



March 7, 2011

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto, Ontario M5V 3H2
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To Whom It May Concern:

On behalf of the AICPA's Pre-certification Education Executive Committee (PcEEC), please find below our response, comments, and additional questions regarding the IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence Exposure Draft.

We appreciate the opportunity to respond to this Exposure Draft. We address the specific areas on which IAESB seeks comments, plus offer additional comments that the AICPA PcEEC believes require further consideration.

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

According to the proposal, 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.

We strongly agree that a professional association should assist individual accountants to develop and maintain their professional competence.

However, the meaning of "monitoring and enforcing a systematic process to ensure that their members meet the objectives of the standard" is somewhat obscure. This text might be restated into plainer language. We agree that professional associations should monitor compliance with CPD requirements and establish and enforce procedures for addressing noncompliance in the public interest. We are not convinced that a reader would obtain that meaning from the current text.

We agree that CPD is necessary in order for a professional to practice accounting, but are not convinced that it needs to be a criterion for membership in a professional association in all cases. We note that retired and inactive professionals often choose to remain members of their respective professional associations in order to receive membership benefits and provide support for the association and the profession. Therefore, we do not believe that CPD should be required for membership in all cases, but agree that it could be required in order to use a professional designation in practice without qualification such as inactive or non-practicing.

We believe that it is equally important to promote compliance and help ensure that all members have access to high quality programs.

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

We believe the output approach requires continuing development in order to ensure consistency of application.

The output approach currently has as parameters the terms sufficient and reliable. According to paragraph 13, the input approach specifies 120 hours of which 60 must be verifiable. There is a minimum hours of 20 per year (all of which may be unverifiable). The requirements provide an expectation of a level of effort and by inference the expected output in terms of acquired technical knowledge or skills. We would hope to see a comparable expectation for the output approach. For example, the indicators in paragraph A13 give no indication of how the requirements may be spread or bundled within a single year or multiple years. So, for example, does publication of a peer-reviewed paper that takes two years count for a single year or two years? Do work logs of 1,000 hours in year one addressing three objectives have any impact on years two and three? Would work logs of 100 hours on a single topic? Would passing a qualification examination following a 100 hour review course and one or more examinations only count for the year of the exam? Similarly, not all outcomes are the same. An output based on a highly specific topic that could be learned in a few hours (e.g. differentiate between Level 1, Level 2 and Level 3 fair value measurements) would not be the same as passing an examination in intermediate financial economics.

We are decidedly sympathetic to the desire to have outcome-based models, and we look forward to guidance on more fully developed models which achieve the stated objectives. The current prescription is a beginning and further development will enhance consistency in applying this standard.

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 output based approach might further clarify what is meant by "objectively verified" and "measured by a valid competence assessment method" in paragraph 10.

We note that assessment in paragraph A13 includes assessment of the CPD as well as assessment of the individual. We would consider assessment of the CPD itself to be a normal part of both approaches in

many cases. It appears that in the case of the individual assessment is synonymous with examination, a different meaning of the term assessment. Examination of the individual is not normally done in the United States.

We note that work logs are listed as an output in paragraph A13. One could also interpret work logs to be an input indicator. If this is meant to be evidence of an assessment, it may require further clarification of the term.

Objectively verified is another term that may require further clarification. Paragraph A12 specifies the need for a competent source that can confirm that competence has been maintained. It is not clear how a competent source can confirm competence when the material has been delivered by distance learning methods including materials delivered through the internet.

Paragraph 29 states that some learning activities may be measured but not verified. The meaning of this phrase is not readily apparent.

Other Comments of Note

The Supplement to the Exposure Draft (Mapping Document) was somewhat difficult to follow. We would recommend something equivalent to that of a WORD document with “track-changes” be produced so that a reader could more easily follow the changes.

Again, we appreciate the opportunity to respond to this Exposure Draft. If we can provide any clarification of further explanation to our comments, please do not hesitate to contact us.

Respectfully Submitted,



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Pre-Certification Education Executive Committee



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