

*Proposed Redrafted International Education Standard*

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IES 7, Continuing Professional  
Development: A Program of Lifelong  
Learning and Continuing  
Development of Professional  
Competence



## REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB) approved this exposure draft, International Education Standard (IES) 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*, for publication in December 2010. This IES may be modified in light of comments received before being issued in final form.

Respondents are asked to submit their comments **electronically** through the IFAC website ([www.ifac.org](http://www.ifac.org)), using the “Submit a Comment” link on the Exposure Drafts and Consultation Papers page. Please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website. Although IFAC prefers that comments be submitted electronically, e-mail may be sent to [davidmcpeak@ifac.org](mailto:davidmcpeak@ifac.org). Comments can also be faxed to the attention of the IAESB Technical Manager at +1 (416) 204-3412, or mailed to:

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277 Wellington Street West, 4th Floor  
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Comments should be submitted by **March 8, 2011**.

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## EXPLANATORY MEMORANDUM

### Introduction

This memorandum provides background to, and an explanation of, the proposed International Education Standard (IES) 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* (Redrafted) approved for exposure by the International Accounting Education Standards Board (IAESB) in November 2010.

### Background

The current version of IES 7 was published in May 2004 and became effective on January 1, 2006. IES 7 prescribes that member bodies implement a continuing professional development (CPD) requirement as an integral component of a professional accountant's continued membership. Such a requirement contributes to the profession's objective of providing high-quality services to meet the needs of the public (including clients and employers).

The IAESB has recently revised its Framework document which sets out the underlying concepts and principles for the IESs. The new Framework identifies general education, professional accounting education, practical experience and assessment as components of the learning and development of a professional accountant. Learning and development occurs throughout an individual's career and ensures the development and maintenance of competence required for performing the various roles of professional accountants.

As part of its project to improve the clarity of its standards, the IAESB has undertaken to redraft all of its IESs, including IES 7, in accordance with its new clarity drafting conventions. At its October 2009 meeting the IAESB agreed that all eight standards should be revised with the aim of:

- improving clarity;
- ensuring consistency with concepts of the revised Framework document; and
- clarifying issues resulting from changes in the environment of accounting education and the experience gained from implementation of the Standards by IFAC member bodies.

This approach responds to the desire for all IESs to be consistently drafted, and subject to a single statement of their authority and effect.

The drafting conventions used by the IAESB in redrafting IES 7 for exposure, and the authority and obligation attaching to those conventions, are established in the Appendix of the *Framework for International Education Standards for Professional Accountants*, approved by the IAESB in October 2009.

### Effective Date

The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by late 2012 and the IAESB has provisionally agreed that IES 7 will be effective for implementation for periods beginning on or after January 31, 2013. This date will depend on satisfactory progress being made, and will be amended to a later date should that prove necessary. The IAESB believes that it is in the interests of member bodies and other interested

stakeholders who use the IESs that the standards should be released as soon as they are approved so as to facilitate their implementation.

## **Guide for Respondents**

### **Request for Comments**

The IAESB is seeking comments **only** on changes resulting from applying the clarity drafting conventions and their effect on the content of IES 7. In particular, you are asked to respond to the following questions:

1. Is the objective to be achieved by a member body, stated in the proposed redrafted IES 7, appropriate?
2. Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?<sup>1</sup>
3. Are there any terms within the proposed redrafted IES 7 which require further clarification? If so, please explain the nature of the deficiencies.

The IAESB welcomes comments on all matters addressed in this proposed redrafted IES 7. Comments are most helpful when they refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording to enable the IAESB to fully appreciate the respondent's position. If you agree with the proposals in the exposure draft, it will be helpful for the IAESB to be made aware of this view.

### **Comments on Other Matters**

#### **Developing Nations**

Recognizing that many developing nations have adopted or are in the process of adopting the IESs, the IAESB invites respondents from these nations to comment, in particular, on any foreseeable difficulties in applying IES 7 in a developing nation environment.

#### *Translations*

The IAESB welcomes comments from respondents on potential translation issues noted in reviewing this exposure draft.

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<sup>1</sup> The IAESB has identified the following criteria for determining the requirements of a Standard:

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

In determining the requirements of a Standard, the IAESB will consider whether the requirements are proportionate to the importance of the subject matter of the Standard in relation to the overall objective of the engagement.

The criteria, which are intended only to assist the IAESB in appropriately and consistently determining requirements, may be refined as further experience is gained.

## **Supplement to the Exposure Draft**

To assist respondents in tracking changes, IAESB staff has mapped the material of the extant IES 7 to the proposed redrafted IES 7.

This staff-prepared mapping document is available on the IAESB website at <http://www.ifac.org/Education/ExposureDrafts.php>. It is for information purposes only and does not form part of the exposure draft.

## **Proposed Conforming Amendments**

### **IAESB Glossary of Terms**

Add:

**Initial Professional Development** Learning and development through which individuals first develop competence leading to performing the role of a professional accountant.

**PROPOSED INTERNATIONAL EDUCATION STANDARD 7 (REDRAFTED)**  
**CONTINUING PROFESSIONAL DEVELOPMENT: A PROGRAM OF LIFELONG**  
**LEARNING AND CONTINUING DEVELOPMENT OF PROFESSIONAL**  
**COMPETENCE**

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## Introduction

### Scope of this Standard (Ref Para A1–A3)

1. This International Educational Standard (IES) prescribes good practice for member bodies to ensure that individual professional accountants develop and maintain the professional competence necessary to (a) provide high quality services to clients, employers, and other stakeholders, and to (b) strengthen public trust in the profession.
2. Although it is the responsibility of the individual professional accountant to maintain competence by undertaking relevant continuing professional development (CPD) activities, this standard is addressed to the member bodies, whose role it is to:
  - (a) Foster a commitment to lifelong learning among professional accountants;
  - (b) Facilitate access to CPD opportunities and resources for their members; and
  - (c) Adopt good practice standards to help their members to develop and maintain the professional competence necessary to protect the public interest, including the development of appropriate measurement, monitoring, and compliance procedures.
3. CPD is a continuation of the Initial Professional Development (IPD) process that led to qualification as a professional accountant. CPD is learning and development that takes place after IPD, and that maintains and develops competences to enable professional accountants to continue to perform their roles competently. CPD provides continuous development of the (a) professional knowledge, (b) professional skills, (c) professional values, ethics, and attitudes, and (d) competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the individual.
4. In addition to structured education, practical experience, and training, CPD also includes informal learning activities such as coaching and mentoring, networking, observation, feedback and reflection, and the self-directed and unstructured gaining of knowledge.
5. Measuring the attainment of CPD can be achieved by three different approaches:
  - (a) Output-based approaches—by requiring professional accountants to demonstrate, by way of outcomes, that they develop and maintain professional competence;
  - (b) Input-based approaches—by establishing a set amount of learning activity to develop and maintain competence; and
  - (c) Combination approaches—by combining elements of the input- and output-based approaches, setting the amount of learning activity required, and demonstrating the outcomes achieved.

### Effective Date

6. This IES 7 is effective from a date to be agreed by the IAESB [not prior to January 2013].

### Objective

7. The objective of setting requirements for CPD is to ensure that member bodies:

- (a) Require CPD to be an integral component of a professional accountant's continued membership;
- (b) Monitor and enforce a systematic process to ensure that their members meet the requirements of the standard; and
- (c) Assist individual professional accountants to develop and maintain their professional competence.

These requirements contribute to the profession's objective of providing high-quality services to meet the needs of clients, employers, and other stakeholders in the public interest.

## **Requirements**

### **Promotion of Lifelong Learning**

8. Member bodies shall promote the importance of, and a commitment to, continuous maintenance and development of professional competence.

### **Access to CPD** (Ref Para A4–A5)

9. Member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for continuous development.

### **Mandatory CPD for all Professional Accountants** (Ref Para A6–A11)

10. Member bodies shall require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities.
11. Member bodies shall establish their preferred approach to measuring their members' CPD activity from the three models of output-based, input-based, or combination approaches.

### *Output-Based Approach* (Ref Para A12–A13)

12. Member bodies implementing an output-based approach shall require the professional accountant to demonstrate the maintenance and development of relevant competence by periodically providing sufficient and reliable evidence that has been:
  - Objectively verified by a competent source; and
  - Measured using a valid competence assessment method.

### *Input-Based Approach* (Ref Para A14–A17)

13. Member bodies implementing an input-based approach shall require the professional accountant to:
  - 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;
  - Complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year; and

- Measure learning activities to meet the above requirements.

*Combination Approach* (Ref Para A18)

14. Member bodies implementing a combination of input- and output-based approaches shall follow the principle of input and output systems, as applicable, set out in this IES.

**Monitoring and Enforcement** (Ref Para A19–A30)

15. Member bodies shall establish a systematic process to monitor whether professional accountants meet the CPD requirement, and provide for appropriate sanctions for failure to meet the requirements, including failure to report on or to develop and maintain competence.

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**Explanatory Materials**

**Scope** (Ref Para 1–5)

- A1. The knowledge needed to function effectively as a professional accountant continues to grow. Professional accountants face increased expectations to display knowledge and skill. These pressures apply to professional accountants in both the private and public sectors. Continued development of professional competence and lifelong learning are critical if the professional accountant is to meet public expectations. The accountancy profession operates in an environment of change, making it appropriate for member bodies to periodically review their CPD policies and the application of this IES.
- A2. Undertaking CPD does not provide by itself a guarantee that all professional accountants will provide high-quality professional service at all times. This also requires ethical behavior, professional judgment, and an objective attitude. Further, not every individual who participates in a CPD program will obtain the full benefits of that program. This will depend on the individual's commitment and capacity to learn. However, CPD is an important means of ensuring that professional accountants are competent and up-to-date on the technical and general knowledge relevant to the professional services they provide. Therefore, despite some inherent limitations, CPD is an important requirement in maintaining public confidence and trust.
- A3. In meeting their responsibility to serve the public interest, member bodies may consider a variety of quality assurance processes, of which CPD is an important one. Others include quality assurance reviews of professional accountants' work, which may include CPD, and investigation and disciplinary regimes for misconduct.

**Access to CPD** (Ref Para 9)

- A4. Member bodies may directly provide relevant CPD programs for professional accountants, and facilitate access to programs offered by others, including employers.
- A5. The following represent examples of learning activities that could be undertaken as part of a planned program of CPD activity.

- Participation in courses, conferences, seminars;
- Self-learning modules or organized on-the-job training;
- Published professional or academic writing;
- Participation and work on technical committees;
- Developing and/or delivering a course or CPD session in an area related to professional responsibilities;
- Formal study related to professional responsibilities;
- Participation as a speaker in conferences, briefing sessions, or discussion groups;
- Writing technical articles, papers, books;
- Research, including reading professional literature or journals, for application in a professional role;
- Professional re-examination or formal testing;
- Workplace learning; and
- Receiving professional development support from a mentor or coach.

Normally one single, repetitive activity, for example, teaching introductory accounting to different audiences, should not constitute a member's total CPD activity.

**Mandatory CPD for all Professional Accountants** (Ref Para 10-11)

- A6. CPD is applicable to all professional accountants, regardless of sector or size of the organization in which they operate, because:
- (a) all professional accountants have an obligation of due care to their clients, employers, and relevant stakeholders, and are expected to demonstrate their ability to competently discharge this responsibility;
  - (b) professional accountants in all sectors are subject to public accountability and the maintenance of public trust;
  - (c) the public is likely to rely on the designation and professional standing of the professional accountant. Professional accountants carry a professional designation. Any lack of competence of an individual accountant has the potential to damage the reputation and standing of both the individual and the profession as a whole;
  - (d) all sectors are affected by the rapidly changing environment, and consequently adapt the strategic or business plans of those organizations relying on the professional accountant's professional competence; and
  - (e) employers recruiting professional accountants in any sector rely, to some extent, on the professional designation as proof of professional competence.
- A7. In setting the requirement for CPD, member bodies are encouraged to consider what is relevant and appropriate for professional accountants in circumstances such as career breaks and retirement.

- A8. Member bodies may choose to develop requirements or guidance regarding which types of CPD activities they consider relevant to the professional role(s) and function(s) their members typically have. Alternatively, they may choose to rely on the professional judgment of individual members to make decisions on the relevance of CPD activities. They may also choose to set requirements in certain areas, and allow members the flexibility to choose relevant learning activities in others.
- A9. Member bodies may prescribe specific or additional CPD for members working in specialist areas or areas of high risk (such as the audits of public companies, financial services, or where specific regulatory requirements may apply).
- A10. Member bodies may provide planning tools to help their members plan relevant CPD, such as:
- (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 training and development needs and how to meet them.
- A11. Member bodies are recommended to consider providing guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and member bodies to help them identify competency or learning gaps in order to specify relevant learning opportunities to meet those needs.

**Output-Based Approach** (Ref Para 12)

- A12. To ensure the reliability of verification in output-based systems, member bodies are encouraged to consider how to incorporate the following key aspects into their approach:
- The clear identification of the outcome or competence achieved; and
  - Use of a competent source who is able to confirm that the outcome or competence has been developed and maintained.
- A13. The following examples represent evidence that could be used for verification purposes in an output-based approach:
- Evaluation of written or published material by a reviewer;
  - Assessments of learning outcomes achieved;
  - Publication of a professional article or of the results of a research project;
  - Periodic re-examination;
  - Specialist or other qualification;
  - Work logs that have been objectively verified against a competency map;
  - Self-assessment that uses competency maps developed by the member body;
  - Objective assessments against a competency map developed either by the employer or by the professional body to reflect the individual's level of competence;
  - Independent assessments that assess CPD; and

- Assessments or sign-offs by specialist associations that document enhancements of competences, and assessments by regulators, e.g., government reviews of licensed banks.

### **Input-Based Approach** (Ref Para 13)

- A14. Input-based systems traditionally have served as a proxy for measuring development and maintenance of competence because of the ease of measurement and verification. Input-based approaches have limitations; for example, they do not always measure the learning outcomes or competence developed. Member bodies may partially overcome these limitations by communicating the underlying objectives of continuous improvement—competence and a commitment to lifelong learning.
- A15. This IES measures input-based CPD activity in terms of hours. Member bodies may choose to use another measure (such as learning units) that will be understood by professional accountants. Examples of measures of input-based CPD include:
- time spent on learning activity;
  - units allocated to the learning activity by a CPD provider; and
  - units prescribed for learning activity by the member body
- A16. This IES is based on the concept that member bodies expect a proportion of the learning activities that their members undertake to be verifiable. Some learning activities may be measurable, but may not be able to be verified. These activities also contribute to development and maintenance of competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.
- A17. The following examples represent evidence that could be used for verification in an input-based approach:
- Timed course outlines, teaching materials;
  - Attendance record, registration forms, or confirmation of registration from the provider;
  - Independent assessments that a learning activity has occurred;
  - Confirmation by an instructor, mentor, or tutor of participation; and
  - Confirmation by an employer of attendance at and participation in an in-house program.

### **Combination Approach** (Ref Para 14)

- A18. There are alternatives for adopting a combination approach to CPD. For example, member bodies may choose to:
- (a) use the principles of both input- and output-based systems, whereby input-based learning units contribute to the output competences being measured for a portion of the knowledge areas in a predominantly output-based system;
  - (b) allow professional accountants who may not meet the input-based learning units requirement to provide verification that competence has been developed and maintained; or

- (c) specify a certain number of learning units as an indication of likely effort required to achieve competence, and monitor this together with verifying the competence achieved as a result of the learning activities.

**Monitoring and Enforcement** (Ref Para 15)

- A19. Member bodies are also recommended to provide guidance on the evidence that should be obtained or created to demonstrate that competence was developed or maintained.
- A20. Professional accountants are responsible for (a) retaining appropriate records and documents related to their CPD, such as those designed and provided by their member body, and (b) providing sufficient evidence to demonstrate their compliance with the requirements of the member body when requested to do so.
- A21. In designing their approach to monitoring, member bodies may determine which of their members have the greatest responsibility to, or pose the greatest risk to, the public, and adopt more rigorous monitoring for those operating in such roles.
- A22. A monitoring process could require professional accountants periodically to:
  - (a) Submit a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently; and/or
  - (b) Submit a declaration confirming their compliance with any specific CPD requirements imposed by the member body; and/or
  - (c) Provide evidence of learning activities or verification of the competences they have developed and maintained through their chosen program of CPD activities.
- A23. Supplementary monitoring processes could involve:
  - (a) auditing a sample of professional accountants to check compliance with CPD requirements;
  - (b) the review and assessment of learning plans or CPD documents in public inspection programs; and/or
  - (c) requiring public practice employers to include CPD programs and effective monitoring systems in their quality assurance programs, and to track CPD activities as part of their time recording systems.
- A24. Member bodies are encouraged to require professional accountants to maintain evidence of their learning for a sufficient period of time to support the prescribed reporting requirements. It should be noted, however, that a monitoring cycle of longer than five years would unlikely meet the objectives of this IES.
- A25. A system of mandatory CPD will operate effectively and in the public interest when professional accountants who fail to meet the requirement are brought into compliance on a timely basis. Professional accountants who persist in willful non-compliance would be expected to be appropriately sanctioned. Member bodies are encouraged to determine the types of sanctions after considering the legal and environmental conditions in their countries. Some member bodies may have the legal authority to expel non-compliant professional accountants or to deny them the right to practice. Publication of the names of

professional accountants who willfully fail to comply is an option to be considered. Publication of names (a) can act as a general deterrent for professional accountants, and (b) provides a clear signal to the public of the profession's commitment to maintaining competence.

- A26. The initial steps taken to address non-compliance are likely to focus on bringing the professional accountant into compliance within a reasonable period. Member bodies are encouraged to strike a balance between (a) a sanction that, in substance, amounts to permitting a professional accountant to defer or avoid compliance with the CPD requirement, and (b) one that is excessively punitive.
- A27. Expulsion or denial of the right to practice may be reserved for professional accountants who have made it clear, through a pattern of non-compliance or through their response to the member body's inquiries, that they are likely to continue to disregard the importance of complying with the CPD requirements.
- A28. Imposing sanctions is not an action to be taken lightly. A professional accountant's willful failure to maintain and develop professional competence is, however, a violation of a professional duty that justifies disciplinary action, in that it diminishes the ability to act in the public interest.
- A29. An effective monitoring and enforcement process requires adequate resources. Member bodies may also consider establishing a board or committee of members to oversee CPD requirements and the monitoring and enforcement process.
- A30. As part of their public interest responsibility, member bodies are encouraged to report publicly the extent to which their members comply with the CPD requirements set out in this IES.



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