



Chartered Accountants
Regulatory Board

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Mr David McPeak
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Dear Mr McPeak

Exposure Draft: IES 7, CPD: A programme of Lifelong Learning and Continuing Development of Professional Competence

The Chartered Accountants Regulatory Board (CARB) is a body established to regulate members of the Institute of Chartered Accountants in Ireland (the Institute) independently, openly and in the public interest.

One of CARB's regulatory functions is to develop Continuing Professional Development Regulations (the Regulations) and monitor compliance of members of the Institute with the Regulations. CARB therefore welcomes the opportunity to respond to the above Exposure Draft.

Request for comment

We note that IAESB propose amending IES 7 (the Standard) with the aim of:

- Improving clarity;
- Ensuring consistency with the concepts of the revised Framework document; and
- Clarifying issues resulting from the changes in the environment of accounting education and experience formed from implementation of the Standards by IFAC member bodies.

We have responded to each request for comment with these aims in mind.

1. We support the objective as set out in Paragraph 7 of the revised Standard. In particular we agree that CPD builds on the initial period of professional development by continuing to develop professional knowledge, skills, values, ethics and attributes. It also assists professional accountants to contribute to the profession's objective of providing high quality professional services.
2. Subject to our comments at 3 below we believe that the criteria identified by IAESB are appropriate and should achieve consistency of approach
3. (i) CARB is responsible for the supervision of members of the Institute, which has some 20,000 members operating as a variety of roles. Whilst many members continue to work in

areas relevant to their qualification, others have developed careers outside the sphere of accountancy, including such diverse activities as the clergy, holistic medicine etc.

CARB believes that CPD is essential for professional accountants to provide professional services of the highest quality. However, where members of the Institute are no longer involved in any professional activities relevant to their qualification CARB questions the appropriateness of the Standard. In our opinion it would greatly assist the professional bodies if the IFAC provided guidance on the term professional accountant. We understand that IFAC is in fact looking at defining the term; we welcome this development.

- (ii) CARB believes that individual members should take full responsibility for determining which CPD approach allows them to gain the knowledge necessary to develop their professional competence. CARB has therefore allowed members to choose which of the three approaches, output, input or combination, best suits their needs. Whilst it may not be the intention, we would be concerned that Paragraph 11 could be interpreted as requiring member bodies to stipulate the approach adopted by members. CARB supports retaining the current flexibility.
- (iii) CARB is mindful of its responsibility to monitor and enforce member's compliance. CARB is committed to a risk based approach to regulation and notes that IAESB advocates this approach in explanatory paragraph A21 of the guidance. In relation to monitoring we note that explanatory paragraph A24 states that a monitoring cycle of longer than 5 years should be unlikely to meet the objectives of this Standard. CARB believes its monitoring obligations are met by the requirement for members to submit an Annual Declaration of Compliance (A22 (A) & (B)) and the submission of a sample of CPD records to CARB for review in a manner, form and time set by CARB.

I hope the above comments are of assistance to the Board. If you have any queries or wish to discuss this further, please do not hesitate to contact me.

Yours sincerely



Heather Briers
Director
Chartered Accountants Regulatory Board

**SUPPLEMENT TO EXPOSURE DRAFT,
PROPOSED IES 7 (REDRAFTED):
MAPPING DOCUMENT**

This supplement to the International Accounting Education Standards Board (IAESB) Exposure Draft, Proposed IES 7 (Redrafted), “*Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*” has been prepared by IAESB staff to demonstrate how the text of extant IES 7 (which may have been reworded as necessary) maps to proposed IES 7 (Redrafted). The highlighted text identifies material that is proposed to be deleted. An explanation of the proposed deletion and other comments are provided, where appropriate.

The material included herein is provided only to assist readers of the Exposure Draft of proposed IES7 (Redrafted). It is for information purposes only and does not form part of the Exposure Draft. The IAESB has not approved, disapproved, or otherwise acted upon this supplement. It is neither authoritative nor an official pronouncement nor statement of the IAESB.

Exhibit 1. Mapping Document

Note: Highlighting indicates material that has been deleted, unless otherwise noted.

Extant IES 7	New para. ref.	Comment on proposed deletion of highlighted material, significant edits, and other notes
Purpose and Scope of this Standard		
1. This Standard (IES) prescribes that member bodies: <ul style="list-style-type: none"> (a) foster a commitment to lifelong learning among professional accountants; (b) facilitate access to continuing professional development opportunities and resources for their members; (c) establish for members benchmarks for developing and maintaining the professional competence necessary to protect the public interest; and (d) monitor and enforce the continuing development and maintenance of professional competence of professional accountants. 	Para.2	Content of bullets (c) and (d) have been combined and included in Para.2

Extant IES 7	New para. ref.	Comment on proposed deletion of highlighted material, significant edits, and other notes
2. This IES is based on the principle that it is the responsibility of the individual professional accountant to develop and maintain professional competence necessary to provide high quality services to clients, employers and other stakeholders.	Para.1	Content rewritten and appears in Para.1
Introduction		
3. This IES 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).	Para.7	Content rewritten and appears as Objective in Para.7
4. This IES introduces the concepts of continuing professional development as relevant, verifiable and measurable learning activities and outcomes.	Para. A8 & A16	Content viewed as explanatory material and included in Para. A8 & A16
5. Continuing professional development refers to learning activities that develop and maintain capabilities to enable professional accountants to perform competently within their professional environments (see Framework for International Education Pronouncements).	Para.3	Content rewritten and appears in Para.3
6. IFAC's mission is to serve the public interest, strengthen the worldwide accountancy profession, and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant. A fundamental		Paragraph deleted; Content deleted because it appears in other IAESB pronouncements

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principle of the IFAC Code of Ethics for Professional Accountants states,		
7. “A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives the advantage of competent professional service based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards in all professional and business relationships.”		Paragraph deleted; Content deleted because it appears in other IAESB pronouncements
8. This IES addresses how professional accountants meet their obligations of ongoing competence.	Para.A6 & A22	Content viewed as explanatory material and included in PA6 & A22
9. The knowledge needed to function effectively as a professional accountant in public practice, industry, commerce, education and the public sector continues to expand and change at a rapid rate. Professional accountants face increased knowledge and skill expectations. They and their professional associations also face unprecedented scrutiny about the quality of internal control, governance, financial statements and independent audits. These pressures apply to professional accountants in both the private and public sectors. In addition, the need to be competitive in a worldwide economy has prompted a more intense focus on the role and responsibilities of professional accountants in entities of all types. Professional accountants in all sectors have important contributions to make. Continued development of professional competence and lifelong learning are critical if the professional accountant is to meet these expectations.	Para.A1	Content viewed as explanatory material and included in Para.A1
10. The profession has a responsibility to ensure that professional accountants continue to develop and maintain the competence	Para.A2	Content viewed as explanatory

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<p>demanded by their professional roles and the users of their services. IFAC member bodies are encouraged to promote to their members, stakeholders and the public, the benefits of CPD highlighting the importance of continuous improvement of competence and a commitment to lifelong learning.</p>		<p>material and included in Para.A2</p>
<p>11. On its own, CPD does not provide assurance that all members will provide high quality professional service all the time. Doing so involves more than maintaining professional competence; it involves applying knowledge with professional judgment and an objective attitude. Also, there cannot be assurance that every person who participates in a CPD program will obtain the full benefits of that program, because of variances in individual commitment and capacity to learn. Nevertheless, it is certain that members who are not up-to-date on current technical and general knowledge pertinent to their work will not be able to provide professional services competently. Therefore, despite the inherent limitations of any CPD program, a CPD requirement is important to maintaining public confidence.</p>	<p>Para.A2</p>	<p>Content viewed as explanatory material and included in Para.A2</p>
<p>12. The accountancy profession operates in an environment of change making it necessary for member bodies to periodically review their CPD policies and the application of this IES.</p>	<p>Para.A1</p>	<p>Content viewed as explanatory material and included in Para.A1</p>
<p>13. Member bodies need to consider a variety of quality assurance methods when considering their responsibility to protect the public interest. CPD is only one method. Others include quality assurance reviews of professional accountants' work and investigation and disciplinary regimes for misconduct, as documented in IFAC's Statements of Membership Obligations (SMOs) 1 and 6, respectively.</p>	<p>Para.A3</p>	<p>Content viewed as explanatory material and included in Para.A3</p>
Effective Date		
<p>14. This IES is effective from January 1, 2006.</p>	<p>Para.6</p>	<p>Date amended in Para.6 to</p>

Extant IES 7	New para. ref.	Comment on proposed deletion of highlighted material, significant edits, and other notes
		reflect new effective date
Promotion of Lifelong Learning		
15. Member bodies should promote the importance of continuous improvement of competence and a commitment to lifelong learning for all professional accountants.	Para.8	Wording amended in Para.8 to reflect IAESB Drafting Conventions
16. All professional accountants have an obligation to develop and maintain their professional competence, relevant to the nature of their work and professional responsibilities. This obligation applies to all professional accountants, irrespective of whether they are involved in traditional accounting fields or other areas.	Para.A6	Paragraph deleted, Content captured in Para.A6
17. The process of lifelong learning commences early, continuing with the education program to become qualified as a professional accountant, and on through an individual's career. CPD is an extension of the education process that led to qualification as a professional accountant. The professional knowledge, professional skills, and professional values, ethics and attitudes gained by the time of qualification continue to develop and are refined appropriately for the professional activities and responsibilities of the individual.	Para.3	Paragraph deleted, Content captured in Para.A6
Access to CPD		
18. Member bodies should facilitate access to CPD opportunities and resources to assist professional accountants in meeting their responsibility for lifelong learning.	Para.9	Wording amended in Para.9 to reflect IAESB Drafting

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		Conventions
19. Member bodies may directly provide relevant CPD programs for professional accountants and facilitate access to programs offered by others, encompassing all learning methods.	Para.A4 and A5	Examples of learning activities provided in Para.A5
Mandatory CPD for all Professional Accountants		
20. Member bodies should require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities. The responsibility for developing and maintaining competence rests primarily with each professional accountant.	Para.10	Wording of 1 st sentence amended in P9 to reflect IAESB Drafting Conventions. 2 nd sentence deleted, content viewed as guidance and is captured in Para.A6
21. CPD is applicable for all professional accountants, regardless of sector or size of business in which they operate, because: (a) All professional accountants have an ethical obligation of due care to their clients, employers and relevant stakeholders and need to demonstrate their ability to discharge this responsibility in a competent manner. (b) Professional accountants in all sectors hold positions of importance involving financial reporting, public accountability and maintaining the public trust. (c) The public is likely to rely on the designation or professional standing of the professional accountant. Moreover, all professional accountants carry the professional designation, and any lack of competence or ethical behavior has the same	Para.A6	Content captured in Para.A6

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<p>consequences to the reputation and standing of the profession, irrespective of the sector or role in which they operate.</p> <p>(d) All sectors are affected by the rapidly changing environment and the consequential need to adapt the strategic or business plans of those organizations relying on the professional accountant's professional competence.</p> <p>(e) Employers hiring professional accountants in any sector rely, at least to some extent, on the professional designation as proof of professional competence.</p>		
<p>22. In setting the requirement for CPD, member bodies will need to consider what is relevant and appropriate for professional accountants in circumstances such as career breaks and retirement.</p>	Para.A7	Content captured in Para.A6
Relevance		
<p>23. CPD contributes to the competence of professional accountants and therefore acceptable CPD activities are expected to develop the professional knowledge, professional skills and professional values, ethics and attitudes of the professional accountant, relevant to their current and future work and professional responsibilities.</p>	Para.3	Paragraph deleted, content captured in Para.3
<p>24. Some member bodies may choose to develop requirements or other guidance regarding which types of CPD activities are considered professionally relevant. Other member bodies may choose to rely on the professional judgment of individual members to make decisions on the relevance of CPD activities. Others may choose to set requirements in certain areas, and allow members the flexibility to choose relevant</p>	Para.A8	Content captured in Para.A8

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learning activities in other areas.		
25. Member bodies may prescribe specific or additional CPD for members working in specialist areas or areas of high risk to the public.	Para.A9	Content captured in Para.A9
26. Professional accountants are encouraged to consult with employers, colleagues, member bodies and others to help them identify competency or learning gaps and then specify learning opportunities to meet these needs.	Para.A11	Content captured in Para.A11
Measurement		
27. Professional accountants are required to measure learning activities or outcomes to meet the member body's CPD requirements.	Para.12	Paragraph deleted, Content captured in para.A12
28. Learning activity can be measured in terms of effort or time spent, or through a valid assessment method which measures competence achieved or developed.		Paragraph deleted, content captured in para.A15 & A18
Verification		
29. This IES is based on the principle that a certain portion of the learning activities professional accountants engage in are verifiable. This means that the learning is able to be objectively verified by a competent source. Some learning activities may be measured but not verified.	Para.A16	Paragraph reworded for clarity and included in Para.A16

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<p>30. Professional accountants are responsible to retain appropriate records and documents related to their CPD and, upon request by the member body, provide sufficient evidence to demonstrate their compliance with the requirements of the member body.</p>	Para.A20	Paragraph reworded for clarity
CPD Approaches		
<p>31. The objective of CPD is to assist professional accountants to develop professional competence to provide services of high quality in the public interest. Measurement of completion of CPD can be achieved by at least three different approaches:</p> <p>(a) Input-based approaches — by establishing a set amount of learning activity that is considered appropriate to develop and maintain competence.</p> <p>(b) Output-based approaches — by requiring professional accountants to demonstrate, by way of outcomes, that they develop and maintain professional competence.</p> <p>(c) Combination approaches — by effectively and efficiently combining elements of the input- and output-based approaches, setting the amount of learning activity required and measuring the outcomes achieved.</p>	Para5	Paragraph deleted; Content captured in Para.5 & 7
<p>32. 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. As a result, some professional accountants may</p>	Para.A14	Paragraph reworded for clarity

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<p>not apply themselves in seminars or courses and yet meet the input-based criteria for measurement and verification. This “form over substance” approach can undermine the real objective of continuous improvement of competence. Member bodies may overcome these limitations by communicating the underlying objectives of continuous improvement of competence and a commitment to lifelong learning.</p>		
<p>33. Output-based approaches concentrate on measuring the development and maintenance of competence achieved through learning, rather than measuring the various learning activities completed.</p>	Para.5	Paragraph deleted; concept captured in Para.5
<p>34. The measurement and verification system would differ between input, output and combination approaches.</p>		Paragraph deleted
Input-based Approach		
<p>35. Member bodies operating an input-based approach should require the professional accountant to:</p> <ul style="list-style-type: none"> (a) 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 should be verifiable; (b) complete at least 20 hours or equivalent learning units in each year; and (c) track and measure learning activities to meet the above requirements. 	Para 12	Wording amended in Para 12 to reflect IAESB Drafting Conventions

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<p>36. This IES measures CPD activity in hours or equivalent learning units. Member bodies may choose to use another term for the unit of measurement that will be understood by professional accountants (such as credit points or learning units). This other unit of measurement is to represent one hour of classroom time or its substantial equivalent.</p>	Para.A15	Paragraph reworded for clarity
<p>37. Some learning activities may be measurable, but not 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.</p>	Para.A16	Paragraph reworded for clarity
Output-based Approach		
<p>38. Member bodies implementing an output-based approach should require the professional accountant to demonstrate the maintenance and development of relevant competence by periodically providing evidence that has been:</p> <ul style="list-style-type: none"> (a) objectively verified by a competent source; and (b) measured using a valid competence assessment method. 	Para.11	Wording amended in Para.11 to reflect IAESB Drafting Conventions
<p>39. Member bodies need to require professional accountants to obtain evidence that competence was developed or maintained. The professional accountant is responsible for providing the evidence to the</p>		Paragraph deleted, content captured in Para 11, A19, A20.

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member body on request and for ensuring the evidence filed is sufficient and reliable.		
40. Verification of competence for output-based systems is an objective assessment that competence has been developed or maintained. Verification is to be provided by a competent source in a position to confirm that the competence has been developed and maintained using a valid method or technique. The assessment should clearly identify the outcome or competence achieved, which may be the result of a particular learning activity or an extended development program that involves numerous learning activities, the achievement of performance outcomes (e.g., from the work environment) or other means (e.g., professional re-examinations).	Para.A12	Paragraph reworded for clarity
41. The evidence may take many forms. Examples of verification can be found in the Appendix to this IES.	Para.A13	Paragraph deleted, Content captured in Para.A13
Combination Approach		
42. Member bodies implementing a combination of input- and output-based approaches should follow the principles of input and output systems, as applicable, set out in this IES.	P13	Wording amended in Para.13 to reflect IAESB Drafting Conventions
43. There are several alternatives for adopting a combination approach to CPD. For example, member bodies may choose to: (a) adopt an input-based approach for some sectors or other grouping of members and an output-based approach for others; (b) use the concepts of both input- and output-based systems,	Para.A18	Paragraph reworded for clarity; bullets (a) and (e) deleted so as to emphasize alternatives for the combination approach

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<p>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;</p> <p>(c) allow professional accountants who may not meet the input-based learning units requirement to provide verification that competence has been developed and maintained;</p> <p>(d) specify a certain number of learning units as an indication of likely effort required to achieve competence and monitor this together with verification of competence achieved as a result of the learning activities; or</p> <p>(e) introduce a combination approach before moving towards a comprehensive output-based system.</p>		
Monitoring and Enforcement		
<p>44. Member bodies should establish a systematic process to monitor whether professional accountants meet the CPD requirement and provide for appropriate sanctions for failure to meet the requirement, including failure to report or failure to develop and maintain competence.</p>	Para.14	Wording amended in Para.14 to reflect IAESB Drafting Conventions
<p>45. In designing their approach to monitoring, member bodies may consider which of their members have the greatest responsibility to the public or pose the greatest risk to the public and adopt more rigorous monitoring for those operating in high risk roles.</p>	A21	Paragraph reworded for clarity

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<p>46. A monitoring process could require professional accountants to periodically:</p> <ul style="list-style-type: none"> (a) submit a declaration as to whether they meet their ethical obligation to maintain knowledge and skill to perform competently; (b) submit a declaration as to compliance with any specific CPD requirements imposed by the member body; and/or (c) provide evidence of learning activities or verification of competence developed and maintained. 	Para.A22	Paragraph reworded for clarity
<p>47. Reporting cycles of greater than five years would be unlikely to meet the objectives of this IES.</p>	Para.A24	Paragraph integrated into Para. A24
<p>48. Other monitoring processes could involve:</p> <ul style="list-style-type: none"> (a) auditing a sample of professional accountants to check compliance with CPD requirements; (b) including the review and assessment of learning plans or CPD documents in practice 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. 	Para.A23	Paragraph reworded for clarity
<p>49. Member bodies need to require professional accountants to maintain evidence for a sufficient period of time to support the prescribed reporting requirements.</p>	Para.A24	Paragraph remains as stated

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50. Verification needs to be in the form of documentation that can be provided easily to the member body for review purposes. Examples are provided in the Appendix to this IES.		Paragraph deleted, examples provided in Para.A13 and Para.A17
51. A system of mandatory CPD will operate effectively and in the public interest only if professional accountants who fail to comply with the requirement are brought into compliance on a timely basis or, if they persist in willful non-compliance, are appropriately sanctioned. Member bodies are encouraged to determine punitive 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 the right to practice. Publication of the names of professional accountants who wilfully fail to comply is one option to be considered in this process. This can act as a general deterrent for professional accountants and provides a clear signal to the public of the profession's commitment to maintaining competence.	Para.A25	Paragraph remains as stated
52. The initial steps taken to address non-compliance are likely to focus on bringing the professional accountant into compliance within a reasonable period. Care needs to be taken to strike a balance between a sanction that, in substance, amounts to permitting a professional accountant to defer or avoid compliance with the CPD requirement and one that is excessively punitive.	Para.A26	Paragraph reworded for clarity
53. 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.	Para.A27	Paragraph remains as stated
54. Imposing sanctions is not an action to be taken lightly. A professional accountant's willful failure to maintain and develop his or her professional competence is, however, a violation of a significant	Para.A28	Paragraph reworded for clarity

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professional duty that justifies disciplinary action.		
55. A member body needs to ensure the monitoring and enforcement process is adequately resourced. Member bodies may also consider establishing a board or committee of volunteers to oversee the CPD requirements and the monitoring and enforcement process.	Para.A29	Paragraph reworded for clarity
56. As a public interest step, member bodies are encouraged to report publicly the extent to which their members comply with the CPD requirements set out in this IES.	Para.A30	Paragraph remains as stated

