to 'professional responsibilities' which is also used throughout IES 7 (revised).
51. For the reasons stated in paragraphs 51-53, the **TF recommends** removing the public interest reference from the objective statement and instead incorporating more about the public interest relationship to CPD in explanatory material. See discussion of issues and recommendations for explanatory material at paragraphs 67-81, below.
52. For the reasons stated in paragraphs 53-54, **the TF recommends** that the reference to 'meet the needs of clients, employers, and other stakeholders' be removed. See alternative proposed Objective statements at paragraph 66, which synthesize all proposed revisions to the Objective statement.

Clarify 'develop and maintain' includes acquiring new knowledge and skills

53. The TF notes that two (2) respondents suggested replacing the word 'develop' with an alternative word ('acquire' or 'update') to make it more clear that part of the objective of CPD is to acquire knowledge and skills for new roles or in response to changes in the accountancy profession. Two (2) other respondents had similar comments that the Objective statement could be clearer if it included reference to the acquiring of new skills and knowledge for career progression or to acknowledge that new skills and knowledge must be acquired in response to the rapidly changing business environment in which professional accountants operate.
54. The TF considered the following **alternatives** for this issue:
 - a. Retain the drafted Objective statement without further edit or added explanatory material;
 - b. Replace the word 'develop' with an alternative formulation, like 'update', globally in the IAESB Framework, Glossary and in all of the IESs; or
 - c. Add explanatory material for the Objective statement to explain that the concept of 'develop' refers to acquiring or updating professional accountants' technical competence, professional skills and professional values ethics and attitudes as part of CPD.
55. The TF notes that the concept of 'develop and maintain' is used widely throughout the IAESB Framework, Glossary and in other IESs (e.g., IES 8). The TF also believes the use of the word 'develop' is intended to mean that professional accountants must acquire or develop newly needed knowledge and skills as part of their continuing professional development. The TF also notes that the majority of respondents indicated

that the Objective statement was appropriate and clear with the current formulation of ‘develop and maintain’.

56. Therefore, **the TF recommends** retaining the word ‘develop’ throughout the IAESB Framework, Glossary or within the IESs. In addition, the TF notes that the inclusion of an additional explanatory paragraph for the IES 7 (revised) objective, explaining the meaning of the concept of ‘develop and maintain’ may help readers of IES 7 (revised) understand the overall aim of the standard and what needs to be accomplished. See TF recommendations for revisions to and additional explanatory material at paragraphs 71-77 below.

Objective statement is missing reference to CPD

57. Two (2) respondents noted that a direct reference to ‘continuing professional development’ or ‘CPD’ is not included in the proposed Objective statement for IES 7 (revised).
58. The TF considered the following **alternatives** for this issue:
- a. Retain the drafted Objective statement without further edit or added explanatory material;
 - b. Incorporate a reference to CPD or the undertaking of CPD to help connect the concepts of CPD to professional competence; or
 - c. Add explanatory material for the Objective statement to explain that the undertaking of CPD to develop and maintain professional competence is the aim of IES 7 (revised).
59. The TF notes that while the proposed Objective statement does include part of the IAESB definition of CPD by making clear that the ultimate aim of IES 7 (revised) is to develop and maintain professional competence, the TF does agree that the omission of a reference to CPD may not help with understanding of what needs to be accomplished by users of IES 7 (revised).
60. **The TF recommends** that a reference to relevant CPD or undertaking relevant CPD be added to the proposed Objective statement for IES 7 (revised). See alternative proposed Objective statements at paragraph 62, which synthesize all proposed revisions to the Objective statement.

Other suggested edits

61. **The TF recommends** not making revisions to the IES 7 (revised) Objective statement or adding explanatory material to IES 7 (revised) in response to issues noted at paragraph 42e:
- a. Replacing the word ‘role’ with ‘functions’ would have significant impact on the IAESB Framework, Glossary, and all IESs which base the definition of professional competence on the ability to perform a role to a defined standard.
 - b. The TF and CAG/Board have previously discussed and concluded that IES 7 (revised) should not prescribe specific competence areas, professional skills, or professional values ethics and attitudes.

Suggested revisions to the IES 7 (revised) Objective statement based on recommendations outlined above:

62. Based on recommendations made above, in paras 45, 52, and 60, **the TF recommends** the Board further revise the proposed Objective statement for IES 7 (revised). This wording clarifies that professional accountants are not the target audience of requirements in IES 7 (revised), retains the reference to the public interest, and incorporates a direct reference to CPD:

Extant IES 7	The objective of an IFAC member body is to have professional accountants develop and maintain their competence subsequent to IPD through the undertaking of CPD that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers, and other stakeholders.
Proposed IES 7	The objective of this IES is that professional accountants develop and maintain the professional competence necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.
Final Proposed Wording	The objective of this IES is to have professional accountants develop and maintain professional competence, through the undertaking of relevant CPD to perform their role in the accountancy profession competently.

B2. Should explanatory material for the Objective statement be further revised or expanded?

Summary of issues:

- 63. The Board asked respondents to indicate if they believe the Objective statement in IES 7 (revised) is appropriate and clear. Theme 8 presented at Agenda Item 2-3 organizes responses to this question by those who believe the explanatory material for the Objective statement could be further revised or expanded to support an appropriate and clear Objective statement.
- 64. To facilitate review of feedback in this area, the proposed explanatory material for the Objective statement is presented next to the extant IES 7 explanatory material for the Objective statement in the following table:

Extant IES 7	N/A – There is no explanatory material for the Objective statement in extant IES 7
Proposed IES 7	A6. 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 high quality services to clients, employers, and other stakeholders, and promotes the credibility of the accountancy profession.

- 65. In summary, five (5) respondents suggested revisions to explanatory material for the Objective statement would help readers. Four (4) of the five (5) respondents offered suggestions to reword the existing paragraph and one (1) respondent noted that explanatory material may need to be expanded to better link the role of the IFAC Member Body into the Objective of the standard.

Suggested Word Edits:

- 66. Two (2) respondents (EY and BDO) noted that the current formulation of para A6 is confusing and circular. *“It seems to imply that the development and maintenance of professional competence increases the level of professional competence needed in order to provide high quality services as opposed to increasing the capacity of the professional accountant to provide high quality services.”*
- 67. One (1) respondent (Deloitte) does not support the use of the word ‘ensuring’ to begin the first sentence of para A6.
- 68. One (1) respondent (FRC) noted that it might be more accurate to use the word ‘maintain’ rather than ‘promotes’ at the end of the second sentence in para A6 (i.e., maintains the credibility of the accountancy profession rather than promotes the credibility of the accountancy profession)
- 69. One (1) respondent (EFAA) suggested that the reference to the public interest might be better served if it was moved to the end of the paragraph so that serving the public interest is better positioned as the ultimate objective.
- 70. The TF agrees with respondent feedback at paragraphs 66 and 67. Regarding revisions suggested at paragraphs 68 and 69, the TF and DWG believe that existing language (i.e., ‘promotes’ and reference to public interest mid-paragraph) are consistent with how this paragraph is drafted for the other IESs. Therefore, the TF recommends that those recommendations not be adopted. As a result, **the TF recommends** the following wording of paragraph A6:

Proposed Revisions for Paragraph A6	
Proposed IES 7	A6. 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 high quality services to clients, employers, and other stakeholders, and promotes the credibility of the accountancy profession.
Final Proposed Wording	A6. Having Ensuring that professional accountants develop and maintain the professional competence necessary to perform their role in the accountancy profession competently 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.

Additional Explanatory Material

71. One (1) respondent (IRBA) suggested that explanatory material be revised to expand on the roles of the IFAC Member Body and professional accountant in achieving the Objective.
72. The TF also noted (see paras 42a and 43-45 above) that one (1) additional respondent (Deloitte) had concerns about who the Objective statement is addressed to. Based on the TF's analysis, consideration of alternatives and recommendations for revising the Objective statement, the TF concluded that there may be an opportunity to expand explanatory material to address concerns about the role IFAC Member Bodies and professional accountants play in achieving the Objective.
73. Based on the revisions proposed to para A6, **the TF recommends** not adding explanatory material to further explain the role of the professional accountant (as stated at A6, it is to undertake CPD to develop and maintain professional competence).
74. The TF considered adding an additional explanatory material paragraph to expand on the role the IFAC member body might play in achieving the Objective of the standard. The TF notes that proposed wording of the IES 7 (revised) Objective and explanatory material for paragraph A6 are now consistent with the other IESs. The TF believes that the proposed revisions to paragraphs 8 and A6 are now consistent with the formulation of the objective in all of the IESs which also do not directly state the role of the IFAC member body. Rather, paragraph 4 in the introduction to the standard outlines the responsibility of the IFAC Member Body as it relates to CPD. Therefore, **the TF recommends** that no further revisions or additions to explanatory material for the Objective are made as it relates to this set of feedback.
75. In addition to questions or concerns about the role IFAC Member Bodies and professional accountants play in achieving the Objective, the TF noted at paragraph 56 that explanatory material could be expanded to help readers understand the concept of 'develop and maintain professional competence' in the context of CPD. **The TF recommends** adding the following new paragraph:
- "The concept of 'maintain professional competence' acknowledges that professional accountants may undertake CPD to sustain the technical competence, professional skills, and professional values, ethics and attitudes at the proficiency levels that were achieved by the end of IPD, because those proficiency levels continue to be adequate for the role the professional accountant performs. Conversely, the concept of 'develop professional competence', acknowledges that during CPD, a professional accountant may need to acquire or update their technical competence, professional skills and professional values, ethics and attitudes to pursue career progression, to successfully undertake new roles, and to protect the public interest in a continually changing business environment."*
76. In making the recommendation to add this additional explanatory material paragraph, the TF incorporated 'technical competence' as a direct reference to IESs 2 and 8; 'professional skills' as a direct reference to IESs 3 and 8; and 'professional values, ethics and attitudes' as a direct reference to IESs 4 and 8.
77. Given that 'develops and maintains professional competence' is first introduced in IES 7 (revised) as part of the Introduction (paragraph 1) **the TF recommends** that this new paragraph be placed at the beginning of explanatory material immediately following paragraph A1.

Action Requested:

- 2. Do you agree with the recommendations for proposed revisions to the Objective statement and related explanatory material presented at paragraphs 39-77, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

C1. Revisions to ‘CPD for All Professional Accountants’ Requirement

Summary of issues:

78. 10 of 42 respondents (Alvaro Fonseca Vivas; Deloitte; EY; FRC; ICAS; ISCA; JICPA; Professors Catriona Paisey and Nicholas Paisey; PwC and SAIPA) provided suggested revisions to the wording of the requirement for CPD for all professional accountants which are presented, in detail, under Theme 9 at Agenda Item 2-3 and summarized as follows:

a. Clarity for meaning of ‘professional accountant’ in IES 7 (revised) context:

Three (3) respondents (SAIPA; ICAS; JICPA) requested further clarity for the meaning of ‘professional accountant’ in the context of IES 7 (revised). The JICPA also pointed out that in some instances IES 7 (revised) refers to ‘professional accountants’ (e.g., paragraph 8) and in other places it refers to ‘all professional accountants’ (e.g., paragraph 9).

b. Define or remove ‘professional responsibilities’:

Three (3) respondents (EY; PwC; Professors Catriona Paisey and Nicholas Paisey) requested that ‘professional responsibilities’ be defined or removed from IES 7 (revised).

c. Specify mandatory CPD for topics or roles

i. Three (3) respondents (SAIPA; ISCA; Alvaro Fonseca Vivas) suggested that the IAESB consider specifying mandatory CPD requirements for ethics (SAIPA), for ICT or other specialized knowledge (ISCA) or for different roles (Alvaro Fonseca Vivas).

ii. The ISCA suggested that a new requirement be made out of proposed paragraph A13 in IES 7 (revised), to require that professional accountants performing the role of an engagement partner shall be required to follow the CPD requirements outlined in IES 8.

d. Other suggested revisions

Deloitte questioned if the concept of the CPD Framework should be added to the ‘CPD for All Professional Accountants’ requirement of IES 7 (revised) given that the IAESB believed the concept was important enough to suggest it be added to the Glossary of Terms.

Analysis and recommendations for issues:

79. During its February 19th meeting, the TF discussed the need for clarity surrounding the ‘role’ of a professional accountant and the meaning of ‘professional responsibilities’ in the context of IES 7 (revised). The TF notes that the IAESB Glossary of Terms currently defines ‘professional accountant’ for all of the IESs and the IAESB is working on a consultation project to determine whether it is appropriate to address IES requirements to professional accountants. Given the existing glossary definition provided for ‘professional accountant, the on-going consultation effort, and proposed recommendations the TF outlines below related to ‘role’ and ‘professional responsibilities’ **the TF recommends** that the definition of ‘professional accountants’ be retained as it is currently throughout the IESs.

80. However, the TF concluded that the current proposed wording of ‘their role and professional responsibilities’ included at paragraphs 9, 13 and 14 does not clarify if CPD requirements in IES 7 (revised) were meant to apply to roles and responsibilities specific to the accountancy profession or to any and all roles a professional might undertake. The TF understands respondent feedback that this ambiguity is problematic for IFAC member bodies because it is not clear if IES 7 (revised) requires IFAC member bodies to measure and monitor CPD for roles and responsibilities unrelated to the accountancy profession. The TF believes the Board’s intention is that IFAC member bodies focus their CPD efforts on those roles and responsibilities related to the accountancy profession. Therefore, **the TF recommends** that paragraphs 9, 13 and 14 be revised to clarify that the focus of IES 7 (revised) is on CPD that develops and maintains professional competence considered relevant to roles in the accountancy profession. While respondents did not directly suggest that additional explanatory material be added, the TF believes additional explanatory material that clarifies roles in the accountancy profession would be helpful to readers because there were sufficient questions about the definition of ‘professional accountant’ and whether CPD requirements extend to roles outside of the accountancy profession. Therefore, **the TF recommends** that

explanatory material be added immediately before paragraph A14 to further clarify what a role and professional responsibilities in the accountancy profession might include. The TF used Table A from IES 2 to source the language used in the newly proposed explanatory material paragraph. See paragraph 86 for the final proposed wording of impacted paragraphs in IES 7 (revised).

81. Furthermore, the TF agrees with the observation that ‘professional accountants’ and ‘all professional accountants’ are used inconsistently in IES 7 (revised) which may cause confusion for some users of the standard. The TF notes that ‘all professional accountants’ is used less frequently throughout IES 7 (revised) and that the inclusion of the word ‘all’ does not appear to be necessary where it is currently being used.
82. Therefore, **the TF recommends** that the word ‘all’ be removed from ‘professional accountants’ throughout IES 7 (revised) (i.e., ‘all’ is not needed). See paragraph 86 for the final proposed wording of impacted paragraphs in IES 7 (revised).
83. Regarding mandatory CPD for specific topics or roles, the IAESB previously explored, through its IES 7 consultation, whether IES 7 should specify CPD requirements for specific topics such as ethics. The TF and Board concluded, based on consultation feedback, that there is too much role diversity in the accountancy profession for a broad CPD standard like IES 7 to specify specific CPD requirements in topical areas or for specific roles. Therefore, **the TF recommends** that topic specific or role specific CPD requirements not be added to IES 7 (revised).
84. Regarding the suggestion that the concept of the CPD Framework should be made or added to the requirements of IES 7 (revised), the TF notes that other respondents asked that the IAESB avoid making explanatory language surrounding CPD Frameworks and competency maps (see discussion of explanatory material below) too prescriptive because IFAC member bodies will need flexibility to implement policies, guidance and best practices that are best suited for their jurisdictions. The TF notes that trying to incorporate a CPD Framework into IES 7 (revised) requirements would effectively prescribe the use of one Framework, which may result in a lack of flexibility that users of IES 7 (revised) value. Therefore, **the TF recommends** that the concept of the CPD Framework should continue to exist in explanatory material and that no further revisions be made to IES 7 (revised) requirements.
85. Finally, the TF notes that only one respondent suggested that currently proposed paragraph A13 in IES 7 (revised) be made into a requirement (i.e., engagement partners should follow requirements at IES 8). The TF notes, that IES 8 makes reference to measuring CPD, using IES 7, in explanatory material but does not include a requirement at IES 8 that IFAC member bodies measure CPD using the requirements of IES 7. To maintain consistency between IES 7 and IES 8, the **TF recommends** that IES 7 (revised) continue to make reference to IES 8 through explanatory material and that no further revisions be made to IES 7 (revised) requirements.
86. The TF notes that the DWG does not agree with the inclusion of the words ‘that develops and maintains professional competence’ included in the exposed wording of paragraph 9. The TF considers this a global issue for the standard, impacting multiple requirements, and consolidated all feedback from respondents and the DWG, related to this issue, at paragraphs 139-150 below. Based on the recommendations outlined at paragraph 80-82 above, the TF proposes the following revised wording for IES 7 (revised):

Proposed Revisions to Paragraph 9:	
Proposed IES 7	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.
Final Proposed Wording	IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional competence relevant to performing their role in the accountancy profession and professional responsibilities.
Proposed Revisions to Paragraph 13:	
Proposed IES 7	IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities.
Proposed Wording	IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to performing their role in the accountancy profession and professional responsibilities.
Proposed Revisions to Paragraph 14:	
Proposed IES 7	IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities.
Proposed Wording	IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to performing their role in the accountancy profession and professional responsibilities.
Proposed New Paragraph before A14:	
Final Proposed Wording	Examples of roles and professional responsibilities that are often considered to be in the accountancy profession may include but are not limited to financial accounting and reporting; management accounting; finance and financial management; taxation; audit and assurance; governance, risk management and internal control; business laws and regulations; information technology; economics; and business strategy and management.

C2. Revisions to Explanatory Material for CPD Frameworks and Self-Appraisal related to the CPD for All Professional Accountants Requirement

Summary of issues:

87. 11 of 42 respondents⁴ provided feedback about the explanatory material for CPD Frameworks and the concept of ‘self-appraisal’ which relate to the ‘CPD for all Professional Accountants’ requirement. This feedback is presented, in detail, under Theme 10 at Agenda Item 2-3 and summarized as follows:

- a. Four (4) respondents (SAIPA; PAFA; ICAS; ICPAU) commented that the inclusion of a diagram or illustration of the cycle included in the CPD framework might be helpful to users.
- b. Four (4) respondents (AICPA; ICAS; NASBA; ISCA) commented on the inclusion of ‘self-appraisal’ and ‘reflective activity’ as part of the CPD framework at paragraph A9:
 - i. AICPA asked that the IAESB provide a Glossary Definition for ‘self-appraisal’.
 - ii. ICAS noted that the context of paragraphs A8-A11 might be focused too much on planned and structured L&D activities such that the importance of valuable unplanned and unstructured L&D activities might be lost. In addition, the AICPA suggested replacing ‘leads to’ with ‘facilitates’ in the wording at paragraph A8.
 - iii. ISCA commented that they welcome the addition of paragraph A9 and specifically the inclusion of self-appraisal language which encourages professional accountants to take charge of their CPD. ISCA commented that a suggested frequency for undertaking self-appraisal could be

⁴ The 11 respondents include: AICPA; BDO; Deloitte; FRC; ICAS; ICPAU; Indiana CPA Society; ISCA; NASBA; PAFA; and SAIPA.

- added to explanatory material.
- iv. NASBA noted that paragraph A9 introduces the concept of self-appraisal for purposes of identifying relevant learning outcomes and learning gaps but believes that IES 7 (revised) should be clear that self-appraisal is not sufficient to demonstrate the achievement of learning outcomes in an output-based approach.
- c. Two (2) respondents (FRC; Deloitte) provided suggested revision to the proposed definition of a CPD framework:
 - i. FRC suggested that ‘monitoring and enforcement’ be added to the definition and language at paragraph A9 so that it reads: “In support of Continuing Professional Development, increased structure, further guidance or explanation of concepts to support the learning and development of professional accountants and the monitoring and enforcement of those who do not comply.”
 - ii. Deloitte suggested that the qualifying words “increased” and “further” be removed from the wording of the definition and from paragraph A9 so that they read: “In support of Continuing Professional Development, structure, guidance or explanation of concepts to support the learning and development of professional accountants.”
 - d. One (1) respondent (BDO) commended the incorporation of a CPD framework into explanatory material and offered suggestions for how to incorporate the concept further so that it did not appear to only be useful for output-based approaches. Specifically, BDO suggested that:
 - i. Paragraph 15a be expanded so that IFAC member bodies also promote the use of a CPD framework; and
 - ii. A new paragraph under General Measurement be added to highlight that the use of a framework will help professional accountants play an active role in their CPD and draw connections between their CPD and roles.
 - e. One (1) respondent (Indiana CPA Society) cautioned that the IAESB avoid developing definitions for things like CPD frameworks that are too restrictive and prevent flexibility of use.

Analysis, alternatives, and recommendations for issue:

88. The TF notes that while four (4) respondents suggested that an illustration of a CPD framework would be helpful in explanatory material, the majority of respondents did not comment about including an illustration. Based on the comment that flexibility is welcomed when defining CPD frameworks, the TF believes that illustrative examples for CPD frameworks may be more helpful to users of IES 7 (revised) if more than one example or illustration is developed and that implementation guidance would be the better place to include such examples. Therefore, **the TF recommends** that the Board consider the inclusion of illustrations for CPD frameworks and cycles if implementation guidance is developed for the concept of a CPD framework but that an example illustration not be added to explanatory material.
89. Regarding a glossary definition for ‘self-appraisal’, the TF notes that ‘reflective activity’ and ‘assessment activities’ are currently defined:
 - a. *Assessment activity* – Those activities designed to assess specific areas of professional competence.
 - b. *Reflective activity* – The iterative process by which professional accountants, at all stages of their career, continue to develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.
90. The TF considered the addition of ‘self-appraisal’ as a new term to the Glossary but notes that self-appraisal is an example of an assessment activity, in that it would be designed, by the professional accountant, to assess their own specific areas of professional competence. The TF notes that the current definition of ‘assessment activity’ is silent as to who performs the activity. Therefore, **the TF recommends** that ‘self-appraisal’ be replaced with ‘self-assessment activities’ at paragraphs A9 and A20. See paragraph 98 for the final proposed wording of impacted paragraphs in IES 7 (revised).
91. The TF agrees that unplanned and unstructured forms of L&D activities are important components of CPD. The TF also observes that the use of the words ‘unplanned’ and ‘unstructured’ could be confused by some readers of the IESs to be the same thing. The TF believes that they are not the same thing. In the context of the IESs, learning and development activities could either be planned or unplanned. Learning and

development activities could also either be structured or unstructured. This means unstructured activities could be planned or unplanned just as structured activities could be planned or unplanned. The TF notes that paragraph A8 refers to relevant, planned, and timely learning and development activities. The TF believes the focus of paragraph A8 should be on relevant CPD and that removing reference to 'planned' and 'timely' at paragraph A8 will avoid inadvertently qualifying one type of activity as better or more important than the other. Therefore, **the TF recommends** removing the words 'planned' and 'timely' at paragraph A8 to avoid implying that 'planned' activities are more important than unplanned learning and development activities. The **TF also recommends** following AICPA's suggestion to replace 'leads to' with 'facilitates' at paragraph A8. Finally, following DWG review, **the TF recommends** that the second sentence at paragraph A8 be revised to draw better connections to relevance and the role and responsibilities of the professional accountant. See paragraph 98 for the final proposed wording of impacted paragraphs in IES 7 (revised).

92. To directly reference 'planned' and 'unplanned' learning and development activities, **the TF recommends** inserting a new paragraph between A8 and A9 to introduce learning outcomes and to indicate that learning outcomes can be accomplished with unplanned and planned activities. The TF notes that this recommendation is also helpful to measurement related issues, discussed below at paragraphs 207-215, in that readers of IES 7 (revised) are looking for more information about learning outcomes. See paragraph 98 for the newly proposed explanatory material to be added between paragraphs A8 and A9.
93. The TF understands that adding a suggested frequency for using a CPD framework might be helpful at paragraph A9, however, the TF is concerned that attempting to add a suggested frequency might contradict part of the premise for paragraph A9. Paragraph A9 acknowledges that each professional accountant has differing learning and development needs, which the TF also interprets to mean that each professional accountant may need to employ a different frequency for undertaking self-appraisal and reflective activity. The TF is concerned that a suggested frequency might send the message that reflection or self-appraisal should happen on a scheduled basis. Therefore, **the TF recommends** that paragraph A9 continue to remain silent on a suggested frequency for undertaking self-appraisal and reflective activity as part of a CPD framework.
94. The TF understands the belief that self-appraisal should not form the basis for concluding about whether a learning outcome has been achieved. However, the TF believes that prescribing what constitutes sufficient and reliable evidence for demonstrating the achievement of learning outcomes would not be consistent with a principles based standard. Therefore, **the TF recommends** that IES 7 (revised) avoid prescribing whether self-appraisal is or is not sufficient for demonstrating the achievement of learning outcomes.
95. The TF considered the suggested revisions related to the definition of the CPD framework:
 - a. While the TF understands how a CPD framework might be helpful to an IFAC member body in monitoring and enforcing non-compliance with CPD, the TF believes the primary reason for including a CPD framework in IES 7 (revised) is to position it as a tool that would be helpful to professional accountants in identifying and undertaking learning and development activities that develop and maintain professional competence. To avoid distracting readers from that primary objective, **the TF recommends** that 'monitoring and enforcement' are not added to the definition or description of the CPD framework.
 - b. The TF agrees with respondent feedback that the qualifying words in the definition 'increased structure' and 'further guidance' may not improve understanding of the framework concept. Therefore, **the TF recommends** that both words be removed from the definition and from paragraph A9. See paragraph 98 for the final proposed wording of impacted paragraphs in IES 7 (revised).
96. The TF agrees with the suggestion that paragraph A15(a) could be improved by adding a reference to promoting the use of a CPD framework, and **therefore recommends** that paragraph A15(a) be modified following BDO's suggestion. See paragraph 98 for the final proposed wording of impacted paragraphs in IES 7 (revised).
97. The TF agrees that the CPD framework is important regardless of which measurement approach is used and notes that the proposed removal of paragraph A21 would effectively eliminate references to the concepts of self-appraisal and reflective activity included in measurement explanatory material, which are also included in the concept of the CPD framework. The TF believes the removal of framework concepts

from measurement explanatory material and the continued inclusion of the CPD framework at paragraph A9 is sufficient to position the framework as a concept for undertaking CPD rather than measuring CPD. The TF also agrees with the suggested inclusion of language about CPD frameworks helping professional accountants take an active role in their CPD. However, the TF believes the incorporation of that language would be better placed with existing explanatory material at paragraph A9, rather than adding a new paragraph to explanatory material related to measurement. Therefore, **the TF recommends** that paragraph A9 be modified to include language about CPD frameworks helping professional accountants take a more active role in their CPD.

98. Based on the recommendations outlined at paragraphs 88-97 above, the TF proposes the following final wording for IES 7 (revised):

Proposed Revisions to Paragraph A8	
Proposed IES 7	Planned, relevant, and timely CPD leads to effective learning and development for professional accountants. Relevance refers to how well-planned CPD aligns with professional accountants' identified learning and development needs or role.
Final Proposed Wording	Planned, relevant, and timely CPD that is relevant facilitates effective learning and development for professional accountants. CPD is relevant where it is closely aligned with the specific responsibilities of the professional accountant's role and therefore helps develop and maintain the professional competence necessary to perform that role. Relevance refers to how well-planned CPD aligns with professional accountants' identified learning and development needs or roles.

Newly Proposed Paragraph between A8 and A9	
Proposed IES 7	N/A – Learning outcomes were not defined in the exposure draft
Final Proposed Wording	Learning outcomes establish the content and the depth of knowledge, understanding, and application required for a specified competence area. Learning outcomes can be achieved through unplanned or planned learning and development activities, and are most effective when they address the learner's needs and provide evidence of professional competence. Including a learning outcomes approach in programs of CPD is guided by principles that consider design, assessment, and governance.

Proposed Revisions to Paragraph A9	
Proposed IES 7	<p>Acknowledging that each professional accountant has differing learning and development needs, IFAC member bodies may develop CPD frameworks that can provide increased structure, further guidance, or explanation of concepts in order to support the learning and development of professional accountants. For example, a CPD framework may include the following structure for professional accountants to follow:</p> <ul style="list-style-type: none"> (a) Perform a self-appraisal to identify relevant learning outcomes and personal learning and development gaps; (b) Plan for, complete, and record learning and development activities; (c) Evaluate and undertake reflective activity on completed learning and development activities; and (d) Revise the learning and development plan accordingly.
Final Proposed Wording	<p>Acknowledging that each professional accountants have has differing learning and development needs, IFAC member bodies may develop CPD frameworks that can provide increased structure, further guidance, or explanation of concepts in order to support the learning and development of professional accountants. CPD frameworks may help professional accountants take a more active role in their CPD. For example, a CPD framework may include the following structure for professional accountants to follow:</p> <ul style="list-style-type: none"> (a) Perform self-assessment activities to identify relevant learning outcomes and personal learning and development gaps; (b) Plan for, complete, and record learning and development activities; (c) Evaluate and undertake reflective activity on completed learning and development activities; and (d) Revise the learning and development plan accordingly.

Proposed Revisions to Glossary of Terms:	
Proposed Glossary Definition	CPD framework – In support of Continuing Professional Development*, increased structure, further guidance, or explanation of concepts to support the learning and development* of professional accountants*
Final Proposed Wording	CPD framework – In support of Continuing Professional Development*, increased structure, further guidance, or explanation of concepts to support the learning and development* of professional accountants*

Proposed Revisions to Paragraph A15:	
Proposed IES 7	<p>The following represent examples of activities that may contribute to the promotion of relevant CPD and maintenance of professional competence:</p> <ul style="list-style-type: none"> (a) Communicating the value of CPD regularly to professional accountants; (b) Promoting the variety of CPD opportunities available to professional accountants; and (c) Working with employers to emphasize the importance of CPD within performance management processes.
Final Proposed Wording	<p>The following represent examples of activities that may contribute to the promotion of relevant CPD and maintenance of professional competence:</p> <ul style="list-style-type: none"> (a) Communicating the value of CPD and the use of a CPD framework regularly to professional accountants; (b) Promoting the variety of CPD opportunities available to professional accountants; and (c) Working with employers to emphasize the importance of CPD within performance management processes.

Proposed Revisions to Paragraph A20:	
Proposed IES 7	The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including: <ul style="list-style-type: none"> (a) IFAC member bodies; (b) Professional accountants when undertaking self-appraisal; (c) Employers; (d) Licensing regimes; and (e) Regulatory bodies.
Final Proposed Wording	The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including: <ul style="list-style-type: none"> (a) IFAC member bodies; (b) Professional accountants when undertaking self-assessment activities; (c) Employers; (d) Licensing regimes; and (e) Regulatory bodies.

C3. Revisions to Explanatory Material for the CPD for All Professional Accountants Requirement – Paragraphs A7 and A10:

Summary of issues:

99. Six (6) of 42 respondents (ISCA; AICPA; Deloitte; Jorge Resa Monroy; ACCA; IBRACON) provided suggested revisions to explanatory material for the CPD for All Professional Accountants requirement at paragraphs A7 and A10. These comments are presented, in detail, under Theme 11 at Agenda Item 2-3 and are summarized as follows:
- a. Two (2) respondents (ISCA; AICPA) asked for clarity or a definition for 'competency map' used at paragraph A10 and A27.
 - b. One (1) respondent (Deloitte) suggested the beginning of paragraph A10 be modified, believing that the tools listed at A10 are part of the CPD framework. Deloitte recommended that 'In addition to CPD frameworks' be removed or replaced with 'As part of the CPD framework.'
 - c. One (1) respondent (Jorge Resa Monroy) commented that references to 'the profession' at paragraphs A7c and A10 should be qualified with 'accountancy'.
 - d. One (1) respondent (ACCA) recommended that paragraph A7c be expanded to include references to IFAC member bodies whose reputation is also harmed when professional accountants do not develop and maintain their professional competence.
 - e. One (1) respondent (IBRACON) agrees with A7, which states that CPD applies to all professional accountants regardless of sector or size but suggested that explanatory material make clear that CPD will vary depending on the different roles professional accountants undertake. IBRACON also noted that they agree with the reference to clients and employers in A7a but that they feel there are more stakeholders impacted than are listed.

Analysis, alternatives, and recommendations for issue:

100. Based on feedback about the need for 'competency map' to be defined, the TF recommends that the following definition be added to the Glossary of Terms:

Proposed Addition to Glossary of Terms:	
Final Proposed Wording	<i>Competency Map</i> – A description of the technical competence, professional skills, professional values, ethics, and attitudes, as well as proficiency levels a professional accountant must develop and maintain to perform a role competently.

101. Regarding the comment about ‘other tools’ being part of the CPD Framework, the TF does not believe the Board intended to indicate the other tools listed at A10 are or are not part of the CPD framework. Therefore, **the TF recommends** that the lead-in to the first sentence of paragraph A10 be slightly revised to remove reference to a singular CPD Framework, rather than ‘Frameworks’ and that the reference to supporting a commitment to lifelong learning be dropped so that the focus is on relevant CPD. See paragraph 106 for the final proposed wording of impacted paragraphs in IES 7 (revised).
102. While analyzing the comment about whether the other tools included at A10 are or are not part of the CPD framework, the TF observed that proposed explanatory material did not address or further explain the use of a CPD record as a tool to support the recording of CPD. The TF notes that the requirement at paragraph 9 in IES 7 (revised) requires for the recording of CPD and therefore **the TF recommends** that explanatory material at A10 be expanded to make reference to learning record examples which could be made available to professional accountants to support their recording of CPD. See paragraph 106 for the final proposed wording of impacted paragraphs in IES 7 (revised).
103. The TF agrees that qualifying references to ‘the profession’ with ‘accountancy’ in paragraphs A7 and A10 would be beneficial. The TF notes that this recommendation is consistent with TF recommendations to re-word the requirements at paragraphs 9, 13, and 14 to make clear that the focus of IES 7 (revised) is on CPD that develops and maintains professional competence to perform a role in the accountancy profession. Therefore, **the TF recommends** that references to ‘the profession’ at paragraphs A7 and A10 be modified to qualify ‘the profession’ with ‘accountancy’. See paragraph 106 for the final proposed wording of impacted paragraphs in IES 7 (revised).
104. The TF also agrees that the reputation of IFAC member bodies may potentially be harmed when professional accountants fail to develop and maintain professional competence. Therefore, **the TF recommends** that paragraph A7(c) be modified to add ‘IFAC member bodies’ to the list of stakeholders who may suffer reputational harm when professional competence is not developed and maintained. See paragraph 106 for the final proposed wording of impacted paragraphs in IES 7 (revised).
105. Finally, the TF acknowledges and agrees that CPD should vary depending on the role performed by professional accountants. The TF believes that paragraphs A11-A14, including proposed revisions to those paragraphs (outlined below at paragraphs 107-113 and 207-215) and the incorporation of a new paragraph between A13 and A14 (proposed above at paragraph 86), make clear that CPD should vary based on the different roles and responsibilities undertaken by professional accountants. Therefore, **the TF recommends** that no further revisions to paragraphs A7-A10 be made based on this feedback. The TF also acknowledges that there are more stakeholders than clients or employers who could be included at paragraph A7a, however, the TF notes that this paragraph is a direct reference to the Code of Ethics and IES 8. Therefore, **the TF recommends** that the list of stakeholders included at paragraph A7a be retained as is.
106. Based on the recommendations outlined at paragraphs 100-105 above, the TF proposes the following final wording for IES 7 (revised):

Proposed Revisions for Paragraph A7	
Proposed IES 7	<p>CPD applies to all professional accountants, regardless of sector or size of the organization in which they operate, because:</p> <ul style="list-style-type: none"> (a) The Code of Ethics for Professional Accountants includes a fundamental principle of professional competence and due care which requires all professional accountants to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards; (b) Professional accountants in all sectors are subject to public scrutiny and contribute to the maintenance of public trust; (c) The public is likely to rely on the designation and professional standing of the professional accountant. Lack of competence of a professional accountant has the potential to damage the reputation and standing of the professional accountant, the employer, and the profession as a whole; (d) Rapidly changing environments drive the need to develop new areas of professional competence; and (e) Employers recruiting professional accountants may rely on the professional designation as evidence of professional competence.
Final Proposed Wording	<p>CPD applies to all professional accountants, regardless of sector or size of the organization in which they operate, because:</p> <ul style="list-style-type: none"> (a) The Code of Ethics for Professional Accountants includes a fundamental principle of professional competence and due care which requires all professional accountants to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards; (b) Professional accountants in all sectors are subject to public scrutiny and contribute to the maintenance of public trust; (c) The public is likely to rely on the designation and professional standing of the professional accountant. Lack of competence of a professional accountant has the potential to damage the reputation and standing of the professional accountant, the employer, IFAC member bodies, and the accountancy profession as a whole; (d) Rapidly changing environments drive the need to develop new areas of professional competence; and (e) Employers recruiting professional accountants may rely on the professional designation as evidence of professional competence.

Proposed Revisions for Paragraph A10	
Proposed IES 7	In addition to CPD frameworks, IFAC member bodies may provide other tools to support a commitment to lifelong learning and to help professional accountants plan relevant CPD, such as: <ul style="list-style-type: none"> (a) Competency maps, which provide a list of key competences for certain roles or sectors of the profession; and (b) Learning plan templates, which assist professional accountants to identify learning and development needs and plan how to meet them.
Final Proposed Wording	In addition to a CPD framework s , IFAC member bodies may provide other tools to support a commitment to lifelong learning and to help professional accountants plan relevant CPD, such as: <ul style="list-style-type: none"> (a) Competency maps, which provide a list of key competences for certain roles or sectors of the profession; and accountancy profession; and (b) Learning plan templates, which assist professional accountants to identify learning and development needs and plan how to meet them; and (c) Learning record examples that guide professional accountants in recording their learning and development activities. Examples of activities in a learning record may include a description of the learning and development activity; which competence area and learning outcomes address the identified gap in skill or knowledge; why the activity was chosen and its relevance; when the activity took place; what was learned; and how it has been applied.

C4. Revisions to Explanatory Material for the CPD for All Professional Accountants Requirement – Paragraphs A11 and A12:

Summary of issues:

107. Seven (7) of 42 respondents (SAIPA; PAFA; ICAS; ICPAU; AICPA; IDW; Deloitte) provided suggested revisions to explanatory material for the CPD for All Professional Accountants requirement at paragraphs A11 and A12. These comments are presented, in detail, under Theme 12 at Agenda Item 2-3 and are summarized as follows:
- a. One (1) respondent (Deloitte) commented that they believe paragraphs A11 and A12 are better positioned as implementation guidance.
 - b. Four (4) respondents (SAIPA; PAFA; ICAS; ICPAU) suggested that the list of sources included at paragraph A11 could be expanded to include things like, ‘professional organizations, mentoring programs, and networking events. Also, they suggested that the list of specific or additional CPD requirements included at paragraph A12 could be expanded to include ‘specific areas and roles’ and ‘specific topics (e.g., ethics)’.
 - c. One (1) respondent (IDW) noted that paragraphs A12 and A31 refer to ‘areas of high risk’ and that IES 7 (revised) could be improved if the ‘risk of what’ was further explained.
 - d. One (1) respondent (AICPA) commented that paragraph A12 could be improved if language from extant paragraph A12 were added back to the standard: “Alternatively, IFAC member bodies may choose to rely on the judgment of professional accountants to make decisions on the relevance of learning and development activities”.

Analysis, alternatives, and recommendations for issue:

108. The TF considered the comment that paragraphs A11 and A12 might be better positioned as implementation guidance. However, the TF notes that paragraphs A11 and A12 are included to help explain how professional accountants and IFAC member bodies might identify learning and development activities that are relevant to roles and responsibilities, in the accountancy profession, and that develop and maintain professional competence. The TF believes explanatory material on these topics is vital given how important it is that learning and development be relevant to roles and professional responsibilities in order for CPD to effectively develop and maintain professional competence. Therefore, **the TF recommends** that paragraphs A11 and A12 be retained as explanatory material.
109. The TF considered expanding the list of people or groups where professional accountants might discuss

their CPD. The TF notes that adding ‘networking events’ and ‘mentoring programs’ would not read well, because a professional accountant would not have a conversation ‘with a networking event’ or ‘with a mentoring program’. The sentence structure of the paragraph would need to be modified to incorporate ‘within mentoring programs’ and ‘at networking events’. The TF is concerned that modifying the sentence structure to accommodate ‘networking events’ and ‘mentoring programs’ may make the paragraph difficult to read and understand. Therefore, **the TF recommends** that A11 be modified to only incorporate a reference to ‘other professional organizations’, as follows:

Proposed Revisions for Paragraph A11	
Proposed IES 7	IFAC member bodies may provide guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and IFAC member bodies. Such discussions would help identify competence or learning and development gaps that can be used to specify relevant learning opportunities to meet those needs.
Final Proposed Wording	IFAC member bodies may provide guidance that encourages professional accountants to discuss their CPD with employers, colleagues, IFAC member bodies, and other professional organizations . Such discussions would may help identify competence or learning and development gaps that can be used to specify relevant learning opportunities to meet those needs.

110. The TF agrees with respondent feedback that paragraph A12 could be improved by making additional reference to specific areas, roles and topics (distinct from specialized areas and roles already included). The TF also agrees that the reference to ‘risk’ at paragraphs A12 and A31 is not defined. The TF also believes the reference to ‘high risk’ is inconsistent with the focus of the IESs being on the protection of the public interest. Finally, while the TF understands the suggestion to add extant language about ‘IFAC member bodies relying on the judgment of professional accountants to identify relevant CPD’, the TF believes edits made elsewhere in the standard to incorporate the CPD framework explain how professional accountants may take a more active role in their CPD, including determining what is relevant to their needs. The TF believes paragraph A12 should focus on explaining that IFAC member bodies may choose to specify what they believe to be relevant CPD for professional accountants. Therefore, **the TF recommends** that paragraphs A12 and A31 be revised as follows:

Proposed Revisions for Paragraph A12	
Proposed IES 7	IFAC member bodies may choose to develop requirements or guidance on CPD activities they consider relevant to the roles and functions professional accountants typically have. IFAC member bodies may also prescribe specific or additional CPD for professional accountants working in specialist areas, specialist roles, or areas of high risk.
Final Proposed Wording	IFAC member bodies may choose to develop requirements or guidance on learning and development activities they consider relevant to the roles and functions professional accountants typically have. IFAC member bodies may also prescribe specific or additional CPD for: <ul style="list-style-type: none"> (a) Specific competence areas or topics (e.g., ethics); (b) Professional accountants working in specialist areas or performing specialist or specific roles; (c) Competence areas of high risk considered to be most relevant to the protection of the public interest.

Proposed Revisions for A31	
Proposed IES 7	IFAC member bodies may determine which roles involve high risk, or have the greatest responsibility to the public, and adopt more rigorous monitoring accordingly.
Final Proposed Wording	IFAC member bodies may determine which roles involve high risk are considered to be most relevant have the greatest responsibility to the protection of the public interest and adopt more rigorous monitoring accordingly.

C5. Revisions to Explanatory Material for the CPD for All Professional Accountants Requirement – Paragraph A14:

Summary of issues:

111. Three (3) respondents (ICAS; IBRACON; CPA Canada) commented that paragraph A14 could be improved and may require additional explanation. These comments are presented in detail under Theme 13 at Agenda Item 2-3. Specifically, ICAS commented that additional explanation could be provided to help IFAC member bodies think about setting CPD policies for those accountants who have taken on roles that are not likely to be considered part of the accountancy profession, but who maintain some professional responsibility that is likely associated with the accountancy profession. CPA Canada commented that ‘career break’ and ‘retired’ could use further explanation because a professional accountant could be retired and doing nothing or be retired and volunteering time in an accountancy capacity.

Analysis, alternatives, and recommendations for issue:

112. The TF agrees that determining CPD requirements for individuals who are no longer ‘clearly’ performing roles in the accountancy profession, but whom wish to retain their licensed status as a professional accountant is challenging.
113. While the TF understands the challenges associated with determining CPD requirements for individuals who are no longer ‘clearly’ performing roles in the accountancy profession the TF believes that implementation guidance would be a better place to develop material that would be helpful to those looking to overcome these challenges. The TF considered developing additional explanatory material for paragraph A14 and determined that long form examples, for professional accountants in a variety of circumstances, would likely be needed to make a difference for readers looking for help with challenges in this area. Therefore, as it relates to this feedback, **the TF recommends** that the wording of paragraph A14 be retained as it is currently and that the Board consider developing implementation guidance in the future.

Action Requested:

- 3. Do you agree with the recommendations for proposed revisions to the ‘CPD for Professional Accountants’ requirement presented at paragraphs 79-86, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**
- 4. Do you agree with the recommendations for proposed revisions to the ‘CPD for Professional Accountants’ explanatory material presented at paragraphs 87-113, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

D1. Revisions to the Promotion of and Access to CPD Requirements

Summary of issues:

114. 13 of 42 respondents⁵ provided suggested revisions to the requirements at paragraphs 10 and 11 (Promotion of and Access to CPD). These comments are presented, in detail, under Theme 14 at Agenda Item 2-3 and are summarized as follows:

⁵ The 13 respondents include: AAT; ACCA; FRC; ICAN; ICAS; ICPAU; IDW; ISCA; JICPA; Knowledge Equity; PAFA; PwC; and SAIPA

- a. 11 respondents⁶ noted a grammatical error in paragraph 10: “...and a commitment to, CPD **as well to the as** development and maintenance...”.
- b. Three (3) respondents (AAT; IDW; ACCA) commented that the inclusion of the words ‘develops and maintains professional competence’ in paragraphs 10 and 11 is redundant when used in the same sentence as CPD because the definition of CPD already includes ‘develops and maintains professional competence’.
- c. One (1) respondent (ICAS) suggested a series of wording changes to paragraphs 10 and 11:
 - i. Paragraph 10: “*IFAC member bodies shall communicate the importance of CPD for professional accountants as it provides for maintaining and developing their professional competence. IFAC member bodies shall demonstrate a commitment to CPD for professional accountants as it provides for maintaining and developing their professional competence.*”
 - ii. Paragraph 11: “*IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility to undertake CPD that maintains their professional competence.*”

Analysis and recommendations for issues:

115. The TF agrees that the inclusion of ‘that develops and maintains professional competence’ is redundant in sentences that also include CPD. The TF notes this concern would also apply to requirement paragraph 9. However, this was done intentionally to emphasize the importance of and focus IES 7 (revised) places on developing and maintaining professional competence. The TF discussed whether this wording was redundant at the outset of the IES 7 project and agreed it was important to reinforce that developing and maintaining professional competence is the objective of CPD. Further, the TF notes that not all users and readers of the IESs are familiar with or translate the Glossary of Terms, which further underscores the TFs belief that including the reference to ‘that develops and maintains professional competence’ throughout IES 7 (revised) is important.
116. In addition, as outlined at paragraphs 139-150 below, the Board received feedback about possible confusion that is created by excluding the words develops and maintains in the requirements describing measurement, the output-based, and the input-based approaches.
117. Finally, the DWG does not agree with the inclusion of the words develops and maintains at paragraphs 9, 11 and 12, observing that the inclusion is redundant and possibly confusing while also expressing concern that the inclusion may suggest or imply that there is such a thing as CPD that does not develop and maintain professional competence (the IAESB Glossary defines CPD as those learning and development activities that develop and maintain professional competence). The TF notes that this is a broader issue for the standard and has consolidated all feedback, in greater detail, on this issue at paragraphs 139-150, below, to facilitate Board discussion.
118. The TF understands the suggested revisions offered for paragraphs 10 and 11 and recognizes that these suggestions were made in concert with suggestions to revise language in the introduction paragraphs to IES 7 (revised) (i.e., to remove references to CPD not guaranteeing that professional competence will be developed and maintained). As noted in its recommendations below, the TF does not recommend removing language about CPD not guaranteeing that professional competence will be developed and maintained. Consequently, making the suggested revisions to paragraphs 10 and 11 would result in inconsistencies throughout IES 7 (revised). Finally, the TF notes that the suggested wording changes to paragraph 11 would change the meaning of the requirement. The suggested revisions place an emphasis on the requirement to ‘undertake CPD’ which the TF believes is only part of the CPD responsibility currently described at paragraph 11 (i.e., undertaking CPD is part of a broader responsibility that also includes recording CPD and demonstrating achievement of learning outcomes for example). Therefore, as it relates to this feedback, **the TF recommends** that paragraphs 10 and 11 remain as they are currently worded.
119. **The TF recommends** that the grammatical error noted at paragraph 10 be revised as follows:

⁶ The 11 respondents include: AAT; FRC; ICAN; ICAS; ICPAU; ISCA; JICPA; Knowledge Equity; PAFA; PwC; and SAIPA.

<i>Proposed Revisions for 10</i>	
Proposed IES 7	IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the as development and maintenance of professional competence.
Final Proposed Wording	IFAC member bodies shall promote the importance of, and a commitment to, CPD as well and to the as development and maintenance of professional competence.

D2. Revisions to Explanatory Material for the Promotion of and Access to CPD Requirements

Summary of issues:

120. Five (5) of 42 respondents (AICPA; Deloitte; Indiana CPA Society; ICAS; IBRACON) provided suggested revisions to the explanatory material related to the requirements at paragraphs 10 and 11 (Promotion of and Access to CPD). These comments are presented, in detail, under Theme 15 at Agenda Item 2-3 and are summarized as follows:
- a. One (1) respondent (Deloitte) suggested that a new fourth bullet be added to paragraph A15 to acknowledge CPD requirements which may have been put in place by local regulators.
 - b. All five (5) respondents offered suggestions or had comments related to the example list of learning and development activities included at paragraph A17:
 - i. The AICPA commented that they do not believe the modified list of activities at A17 has been made broader than what was included in extant IES 7 although the AICPA noted that the list has been clarified. The AICPA also noted that ‘self-directed learning’ was removed and is concerned about any revision to IES 7, intended or not, which might signal that unstructured learning is not CPD worthy or is not a valuable component of CPD.
 - ii. Deloitte suggested that paragraph A17 be relocated to explanatory material associated with the ‘CPD for All Professional Accountants’ requirement at paragraph 9.
 - iii. The Indiana CPA Society and ICAS suggested that A17 be modified to denote that the list of example activities is not exhaustive.
 - iv. IBRACON agrees with the list at A17 with the exception of item (h) which they believe will be difficult to measure and monitor.

Analysis and recommendations for issues:

121. Based on IFAC research about the number of IFAC member bodies who have direct or partial control over CPD requirements in their jurisdiction, the TF believes the addition of a new bullet at paragraph 15 addressing regulatory requirements would add value for many users of IES 7 (revised). Therefore, **the TF recommends** that paragraph A15 be modified as follows (note the suggested change to bullet (a) comes from recommendations outlined at paragraph 98 above):

Proposed Revisions for A15	
Proposed IES 7	<p>The following represent examples of activities that may contribute to the promotion of relevant CPD and maintenance of professional competence:</p> <ul style="list-style-type: none"> (a) Communicating the value of CPD regularly to professional accountants; (b) Promoting the variety of CPD opportunities available to professional accountants; and (c) Working with employers to emphasize the importance of CPD within performance management processes.
Final Proposed Wording	<p>The following represent examples of activities that may contribute to the promotion of relevant CPD and maintenance of professional competence:</p> <ul style="list-style-type: none"> (a) Communicating the value of CPD and the use of a CPD framework regularly to professional accountants; (b) Promoting the variety of CPD opportunities available to professional accountants; and (c) Working with employers to emphasize the importance of CPD within performance management processes; and (d) Working with local regulators and other licensing regimes to promote awareness of and compliance with local CPD requirements.

122. Regarding paragraph A17, the TF outlined a series of recommended edits based on the discussion of issues outlined above at paragraphs 18-27.
123. The TF agrees that unstructured and unplanned activities are important components of CPD. The TF notes that a portion of the revisions to A17, were made to make sure unstructured forms of learning were included as examples, and the TF believes that items (c)-(h) at A17 could also represent unstructured or unplanned forms of learning and development. The TF has also been sensitive to feedback about the appropriate inclusion of unstructured learning throughout IES 7 (revised) and has made changes to ensure the importance of this concept is not lost (i.e., planned or structured activities are not presented as preferable). Therefore, based on this feedback, **the TF recommends** that paragraph A17 be retained as currently worded.
124. The TF considered the suggestion to relocate paragraph A17 but believes it is appropriately positioned in relation to paragraph 15(b). The TF notes that if the requirement at paragraph 9 were directed to professional accountants, it would make sense to include the list of learning and development activities as explanation for that requirement. However, because IFAC member bodies are promoting and facilitating access to learning and development activities, rather than undertaking those activities, **the TF recommends** that the list of learning and development activities stay with explanatory material related to promotion and access.
125. The TF agrees that the list of example activities is not exhaustive and that this is true of all examples provided throughout IES 7 (revised). The TF notes that it did not receive feedback to qualify other lists as not exhaustive. The TF believes it is important to present example lists consistently throughout IES 7 (revised), therefore, **the TF recommends** that the current language used to introduce lists of examples

in IES 7 (revised) be retained as they are currently worded.

Action Requested:

- 5. Do you agree with the recommendations for proposed revisions to the 'Promotion of and Access to CPD' requirements presented at paragraphs 114-119, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**
- 6. Do you agree with the recommendations for proposed revisions to the 'Promotion of and Access to CPD' explanatory material presented at paragraphs 120-125, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

E1. General Measurement Comments

126. The Board asked the following questions which generated feedback about measurement:
 - a. Question 2: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?
 - b. Question 3: Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7?
 - c. Question 4: Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-21) 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?
 - d. Question 5: Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?
 - e. 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?
 - f. Question 7: What topics or subject areas should implementation guidance cover?
 - g. The board also invited respondents to provide general commentary.
127. The TF noted that several respondents provided commentary about measurement requirements or explanatory material that was general in nature, applicable to the concept of measurement rather than a specific approach, or that applies to both approaches equally.
128. Responses of this nature are included at Agenda Item 2-3 and organized between themes 16-21. Each theme is included for discussion below between paragraphs 132-191. These items are presented before issues specific to each measurement approach so that these issues do not need to be presented and discussed multiple times under each approach.
129. See additional discussion of issues and proposed revisions impacting requirements and explanatory material specific to the output-based approach at paragraphs 192-215, below.
130. See additional discussion of issues and proposed revisions impacting requirements and explanatory material specific to the input-based approach at paragraphs 216-248, below.
131. See additional discussion of issues and proposed revisions impacting requirements and explanatory material specific to the use of both approaches at paragraphs 249-264, below.

E2. Continued Availability of Multiple Measurement Approaches

Summary of issues:

132. While the Board did not specifically ask respondents if they supported the continued availability of multiple measurement approaches, several respondents commented on or noted that IES 7 (revised) continues to make multiple measurement approaches available. Theme 16 presented at Agenda Item 2-3 organizes responses related to the continued availability of multiple measurement approaches in IES 7 (revised).

Supports Availability of Multiple Approaches or will make use of Multiple Approaches

133. Nine (9) of 42 respondents indicated that they expect to continue using a combination of approaches or that they were happy to see that the IAESB retained the availability of both approaches in IES 7 (revised):
- Three (3) respondents (AICPA; EFPA; ISCA) noted that they think the output-based approach is optimal but that the continued availability of the input-based approach is important and needed to help the profession transition to output-based approaches;
 - Three (3) respondents (CPA Australia; CPA Canada; WPK) stated that they support the continued availability of all three approaches (input; output and both);
 - One (1) respondent (JICPA) gave 'high credit' to the IAESB and IES 7 (revised) for continuing to allow for the 'coexistence' of the input-based and output-based approaches 'on equal footing';
 - One (1) respondent (BDO) indicated that they continue to be supportive of 'a measurement approach that utilizes both input-based and output-based approaches'; and
 - One (1) respondent (PAFA) noted that its member bodies are unlikely to move towards a purely output-based approach but that the use of the input-based approach and both approaches would likely continue.

Does not Support Continued Availability of Multiple Approaches

134. One (1) of 42 respondents (Knowledge Equity) indicated that they do not believe the availability of multiple approaches is beneficial and would prefer to see IES 7 (revised) allow for only the use of a combination approach for measurement. This respondent cited concerns that allowing member bodies to select from different approaches could:
- Result in inconsistent quality of CPD; and
 - 'Directly limit, or be perceived to limit, the choices of valid learning and development activities that individual accountants can choose from, especially for member bodies that adopt the input-based approach in isolation.'

Are there Proven Differences Associated with Using Input vs. Output?

135. One (1) of 42 respondents (AAT), indicated that they would like to see an evaluation or evidence that the impact of operating an input-based approach is different than the impact of running an output-based approach. Absent evidence that there is a different result achieved from focusing on one approach compared to the other, the AAT would like the priority and focus to be on finding greater equality in the approach to measuring CPD.

Analysis and recommendation for issue:

136. The TF and the Board previously explored the issue of whether or not multiple measurement approaches should continue to be available in a possible revision of IES 7. The Board conducted extensive outreach to inform the scope and direction of revisions made to IES 7 and specifically asked stakeholders whether they believed all three measurement approaches in IES 7 should continue to be available. A summary of the TF findings was presented at the November 2016 Board meeting, the TF recommended that the input-based and output-based approaches be retained, and the Board agreed that was the proper direction to pursue with the revision of IES 7 ([see Agenda Item 3-1 from the November 2016 Board meeting](#)).
137. The TF further notes that respondent feedback on this issue for the IES 7 (revised) exposure draft is consistent with feedback received during initial consultation. While there are mixed views, most continue

to support the inclusion of the input-based and output-based approaches.

138. Therefore, **the TF recommends** that the multiple measurement approaches continue to be made available and no further revisions to the requirements or explanatory material be made to the proposed draft of IES 7 (revised) based on this set of feedback.

E3. Proposed Revisions May Weaken the Requirements of IES 7 (revised)

Summary of issues:

139. While the Board did not ask respondents if proposed revisions to IES 7 (revised) weakened or strengthened the standard, the Board did ask if requirements and explanatory material were appropriate and clear. The TF notes that in answering those questions or when providing general commentary about IES 7 (revised), some respondents noted a perceived weakening of the standard. Theme 17 presented at Agenda Item 2-3 organizes responses related to the perceived weakening of requirements in IES 7 (revised).
140. To facilitate review of feedback in this area, the proposed requirements for the output-based and input-based approaches are presented next to the extant IES 7 requirements in the following table. The proposed requirement (IES 7 revised) that professional accountants shall undertake CPD is included at the bottom of the table, based on respondent observation that there is a connection between this paragraph and the measurement requirements:

Output Requirement	Extant IES 7	14. IFAC member bodies implementing an output-based approach shall require each professional accountant to demonstrate the development and maintenance of appropriate professional competence by periodically providing evidence that has been: <ul style="list-style-type: none"> (a) Verified by a competent source; and (b) Measured using a valid competence assessment method.
	Proposed IES 7	13. IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities.
Input Requirement	Extant IES 7	15. IFAC member bodies implementing an input-based approach shall require each professional accountant to: <ul style="list-style-type: none"> (c) Complete at least 120 hours (or equivalent learning units) of relevant professional development activity in each rolling three-year period, of which 60 hours (or equivalent learning units) shall be verifiable; (d) Complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year; and (e) Measure learning activities to meet the above requirements.
	Proposed IES 7	14. IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities.
CPD for All	Proposed IES 7	9. 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.

141. Five (5) of 42 respondents noted that revisions made to the measurement approaches in IES (revised) removed reference to the development and maintenance of professional competence.
- a. One (1) of the five (5) respondents (ICAEW) noted that revisions made to paragraph 9 in IES 7(revised), make clear that the purpose of CPD is to maintain and develop professional competence, but that both the input-based approach and the output-based approaches could be strengthened if a reference to professional competence were added to the measurement requirement paragraphs. For this reason, this issue is presented as applicable to both the input-based and output-based approaches.
 - b. Four (4) of the five (5) respondents observed that the proposed revisions to the output-based

approach, specifically replaced the focus on professional competence with a focus on demonstrating achievement of learning outcomes.

- i. Three (3) of these respondents (PAFA; SAIPA; ICPAU) noted that such revisions could be perceived to weaken, or lessen, the standard and were not helpful. These respondents did not offer suggestions for how IES 7 (revised) could be further revised.
- ii. One (1) of these respondents (ICAS) also noted that such revisions could be perceived to weaken the standard but suggested a revision to the output-based approach to address their concerns:

'IFAC member bodies using an output-based approach shall require professional accountants to demonstrate what had been gained from the achievement of learning outcomes and how these have been applied in developing and maintaining professional competence relevant to their role and professional responsibilities'.

- c. In addition to their observations about the measurement requirements, ICAS and the ICAEW suggested that the IAESB consider further revision to explanatory material to help link measurement to a focus on developing and maintaining professional competence. ICAS also suggested implementation guidance would be helpful on this topic.

Analysis, alternatives, and recommendations for issues:

142. The TF notes that the majority of respondents believe the measurement requirements to be appropriate and clear based on the analysis of comments presented in the output-based and input-based approaches (see paragraphs 192-248 below). Many of these respondents also noted that the focus of the output-based approach in the proposed revision of IES 7 has shifted towards the demonstration of learning outcomes but did not comment as to whether they believe that shift effectively strengthens or weakens the standard.
143. The TF also notes that the CAG, the Board and the TF have been focused on revisions to IES 7 that would make the objective of CPD clearer to readers of IES 7 (revised). The TF and Board worked specifically to ensure that the concept of 'develops and maintains professional competence' was positioned consistently and strongly throughout the standard. The TF agrees that the omission of a reference to the concept of 'develops and maintains professional competence' from all requirement and explanatory material paragraphs related to measurement in IES 7 (revised), may be incongruent with the Board's objectives to position that concept prominently in IES 7 (revised).
144. The TF believes the phrase 'develops and maintains professional competence' was not inserted into measurement paragraphs 12-14 in IES 7 (revised) to avoid redundancy, following revisions that were made to paragraphs 9-11 in IES 7 (revised). The TF believes, that the Board intended for paragraphs 9-12 to be read as follows:
 - a. Paragraph 9 requires professional accountants to undertake CPD that develops and maintains professional competence;
 - b. Paragraphs 10 and 11 require the promotion and facilitating of access to CPD that develops and maintains professional competence; and
 - c. Paragraph 12 requires IFAC member bodies to measure the CPD described in paragraphs 9-11, which as stated in paragraphs 9-11, needs to develop and maintain professional competence.
145. The TF agrees, that because paragraphs 12-14 do not reference CPD **that develops and maintains professional competence specifically**, some readers may interpret IES 7 (revised) to mean that they can measure and include CPD that does not maintain and develop professional competence as part of their system of CPD. If nothing else, based on respondent feedback, the omission introduces ambiguity about what must be measured.
146. As noted above at paragraphs 115-117, the DWG, AAT, IDW, and ACCA do not agree that including the phrase 'CPD that develops and maintains professional competence' is appropriate at paragraphs 9, 11 and 12. All three respondents and the DWG noted that because the Board defines CPD in the Glossary of Terms as learning and development that develops and maintains professional competence, the phrase 'CPD that develops and maintains professional competence' is redundant and potentially confusing. The DWG is also concerned that the phrase implies that there is such a thing as CPD which

does not develop and maintain professional competence which is inconsistent with the Boards definition of CPD (i.e., it is possible that a learning and development activity would not contribute to the development and maintenance of professional competence, but such an activity would therefore, by definition, not be CPD). Finally, the DWG understands the TF concern that not all readers of the IESs will find, read or translate the Glossary, Introduction sections of a standard, and the Explanatory material, but that from a drafting perspective, it is important to write our standards so that they reference these resources consistently. It would be difficult if not impossible to undertake standard development if the Board sought to accommodate every possible way in which someone might read an IES.

147. The TF considered the following **alternatives** in response to this issue:
- a. Insert reference to ‘develops and maintains professional competence’ to all measurement paragraphs (12-14) in IES 7 (revised) and retain the language at paragraphs 9 and 11; or
 - b. Insert reference to ‘develops and maintains professional competence’ only at paragraph 13 and 14 while removing reference to ‘CPD that develops and maintains professional competence’ at paragraphs 9 and 11.
148. To avoid ambiguity or unintended reader inference about the meaning of IES 7 (revised), **the TF recommends** that the reference to ‘develops and maintains professional competence’ be inserted into all three measurement paragraphs (12-14) of IES 7 (revised) and retained at paragraphs 9 and 11, despite challenges this may present with the Glossary and possibly implying that there is CPD that does not develop and maintain professional competence. The TF agrees that the phrase ‘CPD that develops and maintains professional competence’ could imply that there is such a thing as CPD that does not maintain and develop professional competence but the TF believes that by including language consistently at paragraphs 9-14, IES 7 (revised) would effectively mitigate any risks that implication would have in practice (i.e., all requirements would point to CPD that develops and maintains professional competence, eliminating CPD that does not develop and maintain professional competence as acceptable). While including the reference only at paragraphs 13 and 14 (to avoid the phrase ‘CPD that develops and maintains professional competence’), may make the standard easier to read, not including the reference at paragraphs 9, 11 and 12 introduces the same unintended ambiguity noted by respondents for CPD in general:

Is it okay to include learning outcomes or learning and development activities that don’t contribute to developing and maintaining professional competence for a role in the accounting profession when measuring CPD?

149. The inclusion of the reference to ‘develops and maintains professional competence’ paragraphs 9-14, makes it clear, that the focus of CPD is only on those learning outcomes and/or those learning and development activities that develop and maintain professional competence.
150. Based on the recommendation outlined at paragraph 148, **the TF recommends** that paragraphs 12-14 be modified as follows (note additional recommendations to modify paragraphs 13 and 14 were outlined at paragraph 86 and are included below as well):

Proposed Revisions for Paragraph 12	
Proposed IES 7	IFAC member bodies shall establish an approach to measurement of professional accountants’ CPD, using the output-based approach, input-based approach, or both.
Final Proposed Wording	IFAC member bodies shall establish an approach to measurement of professional accountants’ CPD that develops and maintains professional competence , using the output-based approach, input-based approach, or both.

Proposed Revisions for Paragraph 13	
Proposed IES 7	IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities.
Final Proposed Wording	IFAC member bodies using an output-based approach shall require professional accountants to develop and maintain professional competence that is demonstrated by the achieving learning outcomes relevant to performing their role in the accountancy profession and professional responsibilities.

Proposed Revisions for Paragraph 14	
Proposed IES 7	IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities.
Final Proposed Wording	IFAC member bodies using an input-based approach shall require professional accountants to develop and maintain professional competence that is demonstrated by completing a specified amount of learning and development activity relevant to performing their role in the accountancy profession and professional responsibilities.

E4. The Importance of Verifiable Evidence to Understanding Measurement

Summary of issues:

151. While the requirement and explanatory material for the concept of verifiable evidence is located under the 'Monitoring and Enforcement' section of IES 7 (revised), the Board received numerous comments about verifiable evidence as it relates to measurement.
152. The concept of verifiable evidence applies to both the input-based and output-based approaches and for that reason, many of the comments received about verifiable evidence, relate to the broader concept of measurement (not necessarily one approach or the other). For that reason, the TF is presenting a discussion of issues about verifiable evidence as part of the discussion of issues general to measurement.
153. In addition, the TF believes it is helpful to include commentary about verifiable evidence in the discussion of issues related to measurement, in order to present a comprehensive discussion of issues related to measurement.
154. To facilitate review of feedback in this area, the proposed requirement and explanatory material for verifiable evidence, included in IES 7 (revised), are outlined in the following table:

<p>Proposed IES 7 Requirement</p>	<p>15. IFAC member bodies shall specify the nature and extent of verifiable evidence that professional accountants are required to maintain for CPD that has been undertaken.</p>
<p>Proposed IES 7 Explanatory Material: Output Examples</p>	<p>A27. The following examples represent verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach:</p> <ul style="list-style-type: none"> (a) Examination results; (b) Specialist or other qualifications; (c) Assessments of learning outcomes achieved; (d) Records of work performed (work logs) that have been verified against a competency map; (e) Objective assessments against a competency map; (f) Evaluations or assessments of written or published material by a reviewer; and (g) Publication of professional articles or of the results of research projects.
<p>Proposed IES 7 Explanatory Material: Input Examples</p>	<p>A28. The following examples represent evidence that could be used for verification in an input-based approach:</p> <ul style="list-style-type: none"> (a) Course outlines and teaching materials; (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and (c) Independent confirmation that a learning activity has been completed successfully.

155. The discussion of issues related to verifiable evidence is organized as follows:

- a. Connecting verifiable evidence to measurement (see paragraphs 156-162);
- b. Explanatory material for less easily verifiable activities (see paragraphs 163-167); and
- c. Revisions specific to paragraph A27 or A28 (see paragraphs 168-183).

E5. Connecting Verifiable Evidence to Measurement

Summary of issues:

156. Six (6) of 42 respondents (PwC; FRC; NASBA; AICPA; Deloitte; ACCA) provided feedback to the Board that the examples of verifiable evidence, provided at paragraphs A27 and A28, are more helpful to understanding measurement than monitoring or that the only reference to verifiable evidence included in explanatory material for measurement, appears with just the input-based approach, while the concept relates to both input-based and output-based approaches (i.e., the concept appears missing from the output-based approach). These comments are presented, in detail, under Theme 18 at Agenda Item 2-3 and are summarized as follows:
- a. Three (3) respondents (PwC; FRC; NASBA) commented that the examples of verifiable evidence are essential to helping readers understand the measurement approaches and therefore the explanatory material at paragraphs A27 and A28 should be included with explanatory material for measurement (between paragraphs A19 and A25) or that explanatory material for measurement should be cross-referenced to paragraphs A27 and A28 to help readers find the examples.
 - b. Three (3) respondents (AICPA; Deloitte; ACCA) observed that the concept of verifiable evidence appears to show-up in explanatory material for the input-based approach at paragraph A22(a) but the concept does not appear in any paragraph related to the output-based approach explanatory material. In making this observations, these respondents questioned the inconsistency of how verifiable evidence has been presented for measurement (i.e., the assumption is the concept applies to both the input and output approaches, so should the reference be removed from A22(a) or should the concept be added to output-based approach paragraphs between A19 and A21).

Analysis, alternatives, and recommendations for issues:

157. The Board did not receive feedback that the location of the requirement for verifiable evidence, included under 'Monitoring and Enforcement' is misplaced, but the TF notes that the inclusion of a reference to verifiable evidence in explanatory material for the input-based approach at paragraph A22a may be inconsistent with the Board's drafting conventions because the requirement for verifiable evidence does not appear in measurement requirements.
158. The TF agrees with respondent observations that the presentation of verifiable evidence in explanatory material for the input-based approach but not the output-based approach is inconsistent. If the Board concludes that the reference to verifiable evidence should be retained in explanatory material for the input-approach, the Board should consider adding verifiable evidence language to explanatory material for the output-based approach to address this inconsistency.
159. The TF notes that one of the primary objectives for undertaking revisions to IES 7 was to support enhanced understanding and clarity for the various measurement approaches made available in the standard. Addressing feedback from respondents that verifiable evidence is essential to understanding the measurement approaches, would be well aligned with the Board's objectives. In addition, the TF notes that numerous respondents (see paragraphs 192-215 below) asked for additional examples or details related to the output-based approach, but were not specific in noting what additional examples or details would be helpful to them. It is therefore possible, that addressing feedback about the connection of verifiable evidence to measurement, may assist more than the six (6) respondents providing feedback about the placement of verifiable evidence.
160. The TF considered the following **alternatives** for this issue:
- a. Retain the drafted explanatory material for measurement and verifiable evidence without further edit or added explanatory material;
 - b. Relocate explanatory material paragraphs related to verifiable evidence (A27 and A28) to explanatory material for measurement;
 - c. Include cross-references to paragraphs A27 and A28, on verifiable evidence, within explanatory material related to measurement;
 - d. Remove the reference to 'of which a portion could be verifiable' at paragraph A22a;
 - e. Retain the reference to 'of which a portion could be verifiable' at paragraph A22a and add similar language to explanatory material for the output-based approach (paragraphs A19-A21); or
 - f. Adopt a combination of revisions from alternatives b-d noted above.
161. The TF notes that the DWG does not agree with setting a precedent within the IESs for establishing cross-references between IES explanatory material paragraphs. The DWG points out that there are numerous relationships between explanatory material paragraphs in all of the IESs and picking only a couple of instances to introduce a cross reference would be inconsistent from a drafting perspective. In addition, the introduction of cross-references at these specific paragraphs in IES 7 (revised) may confuse readers as to whether the Board views only those paragraphs that are explicitly cross-referenced as being related. The DWG has recommended that the TF carefully consider the ordering of the Explanatory material, to ensure it is as logical as possible and therefore helpful to the reader. The DWG further recommended that if additional support to aid understanding of the standard is needed implementation guidance would be a better vehicle to use.
162. Based on observations that drawing a better connection between measurement and verifiable evidence might help the Board achieve one of its primary objectives (to enhance understanding of the output-based approach) for revising IES 7 and that the inclusion of explanatory material related to verifiable evidence with measurement, may be inconsistent with the Board's drafting conventions, **the TF recommends:**
- a. Adding cross-references to the examples of verifiable evidence (paragraphs A27 and A28) at explanatory material for measurement (A19 and A22); and
 - b. Removing the reference to 'of which a portion could be verifiable' from paragraph A22a.

Proposed Revisions for Paragraph A19	
Proposed IES 7	The output-based approach focuses on whether professional accountants can demonstrate the achievement of learning outcomes. The measurement focus is on what professional accountants achieved from having undertaken learning and development activities.
Final Proposed Wording	The output-based approach focuses on whether professional accountants can demonstrate the achievement of learning outcomes. The measurement focus is on what professional accountants achieved from having undertaken learning and development activities. Paragraphs N27 ⁷ through A27 provide examples of evidence that may be used to demonstrate that learning outcomes have been achieved.

Further Revisions for A22	
Proposed IES 7	An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to: <ul style="list-style-type: none"> (a) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable; (b) Complete a set amount of learning or relevant professional development activity in each year; and (c) Measure learning and development activities undertaken to meet such requirements.
Final Proposed Wording	An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to: <ul style="list-style-type: none"> (a) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable; (b) Complete a set amount of learning or relevant professional development activity in each year; and (c) Measure learning and development activities undertaken to meet such requirements. <p>Paragraphs N27, N28, and A28 provide examples of evidence that may be used to confirm learning and development activities were completed and relevant to the professional accountant's role.</p>

E6. Explanatory Material for Less Easily Verifiable Activities

Summary of issues:

163. Five (5) of 42 respondents (AICPA; EY; GAO; Indiana CPA Society; ISCA) provided feedback to the Board that the revision to IES 7 does not provide enough information or clarity about non-verifiable activities or evidence. These comments are presented, in detail, under Theme 19 at Agenda Item 2-3 and are summarized as follows:
- a. Two (2) respondents (AICPA; EY) noted that revisions to explanatory material related to verifiable evidence have removed references to activities that are less-easily verified, like on-the-job training, coaching, mentoring, and informal learning, which may deter member bodies from allowing these learning and development activities from being allowable as acceptable forms of CPD; and
 - b. Two (2) respondents (GAO; Indiana CPA Society) observed that IES 7 (revised) includes examples of learning and development activities at paragraph A17, which are either not verifiable or difficult to verify, but that explanatory material for verifiable evidence does not address how these forms of learning and development could be verified (e.g., mentoring and coaching); and
 - c. One (1) respondent (ISCA) drew a connection between paragraph A20, noting that if learning outcomes can be established by professional accountants undertaking self-appraisal, then the achievement of those learning outcomes could be assessed by the professional accountant at paragraph A27. This leads to a question about whether self-appraisal and self-reflection constitutes

⁷ Note: This reference (N27) refers to the recommendation that new explanatory material be added for non-verifiable evidence. See paragraph 167, below, where language for this new paragraph is proposed.

sufficient evidence for CPD, as a form of non-verifiable evidence.

Analysis, alternatives, and recommendations for issues:

164. The TF believes the Board’s intention is to still allow for non-verifiable activities to form part of what would be considered acceptable CPD for professional accountants:
 - a. The composition of the requirement for verifiable evidence is principles based, allowing IFAC member bodies to specify the nature and extent of verifiable evidence professional accountants are required to maintain for CPD that has been undertaken, which means an IFAC member body may determine that not all evidence of CPD undertaken needs to be verifiable;
 - b. The TF notes that the Board undertook thoughtful consideration revising IES 7 (revised) paragraph A17 (listing of learning and development activities) to ensure that less easily verifiable forms of learning and development were clearly included because the Board recognizes how important these learning and development activities are to developing and maintaining professional competence.
165. The TF also believes the Board’s intention is that IFAC member bodies must decide what evidence will be acceptable for professional accountants in their jurisdiction, consistent with establishing principles based standards. Therefore, the TF believes self-appraisal and self-reflection may constitute evidence of CPD and that IFAC member bodies may determine the nature and extent of self-appraisal and self-reflection that they would accept as evidence for CPD.
166. Based on respondent feedback, the TF agrees that the inclusion of additional explanatory material covering the concept of non-verifiable evidence would be consistent and beneficial in helping the revision of IES 7 meet one of the Board’s objectives, which was to encourage wider adoption and inclusion of all forms of learning and development in CPD. In addition, the TF notes that paragraph A18 in extant IES 7 made reference to learning activities, like on-the-job training, which were noted to be measurable but not as easily verified. Extant IES 7 paragraph A18 was not carried forward to the proposed revision of IES 7.
167. Therefore, **the TF recommends** that additional explanatory material dealing with non-verifiable evidence be added to IES 7 (revised) between paragraphs A26 and A27 (i.e., paragraph N27). In making that recommendation, the TF also believes that additional explanatory material could be added to further explain what constitutes verifiable evidence so that the importance of that concept is not lost given the newly added emphasis on evidence that is less easily verifiable. Therefore, **the TF recommends** that additional explanatory material explaining the value of verifiable evidence be added between newly proposed paragraph N27 and A27 (i.e., paragraph N28). Finally, to support readability and flow for paragraphs A26 through newly proposed N28, **the TF recommends** that the word ‘verifiable’ be removed from paragraph A26.

<i>Proposed Revisions for A26</i>	
Proposed IES 7	IFAC member bodies may provide guidance on the verifiable evidence to be maintained for CPD that has been undertaken. Guidance may cover the responsibilities of professional accountants for: <ol style="list-style-type: none"> (a) Retention of appropriate records and documents related to their CPD; and (b) Provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of the IFAC member body.
Final Proposed Wording	IFAC member bodies may provide guidance on the verifiable evidence to be maintained for CPD that has been undertaken. Guidance may cover the responsibilities of professional accountants for: <ol style="list-style-type: none"> (a) Retention of appropriate records and documents related to their CPD; and (b) Provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of the IFAC member body.

Extant IES 7	A18. This IES is based on the concept that IFAC member bodies expect a proportion of the learning activities that professional accountants undertake to be verifiable. Some learning activities, for example on-the-job training, may be measurable, but may not be able to be verified. These activities also contribute to the development and maintenance of professional competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.
Proposed IES 7	N/A – Extant A18 was removed and not replaced
Final Proposed Wording	<p>N27. As part of specifying the nature and extent of evidence that professional accountants maintain for CPD, IFAC member bodies may determine a proportion of learning activities is not able to be verified. Some learning activities, for example on-the-job training; reading; or coaching and mentoring, may be measurable, but may not be easily verified. These activities also contribute relevant CPD because they provide for the development and maintenance of professional competence and may be evidenced through documented self-assessment activities and reflective activity.</p> <p>N28. Verifiable evidence increases the confidence of stakeholders that CPD is achieving its intended objective and contributing towards the enhanced competence of professional accountants. Verifiable evidence is that which is objective, capable of being proven, and stored in written or electronic form.</p>

E7. Revisions Specific to Paragraphs A27 and A28

Summary of issues:

168. Six (6) of 42 respondents (IBRACON; ISCA; ACCA; AAT; BDO; Deloitte) provided suggested revisions to explanatory material paragraphs A27 and A28. These comments are presented, in detail, under Theme 20 at Agenda Item 2-3 and are summarized as follows:
- a. Four (4) of 42 respondents (IBRACON; ISCA; ACCA; AAT) had questions about the specific wording or suggested further revisions to paragraph A27 (examples of verifiable evidence that could be used to demonstrate achievement of learning outcomes):
 - i. Two (2) respondents (IBRACON; ISCA) commented that item (c) ‘assessment of learning outcomes achieved’ and (e) ‘objective assessment against a competency map’, in the way that they are described, does not make clear what type of verifiable evidence should be provided. This included questions about whether ‘self-reflection’ would be considered as a sufficient example of verifiable evidence;
 - ii. One (1) respondent (ACCA) suggested a re-ordering of the list at A27 and that the following be added to the list:
 1. Self-assessment of learning outcomes achieved;
 2. Carrying out additional roles; and
 3. Independent confirmation of learning gained through advocacy roles or coaching and mentoring.
 - iii. One (1) respondent (ISCA) suggested that the following be added to the list:
 1. Writing of organization policies e.g., accounting policies, risk management policies and employee code of conduct; and
 2. Involvement in leading discussions at as well as preparing for board or committee meetings e.g., audit committee meetings (for professional accountants holding senior positions
 - iv. One (1) respondent (AAT) expressed concern that the list of examples presented at A27 might be perceived to be exhaustive and that if it is perceived to be exhaustive, then it may prevent some from adopting new technologies which could provide for future forms of verifiable evidence that do not exist today.

- b. Three (3) of 42 respondents (BDO; Deloitte; ISCA) had questions about the specific wording or suggested further revisions to paragraph A28 (examples of verifiable evidence that could be used in an input-based approach):
 - i. One (1) respondent (BDO) noted that paragraph A28a ('Course outlines and teaching materials') is probably not evidence that CPD was undertaken but rather evidence of whether the learning and development activity was relevant to the professional accountant's role. BDO suggested clarifying this by adding 'to verify the relevance of the topic' to the end of A28a; and
 - ii. Two (2) respondents (Deloitte; ISCA) questioned why A28c begins with the word 'independent' while A28b does not and noted this inconsistency might cause confusion. With the current formulation of A28b and A28c, Deloitte and ISCA questioned whether these items are now the same thing or not.
- c. One (1) respondent (ACCA) observed that the terminology used to describe verifiable evidence was inconsistent between paragraphs A27 and A28, questioned whether that was appropriate, and recommended that either be conformed to the other for consistency:
 - i. A27 used the term, 'verifiable evidence that could be used to demonstrate';
 - ii. A28 uses the term, 'evidence that could be used for verification'.

Analysis, alternatives, and recommendations for issues:

- 169. The TF agrees with respondents who noted that the list of examples at paragraph A27 could be improved to enhance clarity. The TF believes feedback on this issue is also related to questions about non-verifiable evidence, in that some of the examples included at A27 are ambiguous as to whether the example is verifiable or not (examples (c) and (e) leave open the possibility that self-reflection could be provided as non-verifiable evidence).
- 170. The TF agrees with respondent feedback that examples (c) 'Assessments of learning outcomes achieved' and (e) 'Objective assessments against a competency map' do not clarify what evidence is being obtained and they are subject to interpretation as to whether they are meant to be verifiable or if self-reflection would be sufficient.
- 171. Therefore, **the TF recommends** that examples (c) and (e) at paragraph A27 be further revised. In addition, as noted above, the TF is recommending that additional explanatory material be added for non-verifiable evidence (see paragraph 167). The TF believes, that making revisions to paragraph A27 to make clear that these are examples of verifiable evidence, combined with new material addressing non-verifiable evidence will address respondent concerns. In making these recommendations, the TF also believes that items (f) and (g) at paragraph A27 could also be simplified to make it more clear that 'published material' is verifiable evidence. Therefore, **the TF recommends**, that item (g) be removed and (f) be simplified to read 'Published material'. See consolidated recommendations for revisions at paragraph 183 below.
- 172. The TF believes that re-ordering the list at paragraph A27 would not provide value to readers because the Board does not intend for readers to interpret the list as a hierarchy, with examples organized from best to least. Therefore, **the TF recommends** that the list at A27 not be reordered.
- 173. The TF considered suggestions (paragraph 168a-ii above) that additional examples be added and compared suggested language for those additions to concerns raised by other respondents about existing examples. The TF is concerned that the suggested new examples would be subject to similar feedback as existing examples, which were questioned by other respondents:
 - a. '*Self-assessment of learning outcomes achieved*' – Introducing the concept of 'self-assessment' has been noted as confusing to readers of IES 7 (revised) as it relates to verifiable evidence.
 - b. '*Carrying out additional roles*' – Respondents might view this similarly to how they view current examples (c) and (e) in that this does not clarify what evidence is needed and whether self-assessment is acceptable.
 - c. '*Independent confirmation of learning gained through advocacy roles or coaching and mentoring*' – The TF notes that the word independent caused some confusion during IES 7 outreach, because the concept of independence may be difficult to define. The TF also notes that the evidence

included in this example is 'confirmation of learning gained' and the rest of the suggestion connects where that learning was gained from to an example of a learning and development activity. The TF notes, that formulation would be inconsistent with the existing examples included at paragraph A27.

- 174. The TF also considered suggestions at paragraph 168aiv above, to add additional examples, noted that the suggestions provided may not clearly provide evidence which verified that learning outcomes were achieved. Based on the analysis and recommendations outlined above at paragraphs 169-171, the TF believes adding these additional examples would counteract suggested revisions at paragraph 171 (i.e., to make the list more clear about what evidence provides verification).
- 175. Therefore, **the TF recommends** that additional suggested examples not be added to paragraph A27.
- 176. The TF understands concerns that the list of examples at A27 might be perceived to be exhaustive. The TF notes that IES 7 (revised) includes numerous lists of examples which are also not meant to be exhaustive and the Board did not receive feedback that all lists of examples should be qualified. As noted at paragraph 120b above, two respondents suggested that paragraph A17 could also be qualified but the Board did not receive feedback about additional lists or examples needing to be qualified. The TF believes it is important to present example lists consistently throughout IES, therefore, **the TF recommends** that the current language used to introduce lists of examples in IES 7 (revised) be retained as they are currently worded.
- 177. The TF agrees with respondent observations, that paragraph A28a is better at providing evidence of whether the learning and development activity is relevant to the professional accountant's role than it is at providing evidence that the learning and development activity was completed.
- 178. **The TF recommends** that paragraph A28a be revised to reflect that course outlines and teaching materials provide evidence of relevance to role. See consolidated recommendations for revisions at paragraph 183 below.
- 179. The TF agrees with respondent observations that it is not clear if paragraphs A28b and A28c are intended to mean the same thing or not and that the use of the word 'independent' inconsistently may cause confusion. The TF notes that paragraph A28b is the same as in extant IES 7 and that paragraph A28c was revised from the language used in extant IES 7:

Extant IES 7	<p>A20. The following examples represent evidence that could be used for verification in an input-based approach:</p> <ul style="list-style-type: none"> (a) Course outlines and teaching materials; (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and (c) Independent assessments that a learning activity has occurred.
Proposed IES 7	<p>A28. The following examples represent evidence that could be used for verification in an input-based approach:</p> <ul style="list-style-type: none"> (a) Course outlines and teaching materials; (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and (c) Independent confirmation that a learning activity has been completed successfully.

- 180. The TF considered the following **alternatives** for this issue:
 - a. Retain the drafted explanatory material for A28b and A28c without further edit;
 - b. Add 'independent' to A28b or remove 'independent' from A28c; or
 - c. Combine A28b and A28c to eliminate ambiguity.
- 181. **The TF recommends** that A28b and A28c be combined so that the focus is on confirming that the learning activity was successfully completed. **The TF also recommends** that the word 'independent' be removed from the combined re-formulation because it would introduce unintended complexity for the intended meaning of this paragraph. For example, how would the IAESB or an IFAC member body define an independent employer, provider, or instructor? See consolidated recommendations for revisions at paragraph 183 below.
- 182. The TF agrees with respondent observations that inconsistent terminology used between A27 and A28

for verifiable evidence is inconsistent with the Board’s stated desire to enhance clarity with the revision of IES 7. The TF notes that the formulation of A27 is more consistent with the formulation of the related requirement for verifiable evidence than the formulation of paragraph A28. Therefore, **the TF recommends** that paragraph A28 be further revised to conform to the terminology used at A27. See consolidated recommendations for revisions at paragraph 183 below.

183. Based on the recommendations outlined at paragraphs 171, 178, 181 and 182, the TF recommends that paragraphs A27 and A28 be conformed, that bullets (c); (e); (f); and (g) at A27 be revised, and that paragraph A28 also be revised, as follows:

Proposed IES 7	A27. The following examples represent verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach: <ul style="list-style-type: none"> (a) Examination results; (b) Specialist or other qualifications; (c) Assessments of learning outcomes achieved; (d) Records of work performed (work logs) that have been verified against a competency map; (e) Objective assessments against a competency map; (f) Evaluations or assessments of written or published material by a reviewer; and (g) Publication of professional articles or of the results of research projects.
Final Proposed Wording	A27. The following examples represent verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach: <ul style="list-style-type: none"> (a) Examination results; (b) Specialist or other qualifications; (c) Assessments of the acquisition of either knowledge or skill for specified learning outcomes achieved; (d) Records of work performed (work logs) that have been verified against a competency map; (e) Objective assessments of performance or behavior against a competency map; and (f) Evaluations or assessments of written or Published material by a reviewer; and (g) Publication of professional articles or of the results of research projects.

Proposed IES 7	A28. The following examples represent evidence that could be used for verification in an input-based approach: <ul style="list-style-type: none"> (a) Course outlines and teaching materials; (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and (c) Independent confirmation that a learning activity has been completed successfully.
Final Proposed Wording	A28. The following examples represent verifiable evidence that could be used for verification to demonstrate that learning and development activities have been completed and are relevant to a role in an input-based approach: <ul style="list-style-type: none"> (a) Course outlines, and teaching materials, storyboards (for virtual training), and meeting agenda objectives and meeting minutes that verify the relevance of the content; and (b) Confirmation of participation that a learning and development activity has been completed, by a provider, instructor, employer, mentor, or tutor. (c) Independent confirmation that a learning activity has been completed successfully.

E8. Other General Measurement Matters

Summary of issues:

184. The Board received several comments that may be difficult to address through the requirements or explanatory material in IES 7 (revised). These responses are organized under Theme 21 in Agenda Item

2-3.

185. Three (3) respondents (ICAS; JICPA; PwC) asked the Board to provide examples or illustrate how a learning outcomes approach could apply to an output-based approach or an input-based approach
186. One (2) respondent (FRC) asked the Board to help explain how engagement partners could demonstrate that they meet the requirements in IES 8⁸ based on measures available to users of an input-based approach.
187. One (1) respondent (IRBA) commented that while they appreciate that the IESs are principles-based, they find the requirements and explanatory material in IES 7 (revised), generally speaking, to be inadequate at answering all questions and concerns related to CPD.

Analysis and recommendation for issues related to verifiable evidence:

188. The TF understands both questions presented at paragraphs 185 and 186 and believes that in principle, answers can be found through the use of 'both approaches', in that an input measure, like hours, can be the basis for measurement, provided the professional accountant demonstrates the achievement of learning outcomes for the hours of learning undertaken.
189. However, the TF does not believe IES 7 (revised) can be further revised to directly address the questions, presented at paragraphs 185 and 186, without developing prescriptive requirements or developing explanatory material which begins to explain concepts not contained in the requirements of IES 7 (revised). Undertaking either effort would be inconsistent with the IAESB's drafting conventions.
190. Therefore, **the TF recommends** that no further revisions be made to IES 7 (revised) but that these questions be considered by the Board for possible incorporation into future implementation guidance.
191. The TF understands the concern presented at paragraph 187 and acknowledges that principles based standards inherently do not provide prescriptive or clear direction which users of the standard may find helpful. The TF believes that additional revisions made to IES 7 (revised) requirements and explanatory material in response to all feedback received on IES 7 (revised), combined with the planned future release of implementation guidance, will be helpful in addressing this challenge.

Action Requested:

- 7. Do you believe the incorporation of cross-references at paragraph A19 and A22 (as presented at paragraphs 157-162) improves how IES 7 reads and facilitates your understanding of the output-based approach?**
- 8. Do you agree with the recommendations proposed for 'General Measurement' related revisions presented at paragraphs 132-191, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

F1. Output-Based Approach Comments:

192. The Board asked the following questions which generated feedback specific to the output-based approach:
 - a. Question 2: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?
 - b. Question 3: Are there any additional explanatory paragraphs needed to better explain the

⁸ Paragraph A20 in IES 8 refers readers to IES 7 for more information about measuring CPD.

- requirements of the proposed IES 7?
- c. Question 4: Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-21) 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?
 - d. Question 5: Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?
 - e. 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?
 - f. Question 7: What topics or subject areas should implementation guidance cover?
 - g. The board also invited respondents to provide general commentary.
193. Responses specific to the output-based approach are outlined, in detail, at Agenda Item 2-3 and presented at themes 22 and 23. Each theme is included for discussion below.

F2. Opinions About the Output-Based Approach

Summary of issues:

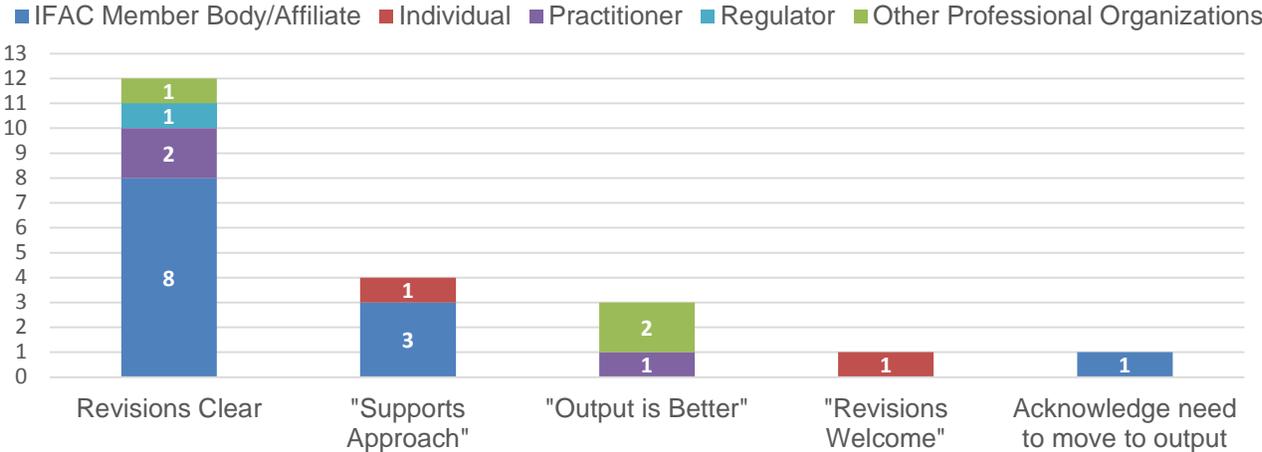
194. The Board specifically asked respondents if proposed revisions to the output-based approach improved understanding and the respondents' ability to apply the output-based approach. In addition, the Board asked respondents for their general comments on IES 7 (revised) and whether or not respondents believe requirements and explanatory material are appropriate and clear. The combination of these questions resulted in the Board receiving mixed opinions about whether the output-based approach revisions were clear or whether challenges still exist. Theme 22 presented at Agenda Item 2-3 organizes responses related to opinions about the output-based approach in IES 7 (revised).

Positive Opinions about the Output-Based Approach

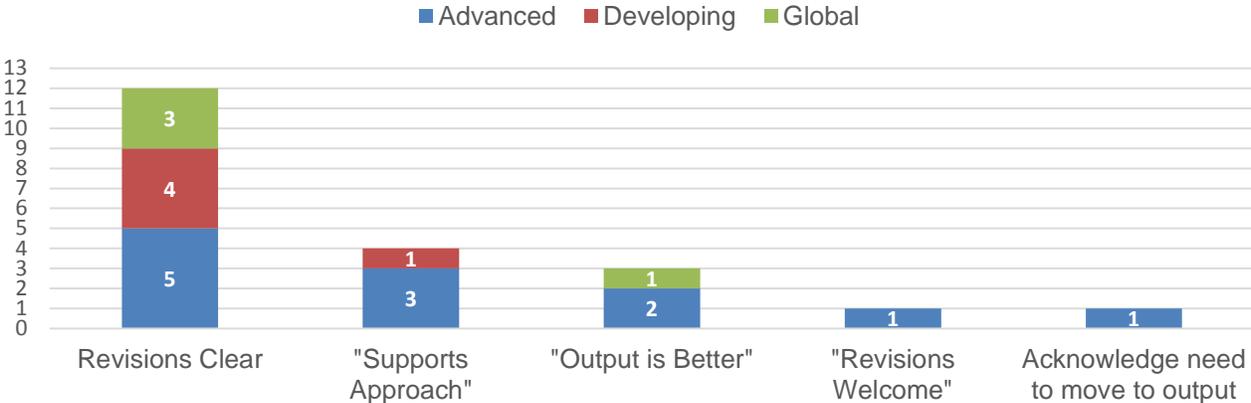
195. 19 of 42 respondents⁹ expressed a positive opinion about the output-based approach included in IES 7 (revised). Positive opinions were expressed as statements of support for the approach, commentary that revisions to the approach were clear and/or welcomed; statements acknowledging the need to move towards the output-based approach, or commentary that respondents believe the output approach is the best measurement approach (*NOTE: For all graphs presented below, plotted opinions will exceed the number of total responses (19), because some respondents offered more than one opinion*):

⁹ The 19 respondents include: IDW; ICAEW; EFAA; AAT; FRC; ICAZ; WPK; ICAN; FACPCE; BDO; Deloitte; TURMOB; Dumisani Mspipa; NBA; AICPA; Indiana CPA Society; Knowledge Equity; Professors Catriona and Nicholas Paisey; ISCA

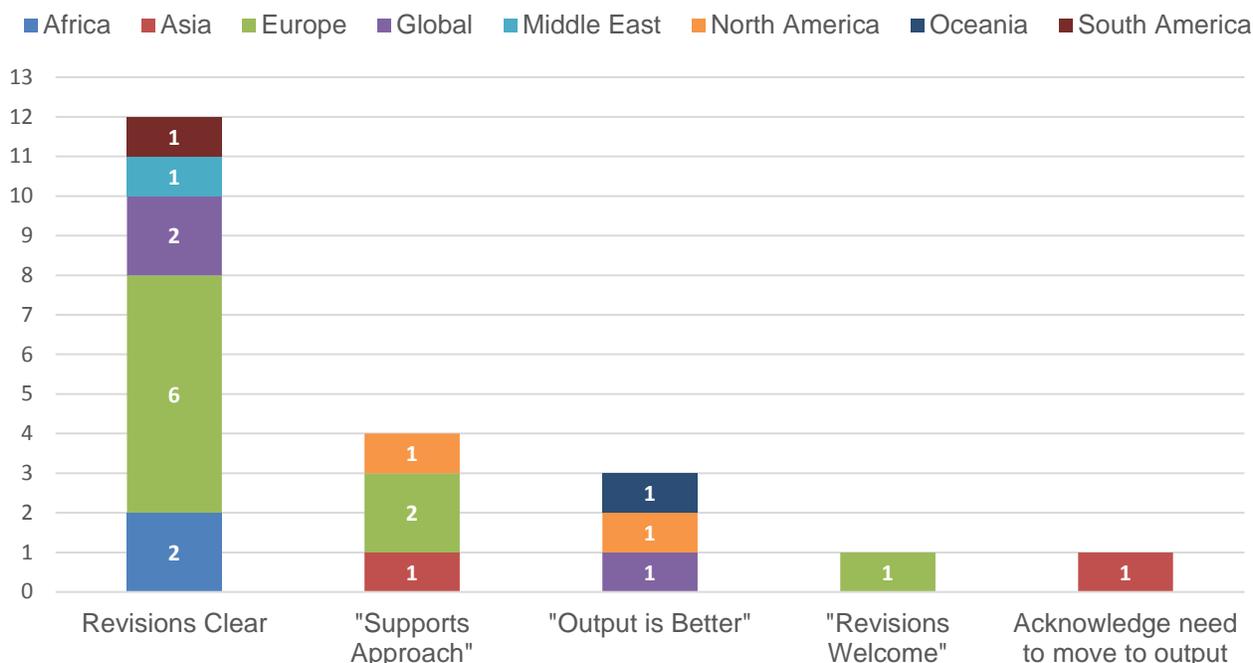
Positive Opinions: **Respondent Type Response**



Positive Opinions: **Economic Region Response**



Positive Opinions: **Geographic Response**



Opinions that Challenges Remain or Further Revisions are Needed

196. Nine (9) of 42 respondents¹⁰ commented that they continue to foresee challenges with their ability to understand and apply an output-based approach. Expected challenges varied among respondents. Some respondents noted only their foreseeable challenges while other respondents suggested further revisions to help them clarify their understanding or foreseen challenges:

- a. Challenges related to a learning outcomes approach:
 - i. One (1) respondent (AICPA) noted that learning outcomes are often closely associated with or even synonymous with structured learning activities and therefore “may not appropriately recognize the value of unstructured learning activities such as on-the-job training, peer-to-peer learning, and mentoring and coaching that play a critical role in competence development.” The AICPA recommended that “IAESB clarify that learning outcomes may arise from both structured and unstructured learning experiences and that learning outcomes be redefined as the measurable result that learners achieve upon completion of structured or unstructured learning activities. Absent such clarification, the inclusion of ‘learning outcomes’ could actually be a hindrance to moving to an output-based measurement approach instead of an aid.”
 - ii. One (1) respondent (Professors Catriona and Nicholas Paisley) noted that while moving from a requirement to demonstrate competence to demonstrating achievement of learning outcomes “makes sense in educational terms”, it may be practically challenging to implement because of how difficult it is to define and articulate thoughtful and precise learning outcomes. This respondent believes “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.”
 - iii. One (1) respondent (FRC) suggested that the requirement for the output-based approach be revised to acknowledge the importance of selecting appropriate learning outcomes for measurement:

¹⁰ The nine (9) respondents include: AAT; ACCA; AICPA; CPA Australia; FRC; ISCA; Miguel Angel Bouzas Sanudo; Professors Catriona and Nicholas Paisley; and SAIPA

“IFAC member bodies using an output-based approach shall require professional accountants to identify learning outcomes relevant to their role and professional responsibilities and to demonstrate their achievement.”

- iv. One (1) respondent (ISCA) commented that because the output-based approach now requires professional accountants to demonstrate the achievement of learning outcomes, the IAESB could provide a Table A for various roles similar to the Table As provided in IESs 2-4 and 8. The ISCA also noted that clarity could be added about whether or not IFAC member bodies shall establish the depth of detail professional accounts must go to demonstrate the achievement of learning outcomes and to also seek verification of learning outcomes from a reliable source.
 - v. One (1) respondent (AAT) asked for additional clarification on the meaning of ‘demonstrate’ set-out in the requirement for the output-based approach to support their understanding of what is expected for the output-based approach.
- b. Concerns about subjective criteria in output-based approaches:
- Three (3) respondents (ISCA; SAIPA; Miguel Angel Bouzas Sanudo) expressed concern about their ability to apply the output-based approach because of the subjectivity associated with establishing consistently equitable criteria for members to follow and for member bodies to comply.
- c. Concerns about the cost benefit of applying an output-based approach:
- Two (2) respondents (CPA Australia; ACCA) questioned whether the benefits of moving to an output-based approach could justify the costs of moving to an output-based approach. ACCA notes that moving to an output-based approach is costly and resource intensive and may be undermined by laws and regulations in some jurisdictions which will continue to require the completion of a certain amount of formal learning as part of CPD. CPA Australia also noted how costly and resource intensive moving to an output-based approach could be for a member body and also noted that if member bodies are not able to find resources with expertise to fully educate their members about what is required of them in an output-based approach, then moving to an output-based approach may not lead to improvements in learning and competency.

Analysis and recommendations for issues:

- 197. The TF notes that one of the reasons the Board initiated the project to explore whether IES 7 was fit for purpose in November 2015 was because the Board had just completed its clarity project and had revised or was in the process of finalizing revisions to IESs 2-4 and 8 which all adopted a learning outcomes approach. The Board has defined ‘learning outcomes’ in its Glossary of terms and learning outcomes as defined by the IAESB are used consistently throughout the IESs. In January 2016, the IAESB published ‘*Guiding Principles for Implementing a Learning Outcomes Approach*’ to support the learning outcomes approach adopted in IESs 2-4 and 8.
- 198. The TF acknowledges that understanding how to specify learning outcomes and understanding how to demonstrate achievement of learning outcomes is difficult and subjective in some instances. The Board has also acknowledged, during previous discussions about whether or not IES 7 should continue to include the input-based approach and the output-based approach, that the input-based approach should be retained to support flexibility for users of IES 7 (revised), in recognition that moving to an output-based approach may be more resource intensive.
- 199. The TF further notes that respondent feedback on this issue for the IES 7 (revised) exposure draft is consistent with feedback received during initial consultation. While there are mixed views, most continue to support the inclusion of the input-based and output-based approaches.
- 200. Therefore, **the TF recommends** that output-based approach continue to be based on a requirement that professional accountants demonstrate the achievement of learning outcomes and that the definition of learning outcomes remain unchanged.
- 201. **The TF recommends** not modifying the requirement for the output-based approach to have IFAC member bodies require their professional accountants to identify learning outcomes in addition to

demonstrating their achievement. The TF believes it is important that IES 7 (revised) avoid prescribing who can identify learning outcomes because learning outcomes can be identified by numerous sources such as IFAC member bodies, licensing regimes, regulators, employers, and professional accountants.

202. **The TF recommends** that the Board make further revisions to explanatory material which may help address questions and concerns related to respondent understanding of the output-based approach, specifying learning outcomes, and demonstrating the achievement of learning outcomes. The TF made a series of recommendations to modify explanatory material related to verifiable evidence which should be helpful to concerns about demonstrating the achievement of learning outcomes and clarifying that learning outcomes apply to formal and informal learning and development activities (see paragraphs 156-183 above). In addition, the TF outlines further revisions to explanatory material paragraphs A20 as shown in paragraph 215 below.

F3. Revisions to Explanatory Material for Output-Based Approach

Summary of issues:

203. The Board specifically asked respondents if proposed revisions to the output-based approach improved understanding and the respondents' ability to apply the output-based approach. In addition, the Board asked respondents for their general comments on IES 7 (revised) and whether or not respondents believe requirements and explanatory material are appropriate and clear. The combination of these questions resulted in the Board receiving feedback about revisions to explanatory material specific to the output-based approach. Theme 23 presented at Agenda Item 2-3 organizes responses related to opinions about the output-based approach in IES 7 (revised).
204. 11 of 42 respondents¹¹ stated that 'additional examples', 'additional examples of how to execute the approach', or 'more detail' would be helpful to understand the output-based approach. Respondents were not always specific when citing the need for more examples. Specific examples that were cited included:
- a. Learning outcomes;
 - b. How to identify learning outcomes;
 - c. How to demonstrate achievement of learning outcomes; and
 - d. How can self-reflective activities be used in the approach.
205. Five (5) of 42 respondents provided comments about explanatory material paragraph A20. To facilitate review of feedback in this area, the proposed paragraph A20 in the Exposure Draft is included below:

Proposed IES 7	<p>A20. The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including:</p> <ol style="list-style-type: none"> (a) IFAC member bodies; (b) Professional accountants when undertaking self-appraisal; (c) Employers; (d) Licensing regimes; and (e) Regulatory bodies.
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- a. One (1) respondent (Indiana CPA Society) commented that they support the inclusion of bullets (b) and (c).
- b. One (1) respondent (SAIPA) commented 'there appears to be a confusion between outcomes and competencies'.
- c. One (1) respondent (IAA) suggested that the word 'sources' be replaced with 'instances'.

¹¹ The 11 respondents include: AICPA; CPA Australia; CPA Canada; Deloitte; EY; GAO; IBRACON; IRBA; ISCA; Knowledge Equity and KPMG.

- d. Two (2) respondents (Knowledge Equity; JICPA) suggested that the list of sources be expanded to include additional examples. Knowledge Equity suggested 'educational organizations or CPD providers', be added, noting "these entities are heavily involved in the industry (across business and public practice), are typically run by subject matter experts in the field, and have a vested interest in the ongoing development of professional accountants and the accounting profession itself." JICPA proposed that 'clients' be added to the list.

206. Four (4) of 42 respondents expressed concerns with the wording at paragraph A21. To facilitate review of feedback in this area, the proposed paragraph A21 in the Exposure Draft is included below:

Proposed IES 7	<p>A21. For IFAC member bodies and licensing regimes, determining achievement of learning outcomes by the professional accountant may include consideration of factors such as:</p> <ul style="list-style-type: none"> (a) The nature and extent of CPD undertaken for the learning and development needs identified for the professional accountant's role; and (b) The nature and extent of reflective activity the professional accountant has documented in their CPD record demonstrating the achievement of learning outcomes.
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- a. Two (2) respondents (EY; BDO) noted that A21a describes an input-based approach as currently formulated. BDO suggested the word 'extent' be replaced with 'depth'. EY noted 'that in order for completion of a learning program to be used as an output measure, IES 7 (revised) needs to address the importance of including properly designed learning which incorporates suitable assessment processes.' EY also noted that A21 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).'
- b. One (1) respondent (ISCA) noted that A21 was not easily understood and questioned if there was an opportunity to incorporate some of the information contained in the IAESB's 'Guiding Principles for Implementing a Learning Outcomes Approach at A21.
- c. One (1) respondent (KPMG) noted that they 'did not find A21 clear after repeated reading and reflection' and suggested that the paragraph be reworded.

Analysis, alternatives, and recommendations for issues:

- 207. Based on review of respondent feedback presented above, the TF believes further revision to explanatory material could help readers:
 - a. Understand how to identify learning outcomes; and
 - b. Understand how to demonstrate the achievement of learning outcomes.
- 208. The TF believes the proposed changes related to verifiable evidence outlined above at paragraphs 156-183 will help readers understand how to demonstrate the achievement of learning outcomes (specifically, paragraph A19 has been expanded to reference readers to examples of evidence that may be used to demonstrate learning outcomes have been achieved).
- 209. In addition to those changes, **the TF recommends** that paragraph A21 be removed, rather than revised, based on respondent feedback that it is unclear and currently not adding value for readers looking to understand how professional accountants demonstrate achievement of learning outcomes. The TF believes revisions outlined above at paragraphs 156-183 will provide further understanding about how to demonstrate achievement of learning outcomes and that further attempts to revise A21 may not add additional value or require the Board to explore incorporating the concept of assessment into IES 7 (revised), which was discussed previously and ruled out of scope. The TF notes that implementation guidance is also likely needed for this concept in the future.

<p>Proposed IES 7</p>	<p>A21. For IFAC member bodies and licensing regimes, determining achievement of learning outcomes by the professional accountant may include consideration of factors such as:</p> <p>(a) The nature and extent of CPD undertaken for the learning and development needs identified for the professional accountant’s role; and</p> <p>(b) The nature and extent of reflective activity the professional accountant has documented in their CPD record demonstrating the achievement of learning outcomes.</p>
<p>Final Proposed Wording</p>	<p>A21. For IFAC member bodies and licensing regimes, determining achievement of learning outcomes by the professional accountant may include consideration of factors such as:</p> <p>(a) The nature and extent of CPD undertaken for the learning and development needs identified for the professional accountant’s role; and</p> <p>(b) The nature and extent of reflective activity the professional accountant has documented in their CPD record demonstrating the achievement of learning outcomes.</p>

210. After reviewing respondent feedback about needs for additional examples to help readers understand how to identify and set learning outcomes, the TF re-reviewed the explanatory material set-out at paragraphs A7-A14 related to the requirement that all professional accountants undertake CPD. The TF notes that several of these paragraphs describe how a professional accountant or member body might identify learning needs, opportunities, or competency gaps and how member bodies might prescribe specific or additional CPD for professional accountants working in specialist roles.
211. Based on its review of paragraphs A7-A14, the TF believes paragraphs A10-A12 relate also to the thought process one would use to identify learning outcomes, including for relevance and sufficiency. Therefore, **the TF recommends** that paragraphs A10-A12 be revised to include reference to learning outcomes, as appropriate. See suggested revisions to impacted paragraphs presented at paragraph 215 below.
212. The TF notes that comments about paragraph A20 referring to learning outcomes instead of professional competence is consistent with comments that revisions made to the output-based approach may be perceived as a weakening of the requirements of IES 7 (revised). The TF outlined this issue and related recommendations, in detail, above, at paragraphs 139-150.
213. The TF considered suggested revisions to paragraph A20. **The TF recommends** that the word ‘sources’ be retained as is and that the list of sources who may identify learning outcomes be expanded to include ‘CPD Providers’. The recommends that ‘clients’ not be added to this list because having clients identify learning outcomes might create conflict of interest or independence issues.
214. Finally, in making the above recommendations and proposed revisions to IES 7 (revised), the TF observed that explanatory material for measurement currently begins with a paragraph dealing with how to determine a measurement approach before going on to explain each approach. The TF believes explanatory material is missing a paragraph to first explain the purpose of measurement. Therefore, **the TF recommends** that an additional explanatory material paragraph be added immediately before paragraph A18 to outline the purpose of measurement before explaining how to select an approach.
215. Based on the recommendations outlined above, **the TF recommends** that the following paragraphs in IES 7 (revised) be revised as follows:

Proposed New Paragraph to Explain the Purpose of Measurement	
Proposed IES 7	N/A
Final Proposed Wording	N18. Measurement includes evaluating evidence of the achievement of learning outcomes or completion of CPD focused on learning outcomes related to (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.

Further Revisions for Paragraph A20	
Proposed IES 7	A20. The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including: <ul style="list-style-type: none"> (a) IFAC member bodies; (b) Professional accountants when undertaking self-appraisal; (c) Employers; (d) Licensing regimes; and (e) Regulatory bodies.
Final Proposed Wording	A20. The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including: <ul style="list-style-type: none"> (a) IFAC member bodies; (b) Professional accountants when undertaking self-appraisal assessment activities; (c) Employers; (d) Licensing regimes; (e) Regulatory bodies; and (f) CPD Providers.

Further Revisions for Paragraph A10	
Proposed IES 7	A10. In addition to CPD frameworks, IFAC member bodies may provide other tools to support a commitment to lifelong learning and to help professional accountants plan relevant CPD, such as: <ul style="list-style-type: none"> (a) Competency maps, which provide a list of key competences for certain roles or sectors of the profession; and (b) Learning plan templates, which assist professional accountants to identify learning and development needs and plan how to meet them.
Final Proposed Wording	A10. In addition to a CPD framework, IFAC member bodies may provide other tools to support a commitment to lifelong learning and to help professional accountants identify learning outcomes and plan relevant CPD, such as: <ul style="list-style-type: none"> (a) Competency maps, which provide a list of key competences for certain roles or sectors of the accountancy profession; and (b) Learning plan templates, which assist professional accountants to identify learning and development needs, including learning outcomes, and plan how to meet them; and (c) Learning record examples that guide professional accountants in recording their learning and development activities. Examples of activities in a learning record may include a description of the learning and development activity; which competence area and learning outcomes address the identified gap in skill or knowledge; why the activity was chosen and its relevance; when the activity took place; what was learned; and how it has been applied.

Further Revisions for Paragraph A11	
Proposed IES 7	A11. IFAC member bodies may provide guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and IFAC member bodies. Such discussions would help identify competence or learning and development gaps that can be used to specify relevant learning opportunities to meet those needs.
Final Proposed Wording	A11. IFAC member bodies may provide guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and IFAC member bodies, and other professional organizations . Such discussions would may help identify competence or learning and development gaps and learning outcomes that can be used to specify relevant learning opportunities to meet those needs.

Further Revisions for A12	
Proposed IES 7	A12. IFAC member bodies may choose to develop requirements or guidance on CPD activities they consider relevant to the roles and functions professional accountants typically have. IFAC member bodies may also prescribe specific or additional CPD for professional accountants working in specialists areas, specialist roles, or areas of high risk.
Final Proposed Wording	A12. IFAC member bodies may choose to develop requirements or guidance on CPD learning and development activities or learning outcomes they consider relevant to the roles and functions of professional accountants in their jurisdiction typically have . IFAC member bodies may also prescribe specific or additional CPD or learning outcomes for: <ul style="list-style-type: none"> (a) Specific competence areas or topics (e.g., ethics); (b) Professional accountants working in specialist areas or performing specialist or specific roles; (c) Competence areas considered to be most relevant of high risk to the protection of the public interest.

Action Requested:

9. Do you agree with the recommendations for proposed revisions to the ‘Output-based approach’ requirement presented at paragraphs 194-202, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?

10. Do you agree with the recommendations for proposed revisions to the ‘Output-based approach’ explanatory material presented at paragraphs 203-215, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?

G1. Input-Based Approach Comments:

216. The Board asked the following questions which generated feedback specific to the input-based approach:
- a. Question 2: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?
 - b. Question 3: Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7?
 - c. Question 4: Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-21) 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?
 - d. Question 5: Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?
 - e. 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?
 - f. Question 7: What topics or subject areas should implementation guidance cover?
 - g. The board also invited respondents to provide general commentary.
217. Responses specific to the input-based approach are outlined, in detail, at Agenda Item 2-3 and presented at themes 24 through 27. Each theme is included for discussion below.

G2. Opinions about the Removal of Prescribed Hours in IES 7 (revised)

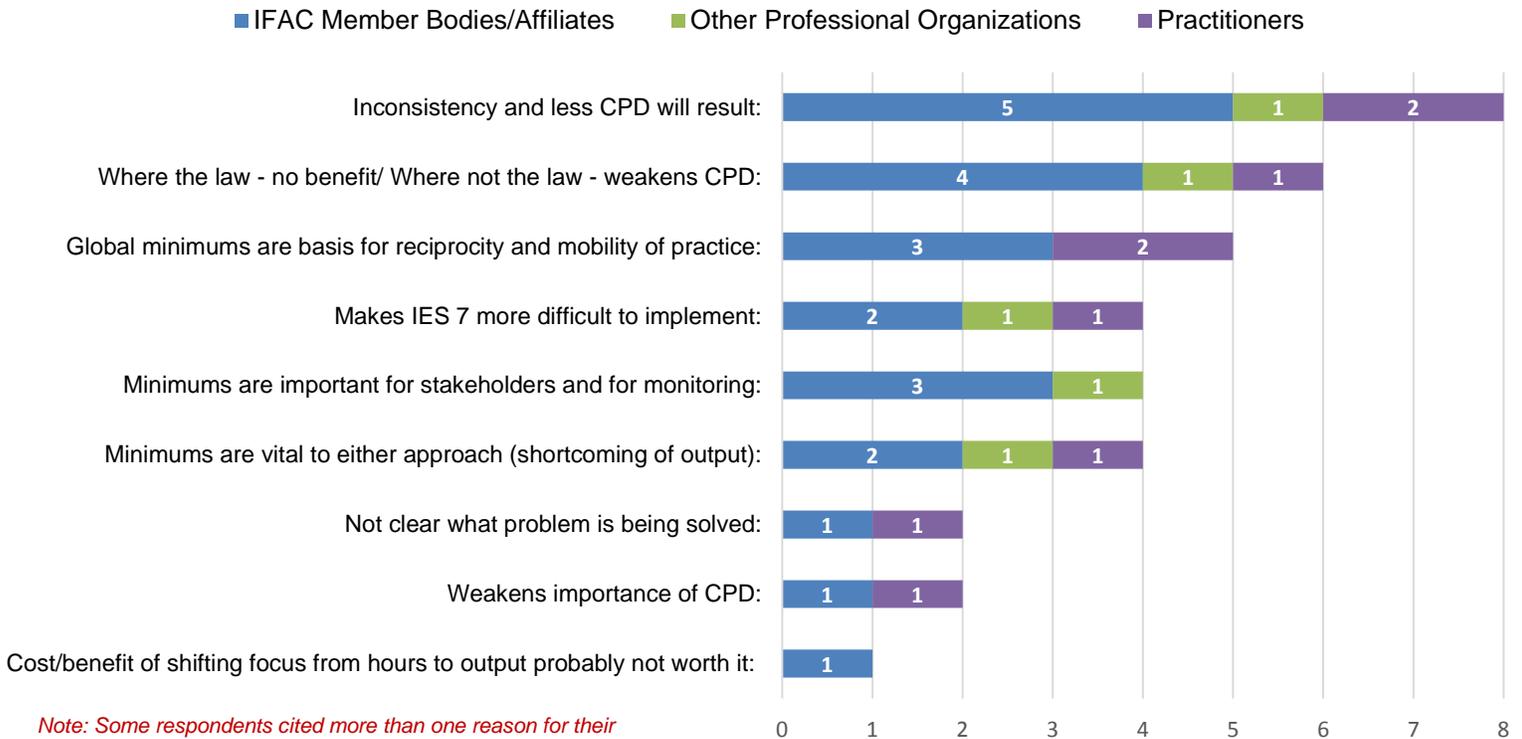
Summary of issue

218. While the Board did not specifically ask respondents if they support the removal of minimum hours in IES 7 (revised), the Board received direct feedback from respondents who do and who do not support the Board’s removal of minimum hours. Theme 24 presented at Agenda Item 2-3 organizes responses related to opinions about why respondents do not support the removal of prescribed hours from IES 7 (revised) and Theme 25 summarizes responses from those who do support the removal.

Do Not Support Removal of Minimum Hours from IES 7 (revised)

219. 18 of 42 respondents¹² indicated through a direct comment that they do not support the removal of minimum hour benchmarks from IES 7 (revised). Demographics and reasons why respondents do not support the removal of minimum hours from IES 7 (revised) are summarized in the following charts (see next page):

Reason Hours Should not be Removed: **Respondent Type Response**

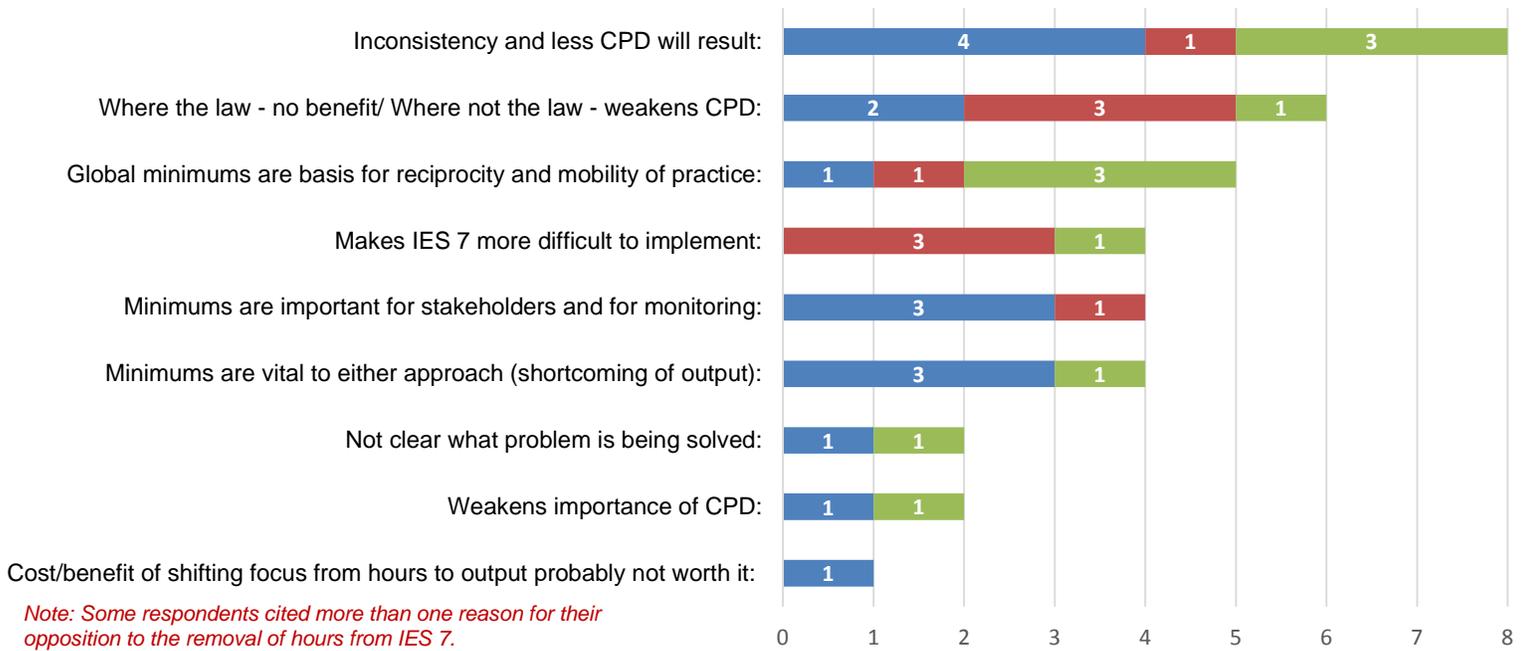


Note: Some respondents cited more than one reason for their opposition to the removal of hours from IES 7.

¹² The 18 respondents are listed in the table at paragraph 223 below.

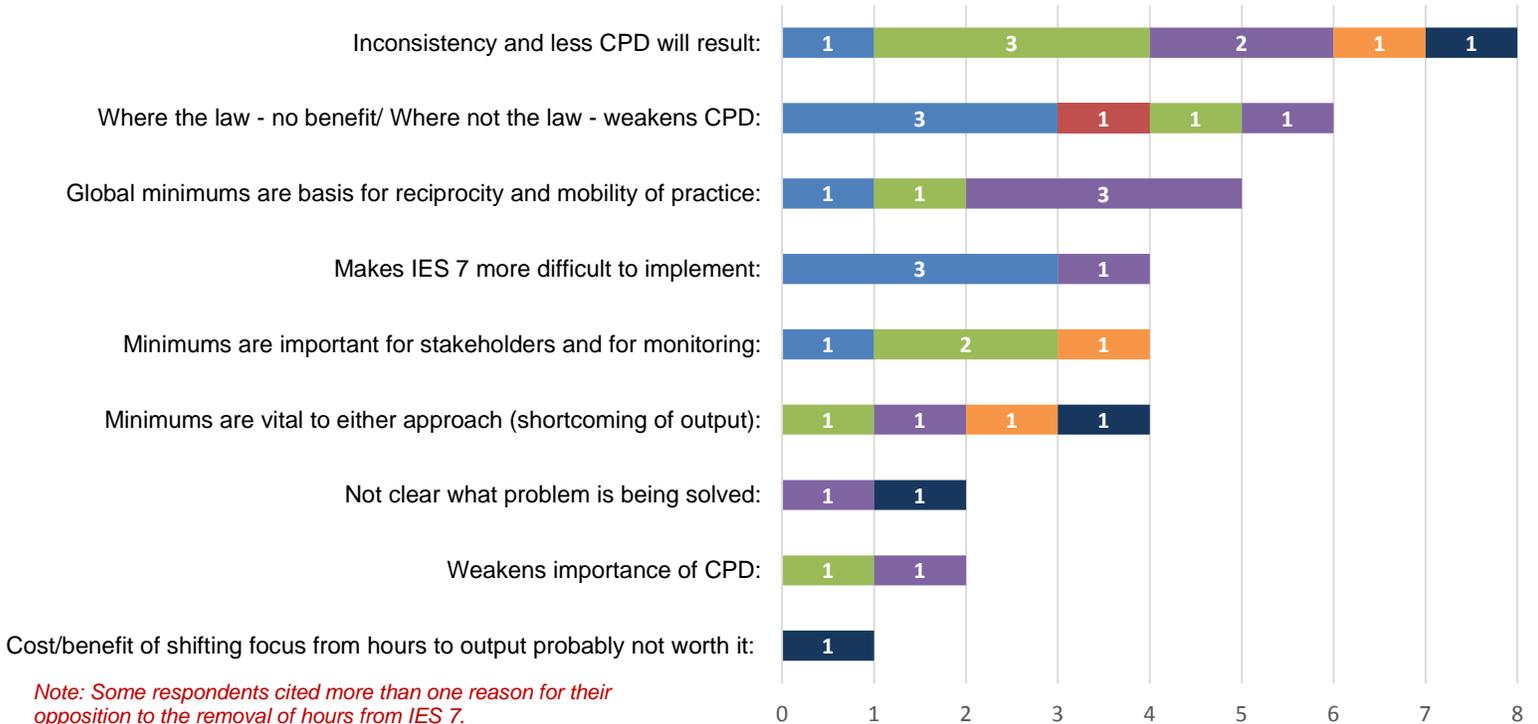
Reason Hours Should not be Removed: **Economic Region Response**

■ Advanced ■ Developing ■ Global



Reason Hours Should not be Removed: **Geographic Response**

■ Africa ■ Asia ■ Europe ■ Global ■ North America ■ Oceania



Supports Removal of Minimum Hours from IES 7 (revised)

220. Four (4) of 42 respondents indicated through a direct comment that they support the removal of prescribed hours from IES 7 (revised). One (1) respondent (EY) did not state a reason about why they support the removal, while reasons the other respondents support the removal include:

a. Better reflects a principles-based approach:

One (1) respondent (Professors Catriona and Nicholas Paisey) noted that the proposed revision to remove minimum hours from the input-based approach requirement fits better with a principles-based approach for the standard.

b. Helps emphasize ‘CPD reflectivity’ instead of CPD compliance:

One (1) respondent (Professors Catriona and Nicholas Paisey) commented that, prescribing hours tends to make CPD a compliance exercise when it should be about the need for professional accountants to spend time reflecting.

c. Measuring hours is not the same as measuring competence:

One (1) respondent (AICPA) commented that they support the removal of hours because measuring hours spent on learning activities is not the same as measuring the competence gained from those activities

d. There is no educational basis for prescribed hours in extant IES 7 (revised):

One (1) respondent (BDO) commented that they support the removal of prescribed hours in the IES 7 (revised) requirements because they believe those hours will become a recognized benchmark when there is not educational evidence for those hours as appropriate.

e. Removal promotes flexibility for IFAC member bodies:

One (1) respondent (BDO) stated they support the removal of prescribed hours from the IES 7 (revised) requirements because they believe IFAC member bodies should have the flexibility to establish benchmarks that work best for the circumstances in their unique jurisdictions.

221. The TF presented a preliminary analysis of comments to the CAG and Board at their October 2017 respective meetings, including a summary of feedback related to opinions about minimum hours in IES 7 (revised). The CAG and Board asked the TF to further analyze comments from respondents who did not directly comment about whether minimum hours should be removed from IES 7 (revised). The CAG and Board noted that there may be additional respondents who are comfortable with the removal of minimum hours, found in the population of respondents who indicated their belief that proposed requirements in IES 7 (revised) are appropriate and clear¹³.

222. The TF identified 20 respondents who indicated that the requirements of IES 7 (revised) were appropriate and clear. Of those 20 respondents, seven (7)¹⁴ indicated the requirements were appropriate and clear, except for the removal of the minimum hours. Two (2)¹⁵ of the 20 respondents directly stated that the requirements were appropriate and clear, in part, because minimum hours were removed. The TF identified a remaining 11 of 20 respondents¹⁶ who did not directly state an opinion about the removal of minimum hours from IES 7 (revised) but did state that requirements were appropriate and clear or that they supported revisions to the requirements.

Analysis, alternatives and recommendations for issues:

¹³ Question 2 in the cover memo for the exposure draft: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?

¹⁴ The seven (7) respondents indicating the requirements are appropriate and clear except for the removal of minimum hours include: IDW; PAFA; EFAA; KPMG; WPK; CPA Canada; ICPAU

¹⁵ The two (2) respondents indicating the requirements are appropriate and clear in part because of the removal of minimum hours include: AICPA; BDO

¹⁶ The 11 respondents indicating the requirements are appropriate and clear but did not comment specifically on the removal of minimum hours include: IAA; ISCA; IBRACON; Knowledge Equity; ICAZ; FACPCE: Miguel Angel Bouzas Sanudo; IRBA; TURMOB; Malaysian Institute of Accountants; and FRC.

223. Based on the feedback summarized at paragraphs 11-14, above, the TF identified 18 respondents who **do not support** the removal of hours; four (4) respondents who **support** the removal of hours; and 11 respondents, who through an indirect statement that revised requirements are appropriate and clear and the lack of an explicit statement to the contrary, may support the removal of hours from the requirement in IES 7 (revised):

Respondent opinions:	Count	Respondents
Do not support removal	18	IDW; SAIPA; PAFA; ICAEW; CPA Australia; ACCA; PwC; GAO; EFAA; Chartered Accountants Ireland; KPMG; WPK; ICAN; JICPA; CPA Canada; Deloitte; ICPAU; ICAS
Support removal (direct statement)	4	Professors Paisey; EY; AICPA; BDO
May support removal (indirect statement)	11	IAA; ISCA; IBRACON; Knowledge Equity; ICAZ; FACPCE; Miguel Angel Bouzas Sanudo; IRBA; TURMOB; Malaysian Institute of Accountants; FRC
Total Respondents Analyzed	33	<i>Note: The Board received 42 responses on IES 7 (revised)</i>

224. The TF noted that the above analysis does not account for the opinions of nine (9) respondents. The TF is unable to determine confidently, if the nine (9) respondents are expressing an opinion for or against the removal of minimum hours. Given that uncertainty, the TF considered scenarios where all nine (9) respondents do not support or do support the removal of hours and noted that under either scenario, feedback would be split roughly 60-40% either way. More than likely, the remaining nine (9) respondents may have varied views which would bring the mix of opinions closer to a 50-50 split.

225. Given the number of respondents who do not support the removal of references to minimum hours from both the IES 7 (revised) requirements and explanatory material, leaving a reference to hours out of the final proposed standard was not considered to be a viable option. Therefore, the TF considered the following **alternatives** in response to this issue:

- a. Restore extant IES 7 minimum hour language in the input-based approach requirement within the standard; or
- b. Restore extant IES 7 minimum hour language in explanatory material for the input-based approach.

The TF notes that under alternative (b), the development of implementation guidance for establishing CPD minimums becomes increasingly important to respondents.

226. Regarding option (b) at paragraph 17, the TF notes that there is precedent for the Board selecting that option for previously prescribed hours in an IES requirement. The Board moved prescribed hours for practical experience into explanatory material as an example as part of its revision for IES 5, *Initial Professional Development – Practical Experience* (2015).¹⁷

227. Based on the precedent set with IES 5 and divided views among respondents, **the TF recommends** that the Board restore extant IES 7 minimum hour language in explanatory material as an example for the input-based approach (see paragraph 37 below for proposed wording). The TF views this as a compromise solution that has prior precedent with the Board. Given respondent concerns about removing a prescribed minimum amount of hours in the requirements of IES 7 (revised), the **TF also recommends** that the Board include implementation guidance related to the establishment of CPD minimums.

228. The Board received additional feedback about explanatory material related to the input-based approach. See proposed revisions to explanatory material, for the recommendation made at paragraph 227, at paragraphs 238-248 below, which synthesize all proposed revisions to explanatory material for the input-based approach.

¹⁷ IES 5, *Initial Professional Development – Practical Experience* (2015), para. A12: "... For example, an IFAC member body choosing the input-based approach might consider three years of practical experience..., or two years with a Master's degree in accounting or other relevant subject, or a minimum of five years total of combined accounting education and sufficient practical experience."

G3. Other Comment on the Input-Based Approach Requirement

Summary of issue:

229. In addition to the feedback summarized above, the Board received one additional comment about the requirement for the input-based approach in IES 7 (revised). Theme 26 presented at Agenda Item 2-3 organizes other comments on the input-based approach requirement in IES 7 (revised).
230. One (1) of 42 respondents (PwC) commented that, IES 7 (revised) does not include a requirement to measure the quality of CPD when using an input-based approach. PwC noted that professional accountants may not develop and maintain professional competence from undertaking learning and development activities if those activities are not of high quality. PwC suggests that the input-based approach requirement be revised to also include a reference to measuring the ‘quality of the learning and development activity’.

Analysis, alternatives, and recommendations for issues:

231. The TF considered the following **alternatives** in response to this issue:
- a. Revise the input-based approach requirement to include a reference to ‘the quality of learning and development activities’;
 - b. Incorporate direct reference to learning outcomes into the input-based requirement;
 - c. Incorporate explanatory material into IES 7 (revised) addressing ‘the quality of learning and development activities’; or
 - d. Making no further revisions to IES 7 (revised).
232. Based on early TF discussions about CPD and possible revisions to IES 7 (revised), the TF notes that the term ‘quality’ is difficult to use in standard setting without clearly defined principles for what constitutes ‘quality’. In this instance, the Board would need to clearly define what constitutes ‘quality’ for a learning and development activity or for all learning and development activities.
233. The TF notes that a possible definition of ‘quality’ learning and development activities would apply to both IPD and CPD standards. Currently, in the IAESB Framework and in the proposed revision of IES 7, the Board provides examples of learning and development activities but does not define or establish principles for ‘quality’ learning and development activities.
234. Specific to IES 7 (revised), the adoption of a requirement that IFAC member bodies assess the quality of learning and development activities may cause conflicts of interest in jurisdictions where an IFAC member body is also a CPD provider.
235. The TF explored incorporating the concept of ‘a specified amount of learning and development activity **focused on learning outcomes**’ in the wording of the input-based approach requirement at paragraph 13. The TF thinking was that, directing attention to a focus on learning outcomes for learning and development activities, might be a mechanism for bringing the concept of ‘quality’ or ‘assurance’ of learning into the input-based approach. The TF submitted this language for DWG review and based on DWG review, removed the wording from the recommendations outlined for the Board below. The DWG commented that incorporating references to ‘learning outcomes’ in the input-based approach is likely to cause confusion between the output-based and input-based approaches, which is something the TF sought to clarify through its recommendations for revising IES 7.
236. Therefore, **the TF recommends** that IES 7 (revised) not be further revised to incorporate a reference to ‘the quality of learning and development activities’ in requirements.
237. Given that there is not an existing reference to ‘quality learning and development activities’ in the introduction or requirements of IES 7 (revised), the TF does not believe incorporating this concept into IES 7 (revised) explanatory material is consistent with the IAESB drafting conventions.¹⁸ Therefore, **the**

¹⁸ According to Appendix 2 of the IAESB’s *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015): The explanatory material is intended to explain the scope, objective, and requirements in more

TF recommends not adding a reference to ‘quality learning and development activities’ in explanatory material for IES 7 (revised).

G4. Revisions to Explanatory Material for the Input-based Approach

Summary of issues:

238. 10 respondents (ACCA; AICPA; BDO; CPA Australia; Deloitte; EY; IDW; ISCA; JICPA; and NASBA) suggested that the Board consider making further revisions to explanatory material specific to the input-based measurement approach. These comments are organized under Theme 27 at Agenda Item 2-3.
239. To facilitate review of this issue, the following table outlines proposed explanatory material for the input-based approach:

Paragraph A22:	
Proposed IES 7	<p>An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to:</p> <ul style="list-style-type: none"> (d) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable; (e) Complete a set amount of learning or relevant professional development activity in each year; and (f) Measure learning and development activities undertaken to meet such requirements.
Proposed Revisions at paragraph 187 above	<p>An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to:</p> <ul style="list-style-type: none"> (a) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable; (b) Complete a set amount of learning or relevant professional development activity in each year; and (c) Measure learning and development activities undertaken to meet such requirements. <p>Paragraphs N27, N28, and A28 provide examples of evidence that may be used to confirm learning and development activities were completed and relevant to the professional accountant’s role.</p>

Paragraph A23:	
Proposed IES 7	<p>IFAC member bodies may choose to use other measures that will be understood by professional accountants. Examples of measures of input-based CPD include:</p> <ul style="list-style-type: none"> (a) Time spent on a learning and development activity; (b) Units allocated to the learning and development activity by a CPD provider; and (c) Units prescribed for learning and development activity by an IFAC member body.

a. **Revisions to paragraph A22:**

- i. Two (2) respondents (IDW; ACCA) that the ‘and’ at the end of bullet (b) be replaced with ‘or’ as it ‘implies that all three elements can only operate in conjunction with one another.’
- ii. One (1) respondent (ACCA) commented that ‘relevant’ in bullet (b) should be repositioned before ‘learning or’.
- iii. One (1) respondent (Deloitte) commented that ‘meet such requirements’ at the end of bullet (c) could be misconstrued and recommended its removal.
- iv. One (1) respondent (NASBA) noted that the term ‘equivalent learning units’ used at paragraph A22 is not defined in the Glossary and that illustrative examples would be helpful.

detail. The explanatory material assists IFAC member bodies in the application of the requirements and may include examples of how to meet them. The explanatory material does not impose any additional requirements; its purpose is to assist in application.

b. **Revisions to paragraph A23:**

- i. Four (4) respondents (JICPA; BDO; EY; ACCA) commented that paragraph A23 is confusing when read next to A22. A23 references 'other examples' of input measures but the examples listed at A23 are noted by respondents to be the same as are listed at A22 (i.e., both paragraphs only provide examples of hours/time or equivalent units).
- ii. One (1) respondent (NASBA) commented on A23b, that in their 'opinion, allowing CPD providers to determine the units allocated to a learning and development activity without guidance from a member body or licensing body is ripe for abuse, and should not be allowed. Paragraph A23(b) might be better written as follows: (b) Units allocated to the leaning and development activity by a CPD provider in accordance with the rules or regulations of a member body or licensing body.'

c. **Other comments on input-based appropriate explanatory material:**

- i. Two (2) respondents (ACCA; EY) noted that it would be helpful if the IAESB included explanatory material about how a specified amount of learning and development activity can be determined and if it is appropriate for different amounts to be set for professional accountants performing different roles.
- ii. Two (2) respondents (ISCA; AICPA) commented that the input-based approach is not always aligned with measuring the developing and maintaining of professional competence (i.e., it has perceived shortcomings). The AICPA noted that extant IES 7 included explanatory material which pointed this out and offered suggestions about how those 'limitations' could be partially overcome. ISCA commented that the inclusion of a continuum or explanation about how the input-based approach could be improved would be welcomed.
- iii. One (1) respondent (CPA Australia) commented that the requirement for the input-based approach 'may require further explanatory details in order for IFAC member bodies to interpret and apply the intentions consistently.'

Analysis and recommendation for issue related to the output-based measurement approach:

240. The TF agrees with respondent feedback that paragraph A22c is confusing as it suggests professional accountants are responsible for measuring their learning and development activities to determine if they meet the requirements set by IFAC member bodies at A22a-b. The TF notes that the construct of paragraph A22 mirrors the language from the requirement from extant IES 7, without specific hours.
241. Therefore, **the TF recommends** that paragraph A22b be modified according to respondent feedback at paragraph 239aii and that paragraph A22c be removed based on the TF analysis outlined at paragraph 240 (i.e., this addresses respondent concerns at paragraph 239ai and 239aii).
242. The TF understands the suggestion to define 'equivalent learning units' and to provide 'practical examples'. The TF notes, that it may be challenging to define 'equivalent learning units' in the Glossary without getting into long-form examples. The TF believes that long-form examples would be better addressed through implementation guidance. Therefore, **the TF recommends** that the Board consider implementation guidance for this feedback.
243. Based on the recommendation outlined at paragraph 269, the TF recommends that paragraph A22 be further revised as follows:

244.

Paragraph A22:	
Proposed IES 7	An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to: (g) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable; (h) Complete a set amount of learning or relevant professional development activity in each year; and (i) Measure learning and development activities undertaken to meet such requirements.
Proposed Revisions at paragraph 187 above	An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to: (d) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable ; (e) Complete a set amount of learning or relevant professional development activity in each year; and (f) Measure learning and development activities undertaken to meet such requirements. Paragraphs N27, N28, and A28 provide examples of evidence that may be used to confirm learning and development activities were completed and relevant to the professional accountant's role.
Final Proposed Wording	An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to: (a) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable and/or; (b) Complete a specified set amount of relevant learning or relevant professional development activity in each year. and (c) Measure learning and development activities undertaken to meet such requirements. Paragraphs N27, N28, and A28 provide examples of evidence that may be used to confirm learning and development activities were completed and relevant to the professional accountant's role.

245. The TF agrees with respondent feedback that paragraph A23 appears to be redundant with paragraph A22. **The TF recommends** removing paragraph A23 based on feedback specific to A23 but also in consideration of the other recommendations the TF makes below, regarding other revisions and additions to explanatory material. Suggested revisions to paragraph A23 are included in the following table:

Paragraph A23:	
Proposed IES 7	IFAC member bodies may choose to use other measures that will be understood by professional accountants. Examples of measures of input-based CPD include: (a) Time spent on a learning and development activity; (b) Units allocated to the learning and development activity by a CPD provider; and (c) Units prescribed for learning and development activity by an IFAC member body.
Final Proposed Wording	IFAC member bodies may choose to use other measures that will be understood by professional accountants. Examples of measures of input-based CPD include: (a) Time spent on a learning and development activity; (b) Units allocated to the learning and development activity by a CPD provider; and (c) Units prescribed for learning and development activity by an IFAC member body.

246. The TF acknowledges feedback at paragraph 239cii above and notes that the TF specifically deliberated whether or not extant paragraph A18 (limitations of the input-based approach) should be retained in IES 7 (revised) or not. The TF acknowledges that similar language is included in explanatory material for IES 5¹⁹ related to the input-based approach for measuring practical experience. The TF notes that the Board also received feedback in response to the proposed revision to IES 7 noting perceived limitations for the

¹⁹ See paragraph A11 in IES 5, Initial Professional Development – Practical Experience (2015)

output-approach (See paragraph 196 above).

247. Based on respondent feedback that both approaches likely have some limitations, the TF believes that if the Board were to point out the perceived limitations for one approach within IES 7 (revised), to be consistent, the Board should then also point out the perceived limitations of the other. While the TF agrees with trying to push the profession to improve CPD, the TF does not believe that pointing out possible limitations of both approaches in IES 7 (revised) would help the Board push the profession to improve CPD.
248. Therefore, **the TF recommends** not restoring extant language related to the perceived limitations of the input-based approach in IES 7 (revised). To push the profession towards improving CPD directly in IES 7 (revised) **the TF recommends** continuing to push for revisions which emphasize that the purpose of CPD is to develop and maintain professional competence. **The TF also recommends** developing implementation guidance to address the perceived limitations of both approaches and suggestions for how those limitations might be overcome.
249. Finally, the TF acknowledges feedback about possible explanatory material to help IFAC member bodies think about how to establish a specified amount of CPD. The TF agrees that incorporating explanatory material on this concept is important, as noted at paragraph 225 above. As noted at paragraph 227, **the TF recommends** adding explanatory material to include the extant prescribed hours as examples in IES 7 (revised). The TF believes example hours can be inserted as part of newly added explanatory material related to specifying an amount of CPD, as follows:

New Paragraph to Add:	
Final Proposed Wording	N23. This IES is based on the concept that IFAC member bodies using an input-based approach expect professional accountants to develop and maintain professional competence, through the undertaking of a specified amount of CPD. For example, an IFAC member body choosing the input-based approach might consider existing practice where it is common to set a minimum of at least 120 hours (or equivalent learning units) of relevant CPD in each rolling three-year period, of which 60 hours (or equivalent learning units) would be verifiable and at least 20 hours (or equivalent learning units) of relevant professional development activity in each year.

Action Requested:

- 11. Do you agree with the recommendations for proposed revisions to the ‘Input-based approach’ requirement presented at paragraphs 218-237, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**
- 12. Do you agree with the recommendations for proposed revisions to the ‘Input-based approach’ explanatory material presented at paragraphs 238-248, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

H1. Use of Both Approach Comments:

250. The Board asked the following questions which generated feedback specific to the use of ‘both approaches’ in IES 7 (revised):
- a. Question 2: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?
 - b. Question 3: Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7?

- c. Question 4: Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-21) 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?
- d. Question 5: Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?
- e. 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?
- f. Question 7: What topics or subject areas should implementation guidance cover?
- g. The board also invited respondents to provide general commentary.

251. Responses specific to the use of both approaches are outlined, in detail, at Agenda Item 2-3 and presented at themes 28 and 29. Each theme is included for discussion below.

H2. Opinions about the Use of Both Approaches in IES 7 (revised) Requirements

Summary of issues:

252. The Board specifically asked respondents if the requirements of the proposed IES 7 (revised) are appropriate and clear. Four (4) respondents commented that the ‘combination approach’ requirement included in extant IES 7 at paragraph 16 was replaced with a reference to using ‘both’ approaches at paragraph 12 in IES 7 (revised). Respondents have mixed views about whether this requirement in IES 7 (revised) is appropriate and clear. Theme 28 presented at Agenda Item 2-3 organizes responses related to opinions about the use of both approaches in IES 7 (revised) requirements.
253. To facilitate review of feedback in this area, the proposed requirement for the use of both approaches in IES 7 (revised) is presented next to the extant IES 7 combination approach requirement in the following table:

<u>Extant IES 7</u>	Combination Approach (Ref: Para. A21) 16. IFAC member bodies implementing a combination of input- and output-based approaches shall comply with the requirements of input- and output-based approaches, as applicable, set out in this IES.
<u>Proposed IES 7</u>	Measurement of CPD (Ref: Para. A18, A25) 12. IFAC member bodies shall establish an approach to measurement of professional accountants’ CPD <u>that develops and maintains professional competence</u> ²⁰ , using the output-based approach, input-based approach, or both.

Positive Opinions about the Requirement for the Use of Both Approaches

254. One (1) of 42 respondents (BDO) commented that they supported the removal of the description of the combination approach because they found paragraph 16 in extant IES 7 to be unclear.

Opinions that Further Revisions are Needed for Requirements

255. Three (3) of 42 respondents (IAA; AICPA; ICAZ) commented that they believe a requirement for ‘both approaches’ should be spelled out in further detail, similar to how the three approaches were spelled out separately in extant IES 7. They noted that it was unclear why the Board replaced ‘combination’ with ‘both’ when describing the third measurement approach. ICAZ and IAA commented that including a requirement would be desirable and IAA suggested the following example:

“Input-based approach and results

IFAC member organizations that use a mixed approach based on inputs and outputs will require professional accountants to complete a specific amount of learning and development

²⁰ The TF recommended inserting the underlined words based on analysis of comments presented at paragraphs 141a-150 above.

as well as demonstrate the achievement of learning outcomes relevant to their performance and professional responsibilities.”

Analysis and recommendations for issues:

256. Based on its review of all feedback related to the use of both approaches (feedback on requirements, explanatory material and implementation guidance), the TF believes respondent suggestions are all intended to help readers better understand the use of ‘both approaches’. Suggestions have been made that could impact the requirements, explanatory material and/or implementation guidance. A key consideration when analyzing comments around the use of both approaches is if revisions to the requirements in IES 7 (revised) will materially improve understanding of the approach.
257. The TF notes that while only one (1) respondent specifically commented that they support the proposed revisions to the extant combination approach requirement, as many as 38 additional respondents may also be comfortable with proposed revisions, based on the absence of respondents expressing concern about proposed revisions for the extant combination approach requirement.
258. The TF notes that two (2) of the three (3) respondents (AICPA; ICAZ) who asked the Board to revise the requirements for ‘both approaches’ also commented that additional explanatory material would be needed to help them understand the third measurement approach in IES 7 (revised). As outlined in the discussion of issues related to explanatory material (see paragraphs 260-264), the TF notes an additional four (4) respondents (ACCA; BDO; FRC; NASBA) requested that the Board revise or expand explanatory material to support their understanding of how to apply ‘both approaches’.
259. Based on the number of respondents who did not raise concerns with the inclusion of ‘both’ in IES 7 (revised) requirements and considering respondent feedback about the requirements and the explanatory material specific to ‘both approaches’, the TF believes that further revision to the requirements of IES 7 (revised) for the use of both approaches may not address questions about how to apply both approaches or a combination of both approaches.
260. Therefore, **the TF recommends** that no further revisions be made to IES 7 (revised) paragraph 12 and that no additional measurement requirement paragraphs be added, specific to a ‘use of both approaches’ or ‘combination approach’. To address questions about the use of both approaches, the TF has made a series of recommendations related to explanatory material at paragraphs 260-264 below.

H3. Revisions to Explanatory Material for the Use of Both Approaches

Summary of issues:

261. Six (6) of 42 respondents (AICPA; ICAZ; ACCA; BDO; FRC; NASBA) indicated that revisions or additions to explanatory material related to the use of both approaches would help their understanding of how to apply ‘both’ approaches. Theme 29 presented at Agenda Item 2-3 organizes responses related to possible revisions to explanatory material specific to ‘both’ approaches in IES 7 (revised).
262. To facilitate review of feedback in this area, the proposed explanatory material for the use of both approaches in IES 7 (revised) is presented next to the extant IES 7 combination approach explanatory material in the following table:

<u>Extant</u> <u>IES 7</u>	<p><i>Combination Approach</i> (Ref: Para. 16)</p> <p>A21. Alternatives for adopting a combination approach to CPD include:</p> <ul style="list-style-type: none"> (a) Applying requirements of both input- and output-based systems, whereby inputs contribute to the output competences being measured for a portion of the knowledge areas in a predominantly output-based system; (b) Allowing professional accountants who may not meet the input requirement to provide verification that competence has been developed and maintained; or (c) Specifying a certain number of hours of input as an indication of likely effort required to achieve competence, and monitoring this, together with verifying the competence achieved as a result of the learning activities.
<u>Proposed</u> <u>IES 7</u>	<p>Use of Both Measurement Approaches (Ref: Para. 12)</p> <p>A25. IFAC member bodies may choose to use both the output-based and the input-based approaches. This could include evaluating the achievement of important learning outcomes while allowing for a quantifiable measurement of completed CPD. For example, professional accountants would complete an educational program or course of study, followed by a written examination on the content. Only on successful completion of the examination would the professional accountants be awarded or credited with a number of learning hours for the overall learning activity that would be counted towards an input based requirement.</p>

a. Need more information to know how to use both approaches:

Five (5) respondents (AICPA; BDO; FRC; ICAZ; NASBA) commented that revisions or additions to explanatory material would be helpful to clarify the difference between ‘using both’ approaches compared to using a ‘combination of approaches’. Respondents are not certain if there is an intended difference and are looking for additional information to help them understand what is expected for users of this approach. In addition, NASBA expressed concern that inconsistent understanding and use of both approaches would result in widely variable CPD efforts around the world. Finally, NASBA commented that “guidance needs to be clear that the achievement of learning outcomes attained while participating in an input-based approach learning and development activity cannot be counted twice, if the same learning outcomes are then demonstrated as part of an output-based approach.”

b. Modify or add to the example proposed at A25:

Four (4) respondents (ACCA; AICPA; BDO; NASBA) commented that the example provided at A25 should be changed or additional examples should be added.

- i. Three (3) respondents (NASBA; BDO; AICPA) noted that additional examples would be helpful to illustrate the variety of ways ‘both’ approaches could be used. Respondents note the current example is one way to combine the approaches but that additional examples of how to combine and also how to use both approaches separately could also be added. The AICPA observed the currently provided example is already widely in-use and therefore may not help users of IES 7 (revised) think about additional ways to adopt both approaches.
- ii. One (1) respondent (ACCA) asked that the example at A25 (combing an exam with time spent) was challenging because time spent on a learning activity might be complete during CPD cycle A but the completion of the related examination might occur in CPD cycle B. ACCA requested that a different example be used.

Analysis, alternatives, and recommendations for issues:

263. Generally, the TF agrees with respondent feedback that additional information and more examples for the ‘use of both’ approaches would be beneficial. The TF believes there is an opportunity to modify proposed paragraph A25 in IES 7 (revised) to provide clarity around the possible different methods for how both approaches could be used. The TF also agrees that examples for how the approach can be applied would be helpful but that the most appropriate way to provide those examples is through implementation guidance rather than in IES 7 (revised) explanatory material. Therefore, **the TF recommends** that explanatory material for the use of ‘both approaches’ be expanded to clarify understanding of the approach. See paragraph 264, below, for proposed revisions.

264. In developing recommendations for possible methods, the TF noted the comment that “guidance needs to be clear that the achievement of learning outcomes attained while participating in an input-based approach learning and development activity cannot be counted twice, if the same learning outcomes are then demonstrated as part of an output-based approach.” The TF recognizes the possible issue of a professional accountant getting ‘double credit’ for one learning activity/outcome and has taken this into consideration when developing revisions recommended at paragraph 264, below.
265. Based on recommendations outlined at paragraphs 262-263, the TF proposes that explanatory material for the use of ‘both approaches’ be modified as follows:

<u>Proposed IES 7</u>	<p><i>Use of Both Measurement Approaches</i> (Ref: Para. 12)</p> <p>A25. IFAC member bodies may choose to use both the output-based and the input-based approaches. This could include evaluating the achievement of important learning outcomes while allowing for a quantifiable measurement of completed CPD. For example, professional accountants would complete an educational program or course of study, followed by a written examination on the content. Only on successful completion of the examination would the professional accountants be awarded or credited with a number of learning hours for the overall learning activity that would be counted towards an input based requirement.</p>
<u>Final Proposed Wording</u>	<p><i>Use of Both Measurement Approaches</i> (Ref: Para. 12)</p> <p>A25. IFAC member bodies may choose to use both the output-based and the input-based approaches. Examples of how an IFAC member body might construct such an approach could include:</p> <ul style="list-style-type: none"> (a) Evaluating the achievement of specified learning outcomes while allowing for a quantifiable measurement of completed CPD for other learning outcomes. (b) Accepting evidence that learning and development activities have been undertaken by a professional accountant and confirming that learning outcomes have been achieved for those learning and development activities. (c) Recognizing CPD for certain professional accountants is measured using an output-based approach while CPD for remaining professional accountants is measured using an input-based approach. (d) Designating an approach focused on either input measures or output measures and allowing professional accountants to replace a portion of the CPD measurement requirement with evidence of CPD provided from the other measurement approach.

Action Requested:

- 13. Do you agree with the recommendations for proposed revisions to the ‘Use of Both Approaches’ requirement (i.e., to not re-introduce a requirement) presented at paragraphs 251-259, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**
- 14. Do you agree with the recommendations for proposed revisions to the ‘Use of Both Approaches’ explanatory material presented at paragraphs 260-264, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

11. Monitoring and Enforcement Comments:

266. The Board asked the following questions which generated feedback specific to monitoring and enforcement:
- a. Question 2: Are the requirements (see paragraphs 9-17) of the proposed IES 7 appropriate and clear?
 - b. Question 3: Are there any additional explanatory paragraphs needed to better explain the

- requirements of the proposed IES 7?
- c. Question 4: Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-21) 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?
 - d. Question 5: Are there any terms within the proposed IES 7 which require further clarification? If so, please explain the nature of the deficiencies?
 - e. 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?
 - f. Question 7: What topics or subject areas should implementation guidance cover?
 - g. The board also invited respondents to provide general commentary.
267. Responses specific to monitoring and enforcement are presented, in detail, at Agenda Item 2-3 between themes 30 and 31. Each theme is included for discussion below.
268. While the requirement an explanatory material for the concept of verifiable evidence is currently located with monitoring and enforcement in IES 7 (revised), responses about verifiable evidence were analyzed and presented for discussion with measurement topics. The TF believes analyzing commentary about verifiable evidence with commentary about measurement is more helpful to understanding issues for both concepts. See additional discussion of issues and proposed revisions impacting requirements and explanatory material, related to verifiable evidence presented above, at paragraphs 156-183.

12. Suggested Revisions to Monitoring and Enforcement Requirements

Summary of issues:

269. Two (2) of 42 respondents (EY; ACCA) provided suggested revisions to the wording of the requirements for monitoring and enforcement and are presented under Theme 30 at Agenda Item 2-3:
- a. Add 'remediation' to requirement paragraph 16:
EY suggested that the word 'remediation' should be added to modify paragraph 16 so that it reads:
*IFAC member bodies shall establish a systematic process to (a) monitor whether professional accountants meet the IFAC member body's CPD requirements, and (b) provide appropriate sanctions **and remediation** for failure to meet those requirements.*
 - b. Modify wording so enforcement happens 'as needed' rather than 'on a regular basis':
ACCA observed that the current wording at paragraph 17 in IES 7 (revised) requires IFAC member bodies to undertake enforcement of CPD on a regular basis. ACCA suggested the requirement be re-worded to make clear that enforcement should happen as needed, rather than on a regular basis.

Analysis, alternatives, and recommendations for issues:

270. The TF notes that the only comment received on the requirement at paragraph 16 is the suggestion from EY to add 'remediation' to the current wording.
271. The TF considered the addition of 'remediation' to the current wording of the requirement and notes that 'remediation' is not a term that is defined in the IAESB Glossary of Terms nor is it used in any existing IES. The TF notes that 'appropriate sanctions' is also not defined in the IAESB Glossary of Terms but that 'appropriate sanctions' is explained at paragraphs A33 – A38 in the explanatory material of IES 7 (revised). The TF believes that the concept of 'appropriate sanctions', as explained, encompasses a spectrum of actions an IFAC member body might undertake to bring a professional accountant into compliance.
272. The TF believes, that adding 'remediation' to the requirement at paragraph 16 could impose a new set of requirements on IFAC member bodies in that the processes and procedures for remediation are likely distinct from what is currently described in IES 7 (revised) and in the IAESB Framework²¹. The TF

²¹ The IAESB Framework (paragraph 42) and Glossary of Terms define monitoring as the "systematic process of collecting, reviewing, and confirming the evidence that demonstrates professional competence has been developed or

believes that setting out principles and explanatory material for effective remediation may be a scope change. While some member bodies may currently have the resources and processes in place to carry out and oversee remediation activities as part of their monitoring process, the TF believes IFAC member bodies should have the flexibility to determine their role in ‘bringing professional accountants into compliance.’ Therefore, **the TF recommends** that the word ‘remediation’ not be added to the requirement at paragraph 16 in IES 7 (revised).

273. Regarding the observation about the requirement in paragraph 17, the TF agrees that the current wording would require IFAC member bodies to undertake enforcement of CPD on a regular basis. The TF believes the Board’s intention is to require IFAC member bodies to undertake processes for measuring and monitoring CPD on a regular basis but to enforce CPD, through the provision of appropriate sanctions, on an as needed basis (i.e., when the regular processes of measuring and monitoring reveal that enforcement is necessary). Therefore, **the TF recommends** that the wording of the requirement at paragraph 17 in IES 7 (revised) be re-worded:

Proposed IES 7	17. IFAC member bodies shall undertake processes for measuring, monitoring, and enforcement of CPD on a regular basis.
Final Proposed Wording	17. IFAC member bodies shall undertake processes for measuring and monitoring CPD on a regular basis and enforcement of CPD, as necessary.

13. Possible Revisions to Explanatory Material for Monitoring and Enforcement

Summary of issues:

274. 13 of 42 respondents²² provided feedback about the explanatory material related to monitoring and enforcement requirements. Theme 31 presented at Agenda Item 2-3 organizes responses related to opinions about the output-based approach in IES 7 (revised).

Time frame for monitoring cycles:

275. Three (3) respondents (Knowledge Equity; NASBA; AICPA) commented that currently proposed explanatory material does not include a suggested timeframe for systematic monitoring. NASBA and AICPA further noted that extant IES 7 included helpful explanatory material which described timeframes of usually not less than one year but not longer than five years in duration.
276. One (1) respondent (AAT) commented that further clarification about practical expectations for systematic processes and monitoring would be helpful.

Analysis, alternatives, and recommendations for issue:

277. The TF agrees that explanatory material related to the timeframe for monitoring could be useful and further notes that explanatory material in extant IES 7 included a reference to example timelines which respondents noted as being helpful. Therefore, **the TF recommends** that the example timeframe language from extant IES 7 be added to paragraph A32 as follows:

maintained.”

²² The 13 respondents include: AAT; ACCA; AICPA; BDO; Deloitte; FRC; IBRACON; ICAEW; IDW; Knowledge Equity; Miguel Angel Bouzas Sanudo; NASBA; and Professors Catriona and Nicholas Paisey.

Extant IES 7	A25. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, the IFAC member body may consider what is reasonable in its environment, taking into consideration (a) the public interest, and the (b) expectations of the public, regulators, and other stakeholders. Experience of some IFAC member bodies suggest that cycles of more than five years may not meet these expectations, while cycles of less than one year are likely to be overly burdensome on the IFAC member body and professional accountants.
Proposed IES 7	A32. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, the IFAC member body may consider what is reasonable in its environment, taking into consideration the public interest, and the expectations of the public, regulators, and other stakeholders.
Final Proposed Wording	A32. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, the IFAC member body may consider what is reasonable in its environment, taking into consideration the public interest, and the expectations of the public, regulators, and other stakeholders. <u>Experience of some IFAC member bodies suggest that cycles of more than five years may not meet these expectations, while cycles of less than one year are likely to be overly burdensome on the IFAC member body and professional accountants.</u>

Possible revisions to paragraph A29:

278. One (1) respondent (Deloitte) suggested a revision to the wording of bullet (a) to replace the wording ‘to perform competently’ with to ‘competently perform their role’.

Analysis, alternatives, and recommendations for issue:

279. The TF agrees with the suggested revision, specifically, the insertion of ‘role’ as this is consistent with revisions the TF recommended for revisions at paragraphs 9, 13, and 14 (i.e., to make a stronger connection to PD being relevant to role).

280. Therefore, **the TF recommends** that paragraph A29 be revised as follows:

Proposed Revisions for A29	
Proposed IES 7	A29. A systematic monitoring process may involve professional accountants periodically: (a) Submitting a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently; (b) Submitting a declaration confirming compliance with any specific CPD requirements imposed by the IFAC member body; or (c) Providing evidence of learning and development activities or verification of the competences they have developed and maintained through their CPD.
Final Proposed Wording	A29. A systematic monitoring process may involve professional accountants periodically: (a) Submitting a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently perform their role ; (b) Submitting a declaration confirming compliance with any specific CPD requirements imposed by the IFAC member body; or (c) Providing evidence of learning and development activities or verification of the professional competences they have developed and maintained through their CPD.

Possible revisions to paragraph A30:

281. Two (2) respondents (IDW; ACCA) commented that using the word ‘auditing’ might be confusing to some readers because ‘audit’ has a specific definition coming from the IAASB that is already understood by IFAC member bodies. Both respondents suggested the word be replaced with ‘Testing’ (IDW) or

'Reviewing' (ACCA).

- 282. One (1) respondent (AICPA) noted that A30 currently provides an example for monitoring which involves certain employers recording employee time spent on CPD as part of their recording systems. The AICPA pointed out that this might be burdensome to smaller businesses and that CPD and recording of CPD should be the personal responsibility of the professional accountant and that not all CPD should or could be recorded in an employer's time recording system.
- 283. One (1) respondent (BDO) commented that the word 'supplementary' might be interpreted by some to mean that monitoring is optional. BDO suggested that the word 'supplementary' therefore be replaced with 'periodic'.

Analysis, alternatives, and recommendations for issue:

- 284. The TF agrees with respondents that the words 'supplementary' and 'auditing' could be removed or replaced to improve understanding of this paragraph:
 - a. Specific to 'supplementary' the TF notes that this paragraph is the first time the word is used in IES 7 (revised) and does not appear to further describe or explain the 'process for monitoring' or 'a systematic process to monitor' set-out in IES 7 (revised) requirements. The TF further notes that paragraph A29 describes what a professional accountant might do as part of 'systematic monitoring' and that what A30 describes is what an IFAC member body would do as part of that same process.
 - b. Specific to 'auditing' the TF notes that the word 'reviewing' has been used frequently throughout IES 7 (revised) and would have the same meaning 'auditing' is intended to have at paragraph A30.
- 285. Therefore, **the TF recommends** that the lead-in sentence to paragraph A30 be revised to align with the lead-in to paragraph A29 so that A29 is about what the professional accountant might do and A30 is about what the IFAC member body might do. **The TF also recommends** that 'auditing' be replaced with 'reviewing'. See final proposed wording for IES 7 (revised) in the table following paragraph 22.
- 286. Finally, the TF acknowledges the concern that the example for monitoring provided at A30 (c), with certain employers tracking learning and development activities as part of their time recording systems, may be burdensome and likely not something that all employers could or should use. The TF also agrees that recording CPD and undertaking CPD is the responsibility of professional accountants. However, the inclusion of this example is not noted to be a hidden requirement and is included only as an example of something that may be done as part of a systematic monitoring process. The TF is also aware of this happening in some jurisdictions. Therefore, **the TF recommends** that this example not be removed from IES 7 (revised).

Proposed Revisions for Paragraph A30	
Proposed IES 7	A30. Supplementary monitoring processes may involve: <ul style="list-style-type: none"> (a) Auditing a sample of professional accountants to check compliance with CPD requirements; (b) Reviewing and assessing learning plans or CPD documents as part of quality assurance programs; or (c) Requiring certain employers to include CPD programs and effective monitoring systems in their quality assurance programs, and to track learning and development activities as part of their time recording systems.
Final Proposed Wording	A30. A systematic supplementary monitoring process may involve IFAC member bodies : <ul style="list-style-type: none"> (a) Reviewing Auditing a sample of professional accountants' records of CPD activity to check compliance with CPD requirements; (b) Reviewing and assessing learning plans or CPD documents as part of quality assurance programs; or (c) Requiring certain employers to include CPD programs and effective monitoring systems in their quality assurance programs, and to track learning and development activities as part of their time recording systems.

Possible hidden requirement at paragraph A35:

287. One (1) respondent (ACCA) commented that they believe A35 should be made into a requirement because the proposed wording of A35 prescribes that willful failure should result in disciplinary action.

Analysis, alternatives, and recommendations for issue:

288. The TF believes the root cause of the comment that paragraph A35 should be moved to the requirements in IES 7 (revised) is because A35 may currently read like a hidden requirement. Specifically, the TF notes that the use of the word ‘is’ may effectively prescribe that IFAC member bodies are required to take disciplinary action when willful failure occurs. The TF does not believe the Board’s intention is to prescribe a requirement for **what should be done** when an IFAC member body concludes a professional accountant has willfully failed to meet CPD requirements. The TF believes A35 is meant to be read in context with paragraphs A33-A36 in that they explain how an IFAC member body may impose sanctions on professional accountants who are not meeting CPD requirements. The TF also believes replacing reference to ‘professional duty’ with ‘the IESBA code of ethics’ would benefit understanding of why will failure ‘is’ a violation.

289. Therefore, **the TF recommends** that paragraph A35 be reworded as follows:

Proposed Revisions for A35	
Proposed IES 7	A35. A professional accountant's willful failure to develop and maintain professional competence is, however, a violation of a professional duty that justifies disciplinary action, in that it diminishes the professional accountant's ability to act in the public interest.
Final Proposed Wording	A35. A professional accountant's willful failure to develop and maintain professional competence is, however a violation of the IESBA code of ethics a professional duty that justifies may result in disciplinary action, in that it diminishes the professional accountant's ability to act in the public interest.

Nature and extent of monitoring/enforcement:

290. Four (4) respondents (IBRAON; Miguel Angel Bouzas Sanudo; Knowledge Equity; Professors Catriona and Nicholas Paisey) provided mixed views on whether explanatory material adequately outlined the nature and extent of monitoring and enforcement expectations:

- a. One (1) respondent (Knowledge Equity) commented that they believe IES 7 (revised) should go further than taking a risk based approach in defining monitoring processes in an effort to prevent ‘rogue’ professional accountants from taking advantage of CPD.
- b. One (1) respondent (Professors Catriona and Nicholas Paisey) commented that they support the risk based examples for monitoring included in IES 7 (revised) explanatory material.
- c. Two (2) respondents (IBRAON; Miguel Angel Bouzas Sanudo) asked that additional examples or steps be added to IES 7 (revised) to help readers understand how to balance bringing professional accountants into compliance (i.e., deferring their compliance) with deciding when to take punitive action against individuals.

Analysis, alternatives, and recommendations for issue:

291. The TF notes that feedback for this category is mixed in that one (1) respondent (Professors Catriona and Nicholas Paisey) likes that monitoring can be a risk based approach; one (1) respondent (Knowledge Equity) believes a risk based approach does not go far enough to prevent ‘rogue’ professional accountants; and two respondents (IBRAON; Miguel Angel Bouzas Sanudo) asked for more examples to help them understand how to find the proper balance in the nature and extent of sanctions imposed on professional accountants as part of monitoring and enforcement.

292. The TF does not believe it is the Board’s intention to prescribe the use of either a risk based or non-risk based approach to monitoring and that IFAC member bodies should have the flexibility to develop a monitoring process that works best for the circumstances in their jurisdiction. Therefore, **the TF recommends** that no further edits be made to IES 7 (revised) regarding references to risk based monitoring approaches.

293. The TF acknowledges feedback that more examples could be useful to users of IES 7 (revised) looking for clarity about how to balance sanctions; from bringing professional accounts into compliance over time versus suspending or expelling their right to practice. The TF notes that proposed revisions outlined above for the monitoring requirement and related explanatory material might partly address this feedback in that they clarify that IFAC member bodies do have flexibility when imposing sanctions (e.g., enforcement should happen as needed and not on a regular basis; the timeframe for monitoring might range from 1-5 years; IFAC member bodies may take action when willful failure occurs rather than they must take action).
294. Furthermore, the TF believes meaningful examples for this area would likely need to be scenario based, including background information about hypothetical CPD requirements, the actions or inactions undertaken by a variety of professional accountants, and what history the IFAC member body has with example professional accountants subject to sanction. Based on the nature of the examples that would need to be developed to make them useful, **the TF recommends** that possible examples for monitoring and enforcement be considered for future implementation guidance, as implementation guidance may be a more appropriate place for their inclusion compared to explanatory material.

Other matters related to explanatory material:

295. One (1) respondent (FRC) commented that the term ‘independent confirmation’ used at paragraph A28 needs further clarification or definition to be understood.
296. One (1) respondent (ICAEW) commented that IES 7 (revised) could do more to point out or provide examples of how IFAC member bodies are using IT systems to support their systems of monitoring.
297. One (1) respondent (AICPA) commented that the term ‘competency map’ used at A27 should be defined by the IAESB and asked for that definition to be broad enough to include job descriptions or even project descriptions of roles and responsibilities. The AICPA also commented that the IAESB should recognize that confidentiality agreements may prevent some professional accountants from submitting evidence of CPD related to job descriptions or worked performed and that in these situations IFAC member bodies may use a competent source to confirm that competence has been developed and maintained. AICPA pointed out that extant IES 7 included the concept of a competent source as part of explanatory material for ‘reliability of verification’ in an output-based approach.

Analysis, alternatives, and recommendations for issue:

298. Regarding the comment that ‘independent confirmation’ included at paragraph A28 should be defined, the TF previously recommended that this concept be removed from IES 7 (revised) in response to feedback on verifiable evidence (see paragraph 183, above). Therefore, **the TF recommends** that ‘independent confirmation’ does not need to be defined by the IAESB.
299. The TF agrees that examples of how IT systems are being put to use to support CPD systems and monitoring could be helpful to IFAC member bodies. The TF notes that the ICAEW also suggested this could be addressed through implementation guidance. The TF believes implementation guidance would be the better place to provide examples of how IT systems are being used. Therefore, **the TF recommends** that explanatory material is not further revised for this feedback.
300. Regarding the comment that the IAESB does not currently define ‘competency map’ used at paragraph A27 in IES 7 (revised) and that the IAESB should define the term broadly so that it includes job or project descriptions the TF notes that there are two components to this feedback (1) whether the Board has defined ‘competency map’ and (2) whether that definition is broad enough.
301. The TF believes that the Board has at least partly defined ‘competency map’ at paragraph A10a in IES 7 (revised), which was paragraph A8a in extant IES 7, as follows: “*Competency maps, which provide a list of key competences for certain roles or sectors of the profession.*”
302. With respect to whether that definition should include ‘role descriptions’ or ‘project descriptions’ the TF believes it may not be appropriate to define or prescribe a relationship between competency maps and role or project descriptions, within the IESs. The TF believes that a competency map is likely to set out the knowledge, skills, behaviors and proficiency levels needed to perform a role competently. Therefore, competency maps may be useful starting points for developing a role or project description, however, there are likely other ways role or project descriptions could be developed (e.g., a role description could focus more on the tasks the role is expected to execute rather than the competencies needed for the

role).

303. The TF notes that one of the Board's primary objectives for undertaking a revision of IES 7 was to clarify understanding of how to use an output-based approach. The TF further notes, that respondent feedback regarding verifiable evidence indicated IFAC member body recognition of verifiable evidence that could be used in an output-based approach was critical to their understanding of how to use an output-based approach.
304. The TF believes that the inclusion of 'competency maps' in IES 7 (revised) is probably most important to users looking to understand, adopt and implement an output-based approach. Consequently, adding an expanded definition for 'competency map' to the IAESB Glossary of Terms may help users of IES 7 (revised) understand where competencies could be identified for use in an output-based approach. Therefore, **the TF recommends** that the following definition for 'competency map' be added to the IAESB Glossary of Terms:

Proposed Addition to IAESB Glossary of Terms:	
Final Proposed Wording	<i>Competency Map</i> – A description of the knowledge, technical competence, professional skills, professional values, ethics and attitudes and proficiency levels a professional accountant must develop and maintain to perform a role competently.

Action Requested:

15. Do you agree with the recommendations for proposed revisions to the 'Monitoring and Enforcement' requirements presented at paragraphs 268-272, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?
16. Do you agree with the recommendations for proposed revisions to the 'Monitoring and Enforcement' explanatory material presented at paragraphs 273-303, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?

J1. General Comments about the Revision of IES 7 (revised):

Summary of issues:

305. The Board received general feedback (e.g., general statements of support, agreement or disagreement) with various aspects of the IES 7 revision. These comments are presented, in detail, under Theme 32 at Agenda Item 2-3 and are summarized as follows:
- Four (4) respondents (ISCA; Juan Antonio Rodriguez; Raul Castro Espinosa; TURMOB) 'generally support' the revision of IES 7.
 - One (1) respondent (IDW) stated that they did not believe a revision of IES 7 was necessary, but because the IAESB undertook the revision, the IDW responded with specific comments and finds the standard to be clear.
 - Six (6) respondents (FACPCE; IBRACON; JICPA; Malaysian Institute of Accountants; Miguel Angel Bouzas Sanudo; TURMOB) commented that they believe the revised requirements for IES 7 to be appropriate and clear.
 - 15 respondents²³ commented that they find the requirements of revised IES 7 to be appropriate and clear with the exception of the specific comments that they provided.

²³ The 15 respondents include: AICPA; BDO; CPA Canada; EFAA; FRC; IAA; ICAZ; ICPAU; IDW; IRBA; ISCA; Knowledge Equity; KPMG; PAFA; and WPK.

- e. Three (3) respondents (IDW; WPK; FACPCE) commented that explanatory material is appropriate and clear and one (1) respondent (TURMOB) responded that explanatory material is not clear.
- f. Three (3) respondents (KPMG; Miguel Angel Bouzas Sanudo; Knowledge Equity) commented that explanatory material could be improved. KPMG specifically indicated that illustrative examples would be beneficial. Knowledge Equity commented that the standard could be strengthened if the ‘mays’ used in explanatory material were removed.
- g. 13 respondents²⁴ commented that the terms included in IES 7 (revised) are appropriate and clear.
- h. One (1) respondent (AAT) commented that the terms included in IES 7 (revised) are appropriate and clear with the exception of the specific items they commented on.
- i. Seven (7) respondents (EY; FRC; GAO; IDW; Knowledge Equity; NASBA; WPK) commented that they do not anticipate significantly impacted by the proposed revisions to IES 7.
- j. Six (6) respondents (Malaysian Institute of Accountants; EFAA; AAT; TURMOB; ICAZ; FACPCE) commented that they would be impacted by the proposed revisions to IES 7:
 - i. The Malaysian Institute of Accountants and EFAA noted that they would need time to implement or would use a phased approach to implement IES 7 revisions;
 - ii. AAT and TURMOB indicated that they were still studying what impact proposed revision would have in their jurisdictions;
 - iii. ICAZ indicated that they would need to train their members about the proposed revisions to IES 7; and
 - iv. FACPCE provided a comment about the current CPD environment in Argentina although it was not clear to the TF if revisions to IES 7 would or would not impact FACPCE.
- k. Six (6) respondents (AAT; EFAA; FACPCE; IDW; Knowledge Equity; WPK) indicated that they would not need additional implementation guidance to support their adoption and implementation of proposed revisions to IES 7.
- l. Two (2) respondents (EFAA; AAT) commented that implementation guidance was not necessarily what they were looking for, but that it would be helpful if the IAESB facilitated CPD Forums or posted examples of what other IFAC member bodies are doing as best practices in the area of CPD.
- m. One (1) respondent (BDO) noted that the IAESB should consider translation issues for some users of IES 7 (revised).
- n. One (1) respondent (ICPAU) noted that after reviewing proposed revisions to IES 7 they would continue to use a combination approach;
- o. One (1) respondent (IRBA) commented that they believe IES 7 (revised) should make clear that CPD is the responsibility of professional accountants

Analysis for issues:

- 306. The TF notes that respondents providing ‘general’ feedback also provided specific comments or suggestions which the TF responded to on an individual basis throughout the TF Issue Papers.
- 307. The TF coded and themed all of the general comments and used that analysis of general themes to support its analysis and recommendations on specific issues where appropriate. In doing so, the TF has incorporated ‘general commentary’ into its comprehensive analysis of comments.

²⁴ The 13 respondents include: BDO; CPA Australia; CPA Canada; FACPCE; GAO; IBRACON; ICAN; ICAZ; ICPAU; IDW; PAFA; TURMOB; and WPK.

Action Requested:

17. Do you agree with how 'general comments' have been addressed at paragraph 305-306, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?

K1. Requests for Implementation Guidance:

308. The Board received requests for implementation guidance to support respondent understanding of concepts included in IES 7 (revised). Respondent requests for implementation guidance are presented, in detail, at Agenda Item 2-3 at themes 33-37. Each theme is included for discussion below.

Summary of issues:

309. Four (4) of 42 respondents (BDO; CPA Australia; ICAEW; ICAN) suggested that implementation guidance might help users of IES 7 (revised) with the '**CPD for All Professional Accountants**' (BDO; CPA Australia) and '**Promotion of and Access to CPD**' (ICAEW; ICAN) requirements. Those comments are presented, in detail, under Theme 33 at Agenda Item 2-3.
310. Nine (9) respondents (ACCA; BDO; CPA Australia; CPA Canada; IBRACON; ICAEW; IRBA; Migel Angel Bouzas Sanudo; and PwC) asked the Board to develop implementation guidance specific to the **output-based measurement approach**. These comments are organized under Theme 34 at Agenda Item 2-3.
311. 10 respondents (ACCA; BDO; ICAEW; ICAN; ICPAU; IRBA; ISCA; PAFA; PwC; and TURMOB) asked the Board to develop implementation guidance specific to the **input-based measurement approach**. These comments are organized under Theme 35 at Agenda Item 2-3.
312. Five (5) respondents (ACCA; BDO; ISCA; KPMG; PwC) asked the Board to develop implementation guidance specific to **the use of both approaches**. These comments are organized under Theme 36 at Agenda Item 2-3.
313. Eight (8) respondents (AICPA; CPA Australia; GAO; IBRACON; ICAEW; ICAN; IRBA; and Migel Angel Bouzas Sanudo) asked the Board to develop implementation guidance specific to the **Monitoring and Enforcement** requirements. These comments are organized under Theme 37 at Agenda Item 2-3.

Analysis and recommendations for issues related to implementation guidance:

314. The TF presented its preliminary analysis of comments to the CAG and Board during their November 2017 meetings and recommended at that time that the Board develop comprehensive implementation guidance to support understanding of IES 7(revised). As part of that recommendation, the TF recommended that the Board strive to release implementation guidance concurrent with the final release of IES 7 (revised), where possible.
315. Based on its initial outreach activities and analysis of feedback on the IES 7 (revised) exposure draft, **the TF recommends** that the Board prioritize the development of comprehensive implementation guidance for measurement (output; input; and both) for concurrent release with IES 7 (revised). The **TF recommends** that the Board consider implementation guidance related to the other requirements (CPD for all accountants; promotion and access; monitoring and enforcement) for release **post effective date** for IES 7 (revised).

Action Requested:

- 18. Do you agree with the recommendations for implementation guidance outlined at paragraph 313-314, based on the final analysis of comments? If not, why and are there additional alternatives and/or recommendations that should be discussed and presented?**

APPENDIX 1: Project Rationale; Project Scope; Project Activities

A. Project rationale

1. As a result of its discussions at its April 2015 meeting the IAESB agreed that the following criteria would be used in determining whether or not to revise an extant IES:
 - i. Is the extant IES fit for purpose?
 - ii. Is the extant IES necessary?
 - iii. Is the extant IES continuing to add value?
 - iv. Are there sufficiently significant developments in professional education that risk making the standard obsolete?
2. The CAG Workgroup submitted a report to the IAESB Steering Committee for discussion at its July in-person meeting (2015). This report provided advice on: (i) matters arising from the IAESB Issues Paper, Criteria for New and Revised Standards (See); and (ii) future opportunities, gaps, issues, emerging trends that may impact the implementation of the current IESs and provide the basis for the possible development of new or revised standards. The report was well received by IAESB Steering Committee members and formed an important part of the discussion on emerging issues. Of particular interest by the Steering Committee were the areas of Continuing Professional Development and Competence-based Education.
3. Steering Committee members recognized that the input-based approach to measuring CPD appears inconsistent with the learning outcomes approach, whereby the input and combination approaches to Continuing Professional Development (CPD) measurement seem to be at odds with output-based measures and the learning outcomes approach promoted in the revised standards. In addition, there is growing use of CPD compliance as a mechanism for periodic recertification by a number of Professional Accounting Organizations (PAOs).
4. The IAESB Chair requested that the CAG develop the suggested areas of continuing professional development and competence-based education for further consideration by the IAESB at its November 2015 meeting.
5. At its September 2015 meeting, the IAESB CAG's discussion on these areas led to enhancing its report (See [Agenda Item 2-2 from IAESB November Meeting](#)) by identifying: some recent developments in CPD; the progress of other professions on CPD; and the need to recognize and integrate non-traditional learning methods such as "credit for life experiences" in education and assessment areas.
6. At its November 2015 Board meeting, the IAESB discussed the CAG's report and the related findings of the IES Usage Study Task Force and commissioned an IES 7 Task Force to undertake a number of research and consultation activities to further investigate the sufficiency of IES 7.
7. Additionally, in its December 2015 consultation paper on the IAESB's 2017-2021 Future Strategy and Priorities, the Board asked, "How can the requirements of IAESB IES 7, Continuing Professional Development (2014) support the learning outcomes approach of the other IESs, including IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)?" Twenty-one responses have been received (See summary of responses included in Appendix 2 of [Agenda Item 2-1](#) of April 2016 meeting).

B. Project scope

8. It is in the public interest that professional accountants undertake CPD activities to maintain and develop their professional competence throughout their career and that the effectiveness of CPD activities undertaken is globally consistent. The TF has been charged with evaluating how the extant IES 7, including potential supplementary guidance, can be improved to support the public interest.
9. CPD activities are best assessed in relation to how they maintain and improve competence specific to the role an individual professional accountant performs. However, there are significant challenges in identifying standard CPD learning outcomes:
 - Qualified accountants perform a wide range of roles with varying degrees of specialism and complexity, in different entities (financial services companies, finance departments,

accounting education etc.) and in different jurisdictions.

- Every entity will have different levels of specificity of role competences, and varying appraisal systems by which performance against these competences is assessed.
 - Every professional accountant has a different base level of knowledge, skills and experience at any given point in time, against which they would assess their development needs.
10. The revised IESs 2-4 mandate competence areas, minimum levels of proficiency and learning outcomes for an entry level professional accountant and IES 8 mandates competence areas and minimum levels of proficiency of an audit engagement partner (AEP). This is possible because there is an agreement on the minimum competencies required of a newly qualified accountant. Further there is an ISA description of the responsibilities of the AEP role (ISA 220), and the AEP role is unique in its significance in serving the public interest.
 11. By contrast, IES 7 does not mandate competence areas, minimum levels of proficiency nor learning outcomes for professional accountants. Under Explanatory material (paragraph A12), it suggests that “IFAC member bodies may choose to develop requirements or guidance on which CPD activities they consider relevant to the professional role(s) and function(s) professional accountants typically have. Alternatively, they may choose to rely on the judgment of professional accountants to make decisions on the relevance of CPD activities. They may also choose to set requirements in certain areas, and allow professional accountants the flexibility to choose relevant CPD activities in others.”
 12. In considering the scope of the Issues Paper presented in [Agenda Item 4-1 from the April 2016 Board meeting](#), the TF had determined it was not practicable to identify standard competences, levels of proficiency and learning outcomes that would be both relevant and specific to all professional accountants. Accordingly, the TF scoped this out of the project’s objectives but indicated it would remain alert to emerging issues and trends impacting the public interest and included for discussion the possibility of expanding learning outcomes related to professional values, ethics and attitudes.
 13. The scope of this Issues Paper focuses on what the TF has learned from completing remaining project activities since the April 2016 Board meeting and how those completed activities impacted the TF’s understanding of issues related to IES 7 and consequently the recommendations the TF has made in its Project Proposal.

C. Project activities

Completed activities between the November 2015 and April 2016 Board Meetings

14. Since the November 2015 Board meeting, the TF undertook a number of research and consultation activities to inform the project proposal, including seeking advice from the CAG during the April 2016 meeting.
15. 144 IFAC member bodies and the public were invited to respond to questions related to their experience of implementing IES 7 (See Appendix 1 for Survey Questions). The TF has received 47 responses from 43 member bodies (three submitted multiple responses) and one response from the public (see [Agenda Item 4-2 of the April 2016 Board meeting](#) for analysis of responses).
16. The TF has conducted focus group discussions with the ‘Forum of Firms’ and completed an analysis of their feedback (see [Agenda Item 4-3 of the April 2016 Board meeting](#) for analysis of comments).
17. The TF has reviewed the IAESB CAG Report to the IAESB ([Agenda Item 2-2 from the November 2015 Board meeting](#)).
18. The TF consulted with the IES Usage Study task force to include IES 7 relevant findings and issues from that effort.
19. The TF’s preliminary findings and recommendations were discussed with the CAG at their meeting in April 2016 (i.e., two days prior to the Board meeting). The CAG’s feedback was included as Agenda Item 5-4 for the April meeting (NOTE: This was provided to the Board as an addendum to the IES 7 Issues Paper during the Board’s April 2016 meeting).
20. At its April 2016 Board meeting, the IAESB discussed the IES 7 TF’s preliminary issues and recommendations (see [Agenda Item 4-1 from the April 2016 Board meeting](#)). The Board asked the TF to

continue with its activities in progress and to bring forward an updated summary of issues and recommendations in a Project Proposal to the November 2016 Board meeting.

Completed activities between the April 2016 and November 2016 Board Meetings

21. Completed analysis of comments related to previously conducted focus group discussions with the IFAC SMP Committee, and the IFAC PAIB Committee.
22. The TF completed its review of examples of CPD principles, standards and guidance developed for other professions (actuaries, medics, pharmacists etc.) as well as U.S. professional accountants and accountancy CPE program sponsors, and CPD policies from IFAC member bodies using an output-based measurement approach.
23. The TF completed outstanding interviews with member bodies, regional organizations, the PIOB, IFAC committees, the Forum of Firms, and regulators. See Agenda Item 2-3 for a comprehensive list of IES 7 related outreach and consultation.
24. The TF analyzed results from all completed activities and developed a set of revised issues and recommendations for inclusion in a Project Proposal. The TF developed a Draft Project Proposal and shared it with the Steering Committee in July and CAG in September for comment.
25. At its November 2016 Board meeting, the IAESB discussed the IES 7 TF's updated issues and related Project Proposal for the revision of IES 7 (see [Agenda Item 3-1 from the November 2016 Board meeting](#)). The Board approved the Project Proposal for the revision of IES 7, asking the TF to develop an exposure draft for issues related to CPD activities; CPD framework; and measurement. The Board concluded that the TF should also prepare a Consultation Paper to further explore the fourth issue identified in the Project Proposal related to the target audience of IES 7.

APPENDIX 2: Survey Questions to IFAC Member Bodies

- Q1: **What is the name of your organization?**
- Q2: **My organization implements the International Education Standards™ (IES).**
Options:
- Strongly Disagree
 - Disagree
 - Agree
 - Strongly Agree
- Q3: **Describe the activities your organization undertakes to promote and assist the implementation of IES 7.**
- Q4: **In my opinion, the implementation of IES 7 improves the competence of professional accountants.**
Options:
- Strongly Disagree
 - Disagree
 - Agree
 - Strongly Agree
- Q5: **If you believe you are successful in implementing IES 7, please provide a few tangible examples of how you implement this standard.**
- Q6: **My organization meets or exceeds the requirements of IES 7.**
Options:
- Strongly Disagree
 - Disagree
 - Agree
 - Strongly Agree
- Q7: **Overall, I am satisfied with the IES 7.**
Options:
- Strongly Disagree
 - Disagree
 - Agree
 - Strongly Agree
- Q8: **Which requirements of IES 7 are most useful?**
- Q9: **What challenges do you have relative to the application of IES 7?**
- Q10: **What specific improvements to IES 7 would you recommend?**
- Q11: **Does your organization establish the continuous professional development (CPD) requirements applicable to your members? Choose one:**
- Yes: Describe the activities your organization undertakes to require the implementation of CPD? - Write In (Required)
 - No: Which organization in your jurisdiction establishes the CPD requirements applicable to your member? - Write In (Required)
- Q12: **As defined by IES 7, which of the following approaches to measuring the attainment of CPD is used in your jurisdiction? *Select the one that applies:***
- Output-based approach - requiring professional accountants to demonstrate, by way of outcomes, that they have developed and maintained professional competence
 - Input-based approach - establishing an amount of learning activity for professional accountants to develop and maintain professional competence
 - Combination approach - combining elements of the input- and output based approaches, setting the amount of required learning activity, and demonstrating outcomes achieved, whereby professional accountants develop and maintain professional competence
- Q13: **Should all three approaches for measuring the attainment of CPD (input, output and combination) continue to be available? Why or why not?**
- Yes - Write In (Required)
 - No - Write In (Required)
- Q14: **Describe the activities your organization undertakes to monitor the compliance with CPD requirements.**
- Q15: **Who are the primary providers of CPD in your jurisdiction?**