



4 March 2011

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto, Ontario
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Canada

Dear Sir / Madam

Proposed redrafted International Education Standard, IES 7 (December 2010)

Thank you for the opportunity to comment on this Exposure Draft for the revision of IES 7 *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*.

We note that the amendments proposed to IES 7 stem from application of the drafting conventions and that the IAESB is looking for comments only on the application of them to the standard. We have therefore generally limited our response to these parameters but there are a few additional points on the substantive side which we hope are nevertheless helpful.

We support the proposals in the Exposure Draft. We believe that the proposed redrafted standard is now clearer and generally better ordered as a result of applying the drafting conventions. In our opinion, the proposed new standard will therefore be easier for all audiences to read and to comprehend and member bodies, professional accountants and the public will all benefit as a result.

It is our assessment that the Exposure Draft presents a good context and rationale for CPD. We also believe that the IAESB's drafting conventions have been appropriately applied.

I append our answers to the consultation questions. We hope that these are helpful and we look forward to the finalised revised standard. Please do not hesitate to contact Jonathan Jones, Head of Policy and Strategy, Learning and Professional Development on jonathan.jones@icaew.com or +44 (0)1908 248 292 if you would like any further clarification or information about our views at this stage.

Yours faithfully

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RESPONSES TO SPECIFIC QUESTIONS

Q1. Is the objective to be achieved by a member body, stated in the proposed redrafted IES 7, appropriate?

We believe that the objectives to be achieved by member bodies are appropriate, but require some clarification.

The objective stated in paragraph 7(b) of the standard requires some additional definition: the monitoring and enforcement process can, in practice, be carried out only through a combination of self-declaration, sample reviews and investigation of complaints. Alternative methods of monitoring and enforcement would be resource-intensive beyond the capacity of the majority of bodies, even on a five-year cycle. The suggestion in paragraph A21 that monitoring approaches could be applied on a risk basis is an appropriate view.

Paragraphs 7(c) and 9 explain the role of member bodies in facilitating access to CPD opportunities. We believe that while member bodies (and employers) have an important role in assisting individual professional accountants to maintain and develop their professional competence, the fundamental responsibility for CPD must lie with the individual professional accountant. We particularly welcome the inclusion in paragraph A2 of the focus and limitations of CPD, and the emphasis upon the professional's need to combine CPD with ethical behaviour, professional judgement and an objective attitude. We also welcome mention of the work of member bodies in quality assurance reviews, investigation and disciplinary regimes as part of the public interest role.

We believe the redraft of paragraph A22 is an improvement over the existing text. We strongly support the text of paragraphs A25–A30 which we think are both clear and strike an appropriate balance between support and sanction.

Q2. 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 that the IAESB has taken a consistent and appropriate approach. We have suggestions for improvements in some of the text.

Evidence requirements: output-based CPD

The CPD assessment approaches recommended are educationally sound: evidence should be capable of measurement and of verification.

However, the scale of the exercise of regularly assessing individual professional accountants is very significant; some member bodies will be very restricted by their resources. We suggest that the IAESB makes it clear that sampling approaches – random and risk-based – are appropriate as they are based on statistical principles ensuring coverage.

Evidence requirements: input-based CPD

The clarity of paragraph 13 would be improved by the addition of 'and' after clause (a).

Q3. Are there any terms within the proposed redrafted IES 7 which require further clarification? If so, please explain the nature of the deficiencies.

We acknowledge IAESB's intention to permit member bodies discretion in how to apply the standard in their particular environment. We therefore welcome the use of words such as 'could' and 'encourage', which convey the expectations of the standard without being overly prescriptive.

We also agree with the proposed deletions of text from the standard on the basis either of it appearing in other IFAC pronouncements or of it being now obsolete.

We are, however, concerned that at points in the redrafted standard IPD and CPD requirements have been conflated. We do not believe this provides the intended level of clarity. For example, the 'Background' section (p4 of the explanatory memorandum) selectively combines elements of the 'learning and development' and 'IPD' sections of the Framework. This confusion continues into paragraphs 1 and 10.

For the sake of clarity, and to maintain the scope of IES 7, we suggest that CPD be described first as maintaining knowledge and skills at a level appropriate to the role, and then – optionally – further developing knowledge and skills, by extending competence either within an existing area of expertise or into a new area. In paragraph 3, we would highlight that CPD is not simply to enable professional accountants to continue to perform their roles competently; rather, it is also to undertake new roles and to facilitate opportunities, where desired by the individual professional accountant.

We feel that paragraph A7 could give more guidance to member bodies on approaches to take for professional accountants taking career breaks etc. It is our experience that professional accountants retired from their major occupation, or those on a career break, will still undertake work for clients or pro bono work for charities. They therefore need to undertake CPD which ensures they are prepared to perform their work competently.