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TITLE: IES 7, Continuing Professional Development Project

PROJECT PROPOSAL

I. SUBJECT

Development of a clarified International Education Standard™ (IES™) 7, *Continuing Professional Development* and implementation guidance to support the adoption and implementation of requirements of the standard.

II. BACKGROUND

A. Background

The objective of the IAESB is to develop high quality accounting education standards and guidance that are adopted and applied internationally in order to enhance competence of the global accountancy profession. The objective of an IFAC member body is to have professional accountants develop and maintain their competence subsequent to Initial Professional Development (IPD) through the undertaking of Continuing Professional Development (CPD) that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers, and other stakeholders. IES 7 is the IAESB standard dealing with CPD.

At its November 2015 Board meeting, the IAESB commissioned an IES 7 Task Force (TF) to undertake outreach and consultation activities to review the sufficiency of IES 7 and determine whether revisions to this standard would serve the public interest.

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.

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 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.

The focus of the IES 7 Task Force has been on how clarifying or revising the standard combined with the development of implementation guidance can contribute to enhancing the consistency, quality and relevance of CPD undertaken by individual professional accountants. This will help serve the public interest by improving the quality of professional accounting education, and the profession as a whole.

This paper describes the proposed approach for the IES 7 Project, highlighting areas that will be addressed by the project, timelines and expected deliverables.

III. PROJECT OBJECTIVES AND HOW IT SERVES THE PUBLIC INTEREST

A. Project Objectives

In order to enhance the quality of professional accounting education worldwide, the IESs – and therefore CPD – should be capable of being implemented effectively across differing educational models in developing and developed nations. Accordingly, the objective of this project is:

To provide a clarified CPD standard, to provide guidance to support member bodies in implementing the revised standard, and to enhance the consistency, relevance, and quality of CPD undertaken by professional accountants.

In summary, the project will:

1. Revise the requirements and explanatory material included in IES 7 so that professional accountants undertake CPD and member bodies promote, facilitate access to, measure and monitor CPD that is better aligned with learning outcomes and better supports the public interest.
2. Provide tools and examples of best practice CPD activities and systems to help professional accountants, IFAC member bodies and other stakeholders better understand what good CPD looks like according to the principles outlined in a clarified IES 7.

B. Serving the Public Interest

It is in the public interest that professional accountants undertake CPD activities to maintain and develop their professional competence throughout their career to provide high quality services to clients, employers, and other stakeholders.

The IES 7 TF evaluated the sufficiency of IES 7 and determined revisions to improve the clarity of the standard and implementation guidance would help the standard better serve the public interest. Through its outreach activities and research efforts the TF has determined that the principles and requirements of IES 7 are being inconsistently applied (see Key Issues summary below) and therefore may not best serve the public interest.

The recommended revision of IES 7 and development of implementation guidance will enhance accountability in building and improving the quality and consistency of professional accounting education, and as a result, the competence of professional accountants through CPD.

With the public interest in mind, the TF took an evidence based approach through stakeholder outreach to identify the key issues outlined in this project proposal and the recommendations for how to respond to those issues. TF outreach activities included a survey made available to all IFAC member bodies and the public. The TF also conducted focus groups and performing interviews with member bodies, regulators, practitioners, regional organizations, the PIOB and various other CPD stakeholders to develop a thorough and robust view of possible issues related to IES 7 from the public interest perspective. Included in that effort, was making sure that feedback was solicited from all geographic regions of the world and that feedback was appropriately balanced between developing and developed nation jurisdictions.

IV. OUTLINE OF THE PROJECT

A. Project Scope

The TF has completed its outreach activities with key stakeholders to inform the Board's discussion to determine whether there is a need for a revision of the authoritative principles in IES 7 and new implementation guidance.

Based on activities completed to date, the TF recommends that IES 7 be revised and new implementation guidance be developed.

The scope of this project moving forward will include:

1. Revising the authoritative principles and explanatory material in IES 7
2. Subjecting key issues in this project proposal to formal public consultation
3. Analyzing and responding to consultation comments
4. Exposing the revised IES 7 draft for public comment
5. Analyzing and responding to public comment on the IES 7 Exposure Draft
6. Issuing a final revision to IES 7
7. Developing and issuing new implementation support materials that assist in implementing the revised authoritative principles contained in IES 7

B. Key Issues that the Project will Address

1. Clarification of CPD Activities

IES 7 defines CPD and provides examples of CPD activities but the examples provided may not be complete or understood by all readers and users of IES 7 – specifically those activities that would be most associated with successfully implementing a learning outcomes approach.

Some CPD stakeholders have difficulty identifying and leveraging forms of learning that meet their audience needs and that would be beneficial if allowed in CPD programs. In addition, there is increasing acceptance that people can learn from many activities that are not widely included or recognized as valid CPD activities. One of the objectives in clarifying the requirements of IES 7 is so that professional accountants undertake CPD and member bodies promote, facilitate access to, measure and monitor CPD that is better aligned with learning outcomes. Clarifying the definition of CPD activities and providing guidance to help member bodies include various forms of learning and development as acceptable CPD activities will help member bodies progress their CPD programs towards learning outcomes.

2. CPD Program Framework

IES 7 outlines what IFAC member bodies are required to do relative to the provision, measuring and monitoring of CPD and also requires that IFAC member bodies require their members to undertake mandatory CPD. However, IES 7 and its related implementation guidance does not provide a CPD framework to help professional accountants and member bodies undertake, implement and/or improve CPD programs.

CPD policies and regulations for certain other professions include CPD frameworks to help professionals, CPD providers, member bodies, and other stakeholders better understand good CPD practices. While there is not a universal CPD schema or program framework, many industries

include a CPD framework or cycle in their CPD policies, explanatory material or implementation guidance. These frameworks or cycles typically include the following elements:

- a. Needs analysis (planning)
- b. Action/Activities
- c. Evaluation
- d. Reflection

3. Principles and Requirements of Measurement Approaches

IES 7 allows IFAC member bodies to select from one of three different approaches to measuring CPD. The output-based approach, and, therefore, the combination-based approach, are not consistently understood or applied in practice. In addition, IES 7 does not specify if one approach is preferable or better aligned with the public interest.

Input-Based Approach:

Of the three approaches the input-based approach is best understood and the most applied in practice. However, some stakeholders have questioned if it adequately serves the public interest as a stand-a-lone solution.

Output-Based Approach:

Various stakeholders and IFAC member bodies do not fully understand what is required to successfully implement an output-based approach. This may be a barrier for some willing to move away from an input-based approach. In addition, the TF noted inconsistency in how various IFAC member bodies defined their 'output-based approaches.' The output-based approach requires "professional accountants to demonstrate, by way of outcomes, that they have developed and maintained professional competence." However, it is unclear if all purporting to use an 'output-based approach' obtain evidence of demonstrated outcomes.

Combination-Based Approach:

The TF received feedback from various stakeholders and IFAC member bodies that the combination-based approach was confusing and not well understood. In addition, the TF noted inconsistency in how various IFAC member bodies defined their 'combination-based approaches'. It is not clear if example combination-based approaches are differentiated from input-based approaches in meaningful ways from a public interest perspective.

VI. DEVELOPMENT PROCESS and DELIVERABLES

A. Planned Deliverables and Timing

The project will deliver eight outputs as set forth in the table below:

Deliverable	Description	Proposed delivery date
Preliminary IES 7 Issues Paper	<p>Preliminary Issues Paper</p> <ul style="list-style-type: none"> Outline project history, scope and objectives Provide an update on project activities completed to date and those still in-progress Outline preliminary themes, issues and recommendations related to a potential revision of IES 7 	Apr 2016
Preliminary IES 7 Project Proposal	<p>Preliminary Project Proposal</p> <ul style="list-style-type: none"> Provide an update to the Steering Committee on additional project activities completed to date and those still in progress (if any) Outline changes to preliminary themes, issues and recommendations originally presented in April Present a revised project direction and scope in the form of a Project Proposal for Steering Committee input 	Jul 2016
Final IES 7 Issues Paper and Project Proposal	<p>Project Proposal</p> <p>Final presentation of evidence to inform the Board's approval on the need for revising the authoritative requirements of IES 7 including a detailed Project Proposal.</p>	Nov 2016
Consultation Paper and First Read of Exposure Draft	<p>Consultation Paper</p> <p>Provide Consultation Paper and Exposure draft to CAG and Board for review</p>	Apr 2017
Analysis of Comments and Approval of Exposure Draft	CAG reviews and Board approves TF analysis of comments on consultation effort and exposure draft for public comment.	Oct and Nov 2017
Exposure Period	<p>Exposure Draft</p> <p>Exposure draft open for public comment (120 days)</p>	Nov 17 – Mar 18
Analysis of Comments and Post Exposure Draft	Review and revise exposure draft based on exposure comments and prepare first read post exposure. CAG and Board review analysis of comments on exposure draft and post exposure draft and Board approves.	Jun and Sep 2018
Approval of Revised IES 7	<p>Revised Standard</p> <p>Deliver final revised IES 7</p>	Oct 2018

B. Consultation

The TF recommendations for revising IES 7 consist of revising some existing principles/requirements and developing new implementation support materials. The TF effort in conducting outreach to various stakeholders informed the recommendations about how to revise the requirements of the standard. The recommendation to revise the requirements of IES 7 will have

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impact on the public interest although the nature and extent of that impact is not understood fully for revisions/clarifications. For that reason, the TF recommends that formal consultation be completed to further explore the impact of recommendations related to the issues identified in this project proposal and to further explore the significance of other possible issues that were identified during the TFs initial consultation efforts. In making the recommendation to include a formal consultation process in this project proposal, the TF is hopeful that doing so may help reduce the risk of potential future re-exposure of the standard, will provide more clarity on the nature and extent of changes needed in the requirements and the implementation support that may be needed. The detailed project timeline and milestones are outlined below.

C. Project timetable and milestones

Date	Description
Apr 2016 CAG Meeting	Presentation of Preliminary Issues Paper
Apr 2016 Board Meeting	Presentation of Preliminary Issues Paper
Jul 2016 Steering Committee	Review Preliminary Project Proposal
Sep 2016 CAG Meeting	Presentation of Issues Paper and Project Proposal
Nov 2016 Board Meeting	Presentation of Issues Paper and Project Proposal for approval
Jan 2017 Steering Committee	Discussion of Project Issues, Consultation Paper, Exposure Draft
Apr 2017 CAG and Board Meeting	Approve Consultation Paper
Oct 2017 CAG Meeting	Discussion of Consultation Analysis of Comments & Exposure Draft
Nov 2017 Board Meeting	Discussion of Consultation Analysis of Comments & Approval of Exposure Draft
Jun 2018 CAG Meeting	Post Exposure Draft with analysis of exposure comments
Sep 2018 Board Meeting	Post Exposure Draft with CAG input and analysis of exposure comments
Oct 2018	Deliver Final Revised IES 7

VII. RESOURCES REQUIRED

A. Task Force and Working Groups

The TF formed to deliver this project currently comprises the following members:

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|-------------------------|--------------------|
| Susan St. Amant (Chair) | Daniel Slezak (TA) |
| Yoshinori Kawamura | Brian McGuire |
| David Simko | Blanca Tapia |
| Catherine Hartley (TA) | Edwin Makori (TA) |
| Kirstine Otty (TA) | |

The current TF comprises five Board members, four Technical Advisors, and one IAESB staff.

B. Steering Committee

The Steering Committee will provide oversight and review project deliverables to provide the TF with direction and guidance in between Board and CAG meetings.

C. Additional support

The TF will seek to make use of external consultants or other Board members in an advisory role to provide a broad range of viewpoints from developing and developed nations, and the public sector.