



REPORT ON: REDRAFTED IES 7:CONTINUING PROFESSIONAL DEVELOPMENT

TO : The International Accounting Education Standards Board (IAESB)

FROM : The South African Institute of Chartered Accountants (SAICA)

DATE : 25 February 2011

1. SCOPE

The International Accounting Education Standards Board [IAESB], a standard setting body within IFAC, issued an exposure draft in December 2010 entitled 'Proposed Redrafted International Education Standards for IES7, Continuing Professional Development: A programme of lifelong learning and continuing development of professional competence'. Comments on this exposure draft were requested by the IAESB by 8 March 2011.

2. GENERAL COMMENT BY SAICA

SAICA believes overall that the redrafted IES7, Continuing Professional Development, is easier to read and clearer on what the standard is requiring of member bodies. Specific comments on certain of the details have however been made in the section below.

SAICA also agrees with the overall principle based approach adopted in the IES 7. We believe that this allows for more flexibility in application for member bodies while still achieving the same objective. Whether this exposure draft achieves a more consistent approach in implementing the standard across member bodies, consistency can only be fully assessed once the standard has been implemented by most IFAC member bodies.

3. SPECIFIC COMMENT BY SAICA

Further to the above general comment, SAICA would also like to make the following comments on the redrafted standard:

- **Para 6:** SAICA would be comfortable with any implementation date and if this is agreed by the IAESB to be 1 January 2013, SAICA would already have adopted this proposed IES 7 (redrafted) as it already meets the requirements set out in this exposure draft.

- **Para 10:** This paragraph outlines that member bodies shall require all professional accountants to develop and maintain competence **relevant** and **appropriate** to their work and professional responsibilities. SAICA agrees with this as a requirement but does experience challenges with implementing this due to the current definition of a professional accountant being a member of an IFAC member body. This is particularly challenging where SAICA members perform roles outside of those of traditional accountants and auditors. More specifically where our members are entrepreneurs and run their own businesses. We would welcome a clarification by IFAC of what is meant by a “professional accountant” and we would also welcome the development of further guidance by the IAESB with regard to what is considered both “relevant” and “appropriate” for different roles. While we would rely on the professional judgement of our members to determine what is relevant and appropriate, this is often quite difficult to evaluate in practice.
- **Para 11:** SAICA welcomes the clarification that member bodies (and not members themselves) must establish the measurement approaches to CPD.
- **Para 12:** SAICA accepts the output-based approach for measuring CPD, but believes that far more guidance needs to be provided by the IAESB with regard to what is meant by:
 - Objectively verified;
 - Who / what constitutes a competent source; and
 - What are considered to be valid assessment methods.

This is specifically in the context of our earlier comment on the definition of a professional accountant and the many diverse roles that SAICA members perform.

For example, where the member is **the** considered expert in a specialised field (such as tax or financial modelling), who would the competent source be?

Also if the above person was the only expert in their field who would you use to objectively verify this persons competence. Does this preclude this person from following the output method?

Further guidance on practical implementation of the output method is considered critical by SAICA and would be of great benefit to all member bodies, but specifically to those in Developing Nations.

- **Para 14:** SAICA welcomes the flexibility in measurement methods, and while the requirement under this paragraph (combination approach) is seemingly clear, and the explanatory material outlined in Para A18 provides some guidance, we believe that this is insufficient. We would further recommend that more guidance is developed by the IAESB in this regard.

4. RESPONSE TO SPECIFIC QUESTIONS POSED

Question 1 – Is the objective to be achieved by a member body, stated in the proposed redrafted IES7, appropriate?

The objective of the standard as set out in the proposed IES7 (redrafted), Para 7, makes it very clear as to what member bodies need to ensure in setting CPD requirements for its members. Specifically the requirements that the member body now needs to establish the preferred approach to measuring CPD. This requirement is more explicit than the previous standard.

Question 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?

Overall our response to the above question is YES. Specifically:

- The requirement is necessary to achieve the stated objective: **YES**
- The requirement is expected to be applicable in virtually all situations to which the standard is relevant: **YES**
- The objective stated in the standard is unlikely to have been met by the requirements of other standards: **YES**

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

No further terms require clarification.

Clarity on any of the comments made in this report can be obtained from Brett Godfrey, Project Director: CPD at brettg@saica.co.za.