

Exposure Draft

June 5, 2017

Comments due: September 5, 2017

IES™

Proposed International Education Standard
IES™ 7

Continuing Professional Development (Revised)

IAESB

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This Exposure Draft was developed and approved by the International Accounting Education Standards Board™ (IAESB™).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

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REQUEST FOR COMMENTS

This Exposure Draft, *Continuing Professional Development (Revised)*, was developed and approved by the International Accounting Education Standards Board™ (IAESB™).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by September 5, 2017.**

Respondents are asked to submit their comments electronically through the IAESB website, using the "[Submit a Comment](#)" link. Please submit comments in both a PDF and Word file. Also, 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 website. Although IAESB prefers that comments are submitted via its website, comments can also be sent to David McPeak, IAESB Principal at davidmcpeak@iaesb.org.

This publication may be downloaded from the IAESB website: www.iaesb.org. The approved text is published in the English language.

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Introduction

This memorandum provides background to, and an explanation of, the proposed International Education Standard (IES) 7, *Continuing Professional Development (Revised)*, approved for exposure by the International Accounting Education Standards Board (IAESB) at its April 2017 meeting.

Background

The extant version of IES 7 was published in July 2012 and became effective on January 1, 2014. The extant IES 7 prescribes the continuing professional development (CPD) required for professional accountants to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and thereby to strengthen public trust in the profession. Although IES 7 was a part of the IAESB clarity project, the content of the extant IES 7 was not revised. This IES was only re-drafted in accordance with the Board's clarity drafting conventions, established in the Appendix of the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)*.

Research and Consultation

As part of its efforts to determine whether revisions to this standard would serve the public interest, the IAESB has undertaken the following research and consultation, including:

- 144 IFAC member bodies and the public were invited to respond to questions related to their experience of implementing IES 7. The IAESB received 47 responses from 43 member bodies (three submitted multiple responses) and one response from the public (see [Agenda Item 4-2 of the April 2016 Board meeting](#) for analysis of responses).
- The IAESB conducted focus group discussions with the 'Forum of Firms' and completed an analysis of their feedback (see [Agenda Item 4-3 of the April 2016 Board meeting](#) for analysis of comments).
- The IAESB reviewed the IAESB Consultative Advisory Group (CAG) Report to the IAESB ([Agenda Item 2-2 from the November 2015 Board meeting](#)).
- The IAESB consulted with the IES Usage Study task force to include IES 7 relevant findings and issues from that study (See [Agenda Item 2-1 of April 2016 meeting](#)).
- The IAESB's preliminary findings and recommendations were discussed with the CAG at its April 2016 meeting. The CAG's feedback was included as [Agenda Item 5-4 for the April 2016 meeting](#).
- The IAESB completed its: analysis of comments related to April 2016 group discussions with the IFAC SMP Committee and the IFAC PAIB Committee; review of examples of CPD principles, standards and guidance developed for other professions (actuaries, medics, pharmacists etc.) as well as U.S. professional accountants and accountancy CPE program sponsors, and CPD policies from IFAC member bodies using an output-based measurement approach; and interviews with member bodies, regional organizations, the PIOB, IFAC committees, the Forum of Firms, and regulators (See [Agenda Item 3-3 from the November 2016 meeting](#) for a comprehensive list of IES 7 related outreach and consultation). A summary analysis of these consultations is included in [Agenda Item 3-1 of the November 2016 IAESB meeting](#).

Following a full discussion of the findings from this research and consultation, the IAESB decided to revise IES 7 by clarifying or revising the standard and by developing implementation support materials. The revision of IES 7 aims to improve the consistency, quality, and relevance of CPD undertaken by professional

accountants. This serves the public interest by improving the quality of professional accounting education, and enhancing the professional competence of the accountancy profession.

Effective Date

The IAESB is expecting to finalize IES 7 in Quarter 4 of 2017 and it will be effective for implementation 15 to 18 months after final IAESB approval (approximately July 1, 2019) to enable IFAC member bodies time to translate the standard and ensure that appropriate processes are in place for its implementation. 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 to facilitate their implementation.

Significant Issues

This section describes some of the issues and resulting decisions that the IAESB has taken in response to comments received from consultations with IAESB stakeholders, and are summarized under the following headings.

Principles and Requirements of Measurement Approaches

What Are the Issues?

An analysis of respondents' comments from the IAESB's consultations¹ on CPD supports the need to clarify and support the principles and requirements on the measurement approaches. More specifically, further clarification and guidance are needed to assist IFAC member bodies and other stakeholders in:

- Understanding what is and how to achieve an output-based approach and how to move from an input-based to an output-based measurement approach;
- Improving the implementation of an input-based measurement approach to measure CPD activity that is based on relevant learning and development activities; and
- Understanding how to combine both the input and the output measurement approaches, in combination, to ensure that the public interest is protected, and how to improve consistent implementation of measurement requirements when both approaches are used.

How Have these Issues Been Addressed?

Paragraphs 12, 13, and 14 of the proposed IES 7 have been revised to clarify the requirements for the measurement of CPD, while keeping the standard principles-based.

Requirement

Revised paragraph 12 clarifies the measurement of professional accountants' CPD by requiring the use of: the output-based approach, the input-based approach, or both. This addresses respondents' confusion by eliminating the need to have principles and requirements for the combination measurement approach. The revised Paragraph 12 also simplifies the requirement by removing the unnecessary burden on IFAC member bodies of establishing a preferred approach.

Explanatory Material

Paragraphs A18 and A25 provide further explanation on the application of these measurement approaches. Paragraph A18 assists member bodies in determining which measurement approach to use by providing

¹ See [Agenda Item 3-1 of the November 2016 IAESB meeting](#) and [Agenda Item 2-1 of the April 2017 meeting](#).

the following examples of factors to consider: knowledge of the local environment, public expectations, relevant regulatory requirements, learning and development needs and roles of professional accountants in a jurisdiction. In addition, Paragraph A25 provides clarification on using both approaches by describing how both the output-based and input-based approaches can be used in measuring completed CPD. An example is also included to illustrate how activities from both the output-based and input-based approaches can be used to measure CPD activity.

Output-based Approach

Requirement

The requirement on the output-based measurement approach was revised to require IFAC member bodies to measure professional accountants' CPD by requiring professional accountants to demonstrate the achievement of learning outcomes (Paragraph 13) rather than to demonstrate the development and maintenance of appropriate professional competence. This requirement on measuring CPD has been clarified by focusing on the demonstration of learning outcomes which are outputs of CPD learning and development activities. Learning outcomes establish the content and depth of knowledge, understanding, and application required for a specified competence area.

Explanatory Material

Paragraphs A19, A20, and A21 clarifies the requirement on the output-based measurement approach by explaining the measurement's focus, whether learning outcomes have been achieved (Paragraph A19), who should establish learning outcomes (Paragraph A20), and what factors should be considered in determining whether achievement of learning outcomes has occurred (Paragraph A21).

Input-based Approach

Requirement

The requirement on the input-based measurement approach was revised to require IFAC member bodies to measure professional accountants' CPD by prescribing completion of a specified amount of learning and development activity (Paragraph 14). The requirement no longer prescribes a fixed numerical amount of professional development activity consistent with a principles based approach. This type of approach provides member bodies with greater flexibility in measuring professional accountants' CPD by considering learning and development needs and roles of professional accountants in their jurisdictions.

Explanatory Material

Paragraphs A22 and A23 clarifies the requirement on the input-based measurement approach by explaining what are appropriate input measures for CPD activity based on professional development activity (A22) and what are examples of other measures based on learning and development activity (A23). Paragraph A24 indicates that member bodies can provide guidance on the extent of CPD that can be obtained from a single learning and development activity that is undertaken more than once.

Clarification of CPD Activities

What Are the Issues?

An analysis of respondents' comments from the IAESB's consultations² on CPD supports the need for further clarification on CPD learning and development activities. Respondents identified the following challenges in using CPD learning and development activities:

² See [Agenda Item 3-1 of the November 2016 IAESB meeting](#) and [Agenda Item 2-1 of the April 2017 meeting](#).

- Identification of appropriate CPD learning and development activities – Need to identify a broader range of appropriate CPD learning and development activities and describe how they can be leveraged to meet the individual's learning and development needs; and
- Clarification through examples – Need to clarify what is included in a planned CPD program by providing examples of learning and development activities.

How Have these Issues Been Addressed?

Introduction

Paragraph 5 of the proposed IES 7 describes appropriate CPD learning and development activities as those activities that contribute to the development and maintenance of professional competence. This description is enhanced by identifying various types of formal and informal learning and development activities. For example, informal learning by self-directed and unstructured gaining of knowledge identified in the extant IES 7 has been clarified by separating these two types of learning and development activities and by indicating that self-development activities need to be planned.

Explanatory Material

Paragraph A17 provides examples of learning and development activities that can be included in a planned program of CPD. New examples have been added to extend the range of CPD learning and development activities to meet the individual's learning needs within a planned program of CPD. Many of the existing examples have been amended to be more complete and relevant to professional accountants. The examples now include not only activity words that describe the nature of activity to be performed, but also provide context on how to achieve learning outcomes from the learning and development activity.

CPD Framework

What Are the Issues?

An analysis of respondents' comments from the IAESB's consultations³ on CPD supports the need for further clarification on improving CPD programs. More specifically, further clarification is needed to:

- Help professional accountants undertake and member bodies implement CPD programs;
- Improve the understanding of CPD providers, member bodies, and other stakeholders of good CPD practices; and
- Recognize that professional accountants can learn from many activities which might not be recognized as valid CPD activities.

How Have these Issues Been Addressed?

Explanatory Material

Paragraphs A8, A9, and A10 provide clarification on and examples of how to improve CPD programs. Paragraph A8 indicates that effective learning and development for professional accountants is achieved by establishing planned, relevant, and timely CPD. The learner's perspective is further emphasized by indicating that (i) CPD activities should be aligned with the professional accountant's identified learning and development needs or role (Paragraph A8) and (ii) each professional accountant has differing learning and development needs (Paragraph A9).

³ See [Agenda Item 3-1 of the November 2016 IAESB meeting](#) and [Agenda Item 2-1 of the April 2017 meeting](#).

Paragraphs A9 and A10 assist member bodies by providing examples that improve the relevancy of CPD. Paragraph A9 introduces the concept of a CPD framework that member bodies can use to support the learning and development of professional accountants. The proposed structure of a framework (i.e., a) self-appraisal, b) plan, complete, and record activity, c) evaluation, d) reflective activity and revision of the plan) achieves the following:

- Emphasizes the importance of the role the individual learner or professional accountant plays in planning, undertaking and reflecting upon CPD;
- Includes the concept of self-appraisal into CPD, which research emphasizes is critical to the success and efficacy of CPD;
- Underscores that all forms of learning, formal and informal, and practical experience are valid learning and development activities when they are planned, relevant, and reflected upon; and
- Provides IFAC member bodies with direction in evolving their CPD programs and measurement approaches to something other than input-based.

In addition, Paragraph A10 identifies competency maps and learning plan templates that member bodies may provide as tools to support a commitment to lifelong learning and to help professional accountants plan relevant CPD. The CPD framework, competency maps, and learning plan templates are all considered examples of good practice and assist CPD providers, member bodies and other stakeholders in improving their understanding and implementation of CPD.

Monitoring and Enforcement of CPD

What Are the Issues?

An analysis of respondents' comments from the IAESB's consultations⁴ on CPD supports the need for further clarification on the principles and requirements of monitoring and enforcing CPD. In particular, further clarification is needed to assist IFAC member bodies and other stakeholders in:

- Understanding what evidence is needed to demonstrate the use of an output-based approach; and
- Improving the effectiveness of measuring, monitoring and enforcing CPD.

How Have these Issues Been Addressed?

Requirements

Two new requirements on a) verifiable evidence and b) the extent of measuring, monitoring, and enforcing CPD have been added to the proposed IES 7. Paragraph 15 prescribes that IFAC member bodies specify the nature and extent of verifiable evidence for professional accountants' CPD. This requirement assists IFAC member bodies by clarifying that professional accountants are responsible to maintain verifiable evidence for CPD undertaken. In addition, the requirement assists with measuring CPD activity by requiring IFAC member bodies to specify the nature and extent of verifiable evidence. Paragraph 17 prescribes that IFAC member bodies measure, monitor, and enforce CPD to be performed on a specific and regular basis. This requirement not only assists IFAC member bodies in improving the effectiveness of these processes, but also supports the cyclical nature of the CPD framework.

⁴ See [Agenda Item 3-1 of the November 2016 IAESB meeting](#) and [Agenda Item 2-1 of the April 2017 meeting](#).

Explanatory Material

Paragraphs A26, A27, and A28 clarify on the application of the requirement on verifiable evidence (Paragraph 15). Paragraph A26 identifies the responsibilities of professional accountants in maintaining verifiable evidence. Paragraphs A27 and A28 provide examples of verifiable evidence to support the output-based and input-based measurement approaches, respectfully.

Paragraphs A29, A32, and A33 reinforce the need for IFAC member bodies to measure, monitor, and enforce CPD on a systematic, cyclical, and timely basis. From the professional accountants' perspective, timely and well planned learning and development activities lead to effective CPD (Paragraph A8).

Other Issues

The requirement on mandatory CPD was revised to not only require all professional accountants to undertake, but also to record CPD that develops and maintains professional competence relevant to their role (Paragraph 9). The need for recording CPD is discussed in the Explanatory Material when: recognizing learning, development, and reflective activities by professional accountants (Paragraphs A9 and A21); maintaining verifiable evidence (Paragraphs A26 and A27); and recognizing the responsibility of employers to track CPD activities as part of their time recording systems (Paragraph A30). In addition, revised Paragraph 9 requires that CPD be relevant to not only the professional responsibilities of, but also to the role of professional accountants. Paragraph A7 explains why CPD applies to all professional accountants and recognizes the importance of maintaining professional knowledge and skills by linking to fundamental principle on professional competence and due care from the IESBA Code of Ethics for Professional Accountants⁵. Paragraph A14 provides further clarification by indicating that member bodies consider what is relevant for professional accountants in special circumstances, including those on career breaks and those who have retired from full-time practice, but who continue to do work in some capacity other than as a professional accountant.

Because of the above revisions, IES 7 has been reorganized to improve the clarity and flow of content as follows:

- The paragraphs of the Requirements and relating Explanatory Material sections have been reorganized to recognize the importance of CPD for All Professional Accountants, Promotion of and Access to CPD, Measurement of CPD, and Monitoring and Enforcement of CPD.
- In addition to the revised paragraphs identified above, new paragraphs A1, A2 and A13 have been added to improve clarity of the Introduction and the area of CPD for All Professional Accountants. Paragraphs A1 and A2 define professional competence and lifelong learning; whereas, paragraph A13 clarifies the requirement on CPD for All Professional Accountants by referring to the specialist role of engagement partner in the extant IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (2016).
- Several smaller editorial changes have been made to improve the clarity of the following paragraphs in the Introduction, Objective, and Explanatory Material sections: Paragraphs 1, 2, 3, 4, 5, 7, 8, A4, A12, A14, A30, and A31. These changes addressed issues that improved the understanding without substantially changing the content of these paragraphs.

⁵ Introduction and Fundamental Principles, IESBA Handbook of the Code of Ethics for Professional Accountants – 2016 Edition.

Guide for Respondents

Request for General Comments

The IAESB welcomes comments on all matters addressed in this proposed IES 7 (See **Appendix 1**, Proposed IES 7 Exposure Draft (May 2017)). 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. Where a respondent agrees with proposals in the exposure draft (especially those calling for a change in current practice), it will be helpful for the IAESB to be made aware of this view.

Request for Specific Comments

The IAESB is particularly interested in comments on the matters set out below:

Question 1. Is the Objective statement (see paragraph 8) of the proposed IES 7 (see Appendix 1) appropriate and clear?

Question 2. Are the Requirements (see paragraphs 9-17) of the proposed IES 7 (see Appendix 1) appropriate and clear?

Questions 3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7 (see Appendix 1)?

Question 4. Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-A21) improve understanding and your ability to apply an output-based measurement approach? If not, what suggestions do you have to improve clarity of the output-based approach?

Question 5. Are there any terms within the proposed IES 7 (see Appendix 1) which require further clarification? If so, please explain the nature of the deficiencies?

Question 6. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirements included in this proposed IES 7 (see Appendix 1)?

Question 7. What topics or subject areas should implementation guidance cover?

Supplement to the Exposure Draft

To assist respondents in tracking changes, IAESB staff has mapped the content of the proposed IES 7 (Revised) to the extant 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 exposed draft.

Proposed Conforming Amendments

The following glossary terms appear in the revised IES 7. The IAESB would also appreciate respondents' comments on the Glossary terms and to the IESs.

IAESB Glossary of Terms

CPD framework – In support of Continuing Professional Development, increased structure, further guidance, or explanation of concepts to support the learning and development* of professional accountants*.*

Lifelong Learning – The ongoing, voluntary and self-motivated pursuit of technical competence; professional skills; and professional values, ethics, and attitudes.

Other Conforming Changes to IESs

Paragraph 2 of IES 8: Under IES 7, *Continuing Professional Development*² (2014 2019), IFAC member bodies require all professional accountants to develop and maintain professional competence relevant and appropriate to their ~~work~~role and professional responsibilities.

Footnote 2 of IES 8: IES 7, *Continuing Professional Development* (2014 2019), Para. 42-9.

Paragraph A9 of IES 8: In accordance with IES 7⁷, IFAC member bodies require all professional accountants to undertake CPD to contribute to the development and maintenance of professional competence that is appropriate to their ~~work~~role and professional responsibilities.

Footnote 7 of IES 8: IES 7, *Continuing Professional Development* (2014 2019), Para. 42-9.

Footnote 8 of IES 8: See IES 7, *Continuing Professional Development* (2014 2019), Para. 47-16.

All IESs references to the effective year (2014) of the extant IES 7 will be updated to the new effective date (2019).

PROPOSED INTERNATIONAL EDUCATION STANDARD 7 CONTINUING PROFESSIONAL DEVELOPMENT (REVISED)

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Introduction

Scope of this Standard (Ref: Para. A1–A5)

1. This International Educational Standard (IES) prescribes the Continuing Professional Development (CPD) required for professional accountants to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and thereby to strengthen public trust in the accountancy profession.
2. CPD is learning and development that takes place after Initial Professional Development (IPD), and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. Professional competence requirements may change as professional accountants take on new roles during their careers. CPD that includes many of the same elements as IPD also develops the additional breadth and depth of professional competence which may be necessary when moving into a new role.
3. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have a responsibility for the CPD of professional accountants as set out in the requirements of this IES. In addition, this IES will be helpful to professional accountants, employers, regulators, government authorities, educational organizations, and any other stakeholders who support the CPD of professional accountants.
4. It is the responsibility of the professional accountant to develop and maintain professional competence by undertaking relevant CPD activities. However, this IES is addressed to IFAC member bodies because their role is to help professional accountants develop and maintain the professional competence necessary to protect the public interest through:
 - (a) Adopting prescribed CPD requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures;
 - (b) Promoting the importance of, and a commitment to, lifelong learning among professional accountants; and
 - (c) Facilitating access to CPD opportunities and resources for professional accountants.
5. CPD includes learning and development activities that contribute to the development and maintenance of professional competence, such as: (a) education, (b) training, (c) practical experience, (d) mentoring and coaching, (e) networking and sharing of knowledge and experiences, (f) observation, feedback, and reflective activity, (g) planned self-development activities, and (h) unstructured acquiring of knowledge.
6. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms* (2015).

Effective Date

7. This IES is effective from July 1, 2019.

Objective (Ref: Para. A6)

8. The objective of this IES is that professional accountants develop and maintain the professional competence necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.

Requirements

CPD for All Professional Accountants (Ref: Para. A7–A14)

9. IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional competence relevant to their role and professional responsibilities.

Promotion of and Access to CPD (Ref: Para. A15–A17)

10. IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the development and maintenance of professional competence.
11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for CPD that develops and maintains professional competence.

Measurement of CPD (Ref: Para. A18, A25)

12. IFAC member bodies shall establish an approach to measurement of professional accountants' CPD, using the output-based approach, input-based approach, or both.

Output-Based Approach (Ref: Para. A19-A21)

13. IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities.

Input-Based Approach (Ref: Para. A22-A24)

14. IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities.

Monitoring and Enforcement of CPD (Ref: Para. A26–A38)

15. IFAC member bodies shall specify the nature and extent of verifiable evidence that professional accountants are required to maintain for CPD that has been undertaken.
16. IFAC member bodies shall establish a systematic process to (a) monitor whether professional accountants meet the IFAC member body's CPD requirements, and (b) provide appropriate sanctions for failure to meet those requirements.
17. IFAC member bodies shall undertake processes for measuring, monitoring, and enforcement of CPD on a regular basis.

Explanatory Material

Scope of this Standard (Ref: Para. 1–6)

- A1. Professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of learning outcomes for: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes which were achieved during IPD.
- A2. Lifelong learning represents the ongoing, voluntary, and self-motivated pursuit of technical competence; professional skills; and professional values, ethics, and attitudes. Lifelong learning is critical if professional accountants are to meet public interest expectations.
- A3. Professional accountants face increased expectations to display professional competence as they anticipate and adapt to changes in processes, technology, professional standards, regulatory requirements, employer demands, and other areas.
- A4. Undertaking CPD does not guarantee that all professional accountants will develop and maintain professional competence necessary to provide high-quality professional service. However, CPD plays an important part in strengthening public confidence and trust by enabling professional accountants to develop and maintain professional competence that is relevant to their role.
- A5. A well-established program of CPD that is measured, monitored, and evaluated may form part of an IFAC member body's quality assurance processes. These quality assurance processes may include quality assurance reviews of professional accountants' work (which may include a review of the CPD undertaken by professional accountants), investigation, and disciplinary processes.

Objective (Ref: Para. 8)

- A6. Ensuring that professional accountants develop and maintain the professional competence necessary to perform their roles serves several purposes. It protects the public interest, improves professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and promotes the credibility of the accountancy profession.

CPD for All Professional Accountants (Ref: Para. 9)

- A7. CPD applies to all professional accountants, regardless of sector or size of the organization in which they operate, because:
 - (a) The Code of Ethics for Professional Accountants includes a fundamental principle of professional competence and due care which requires all professional accountants to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards⁶;
 - (b) Professional accountants in all sectors are subject to public scrutiny and contribute to the maintenance of public trust;
 - (c) The public is likely to rely on the designation and professional standing of the professional accountant. Lack of competence of a professional accountant has the potential to damage the

⁶ *Code of Ethics for Professional Accountants 2016 Edition, International Ethics Standard Board for Accountants – Section 100.5c.*

- reputation and standing of the professional accountant, the employer, and the profession as a whole;
- (d) Rapidly changing environments drive the need to develop new areas of professional competence; and
 - (e) Employers recruiting professional accountants may rely on the professional designation as evidence of professional competence.
- A8. Planned, relevant, and timely CPD leads to effective learning and development for professional accountants. Relevance refers to how well-planned CPD aligns with professional accountants' identified learning and development needs or role.
- A9. Acknowledging that each professional accountant has differing learning and development needs, IFAC member bodies may develop CPD frameworks that can provide increased structure, further guidance, or explanation of concepts in order to support the learning and development of professional accountants. For example, a CPD framework may include the following structure for professional accountants to follow:
- (a) Perform a self-appraisal to identify relevant learning outcomes and personal learning and development gaps;
 - (b) Plan for, complete, and record learning and development activities;
 - (c) Evaluate and undertake reflective activity on completed learning and development activities; and
 - (d) Revise the learning and development plan accordingly.
- A10. In addition to CPD frameworks, IFAC member bodies may provide other tools to support a commitment to lifelong learning and to help professional accountants 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 learning and development needs and plan how to meet them.
- A11. IFAC member bodies may provide guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and IFAC member bodies. Such discussions would help identify competence or learning and development gaps that can be used to specify relevant learning opportunities to meet those needs.
- A12. IFAC member bodies may choose to develop requirements or guidance on CPD activities they consider relevant to the roles and functions professional accountants typically have. IFAC member bodies may also prescribe specific or additional CPD for professional accountants working in specialist areas, specialist roles, or areas of high risk.
- A13. Given the significance of the audit engagement partner role to the public interest, IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements*⁷ (2016) prescribes the professional competence that professional accountants are required to develop and maintain as part of a specified role.

⁷ IES 8, *Professional Competence for Engagement Partners Responsible For Audits of Financial Statements* (2016), Para. 1.

A14. In setting the requirement for CPD, IFAC member bodies may consider what is relevant for professional accountants in special circumstances, for example:

- (a) For individuals on career breaks; and
- (b) For individuals who have retired from full-time practice, but who continue to do work in some capacity as a professional accountant.

Promotion of and Access to CPD (Ref: Para. 10-11)

A15. The following represent examples of activities that may contribute to the promotion of relevant CPD and maintenance of professional competence:

- (a) Communicating the value of CPD regularly to professional accountants;
- (b) Promoting the variety of CPD opportunities available to professional accountants; and
- (c) Working with employers to emphasize the importance of CPD within performance management processes.

A16. IFAC member bodies may directly provide relevant CPD programs for professional accountants and facilitate access to programs offered by others, including employers.

A17. The following represent examples of learning and development activities that may be undertaken as part of a planned program of CPD:

- (a) Participating in, or completing of, educational programs or training events, such as in-person or virtual live courses, e-learning courses, conferences, and seminars;
- (b) Designing, developing, reviewing, or teaching educational programs or training events, such as in-person or virtual live courses, e-learning courses, conferences, and seminars;
- (c) Reflecting on practical experiences and developing personal development plans through self-appraisal;
- (d) Receiving on-the-job training, performance feedback, or professional development guidance from a mentor or coach.
- (e) Providing on-the-job training, performance feedback, or professional development guidance as a mentor or coach;
- (f) Participating in and working on professional boards, technical committees, sector activities, information networks, or communities of practice;
- (g) Writing articles, papers, or books of a technical, professional, or academic nature;
- (h) Researching relevant subject matter, including reading professional literature and journals for application in the professional accountant's role; and
- (i) Studying for professional re-examination or formal testing.

Measurement of CPD (Ref: Para. 12)

A18. In determining the approach for measuring CPD, IFAC member bodies may consider a number of factors, including:

- (a) Public interest, including knowledge of the local environment, public expectations, and relevant

regulatory requirements; and

- (b) Learning and development needs of professional accountants in the jurisdiction, including an understanding of the range of roles that professional accountants perform.

Output-Based Approach (Ref: Para 13)

- A19. The output-based approach focuses on whether professional accountants can demonstrate the achievement of learning outcomes. The measurement focus is on what professional accountants achieved from having undertaken learning and development activities.
- A20. The output-based approach typically includes the establishment of clearly defined learning outcomes that are relevant to professional accountants' roles. Learning outcomes may be established by a number of sources, including:
- (a) IFAC member bodies;
 - (b) Professional accountants when undertaking self-appraisal;
 - (c) Employers;
 - (d) Licensing regimes; and
 - (e) Regulatory bodies.
- A21. For IFAC member bodies and licensing regimes, determining achievement of learning outcomes by the professional accountant may include consideration of factors such as:
- (a) The nature and extent of CPD undertaken for the learning and development needs identified for the professional accountant's role; and
 - (b) The nature and extent of reflective activity the professional accountant has documented in their CPD record demonstrating the achievement of learning outcomes.

Input-Based Approach (Ref: Para. 14)

- A22. An input based approach measures CPD activity in terms of hours or equivalent learning units. For example, IFAC member bodies may establish requirements for each professional accountant to:
- (a) Complete a predetermined number of hours of learning (or equivalent units) within a rolling period of time, of which a portion could be verifiable;
 - (b) Complete a set amount of learning or relevant professional development activity in each year; and
 - (c) Measure learning and development activities undertaken to meet such requirements.
- A23. IFAC member bodies may choose to use other measures that will be understood by professional accountants. Examples of measures of input-based CPD include:
- (a) Time spent on a learning and development activity;
 - (b) Units allocated to the learning and development activity by a CPD provider; and
 - (c) Units prescribed for learning and development activity by an IFAC member body.
- A24. IFAC member bodies may provide guidance to professional accountants on the extent of CPD that can be obtained from a single learning and development activity that is undertaken more than once

(for example, delivering a presentation more than once when the content of the presentation or speech remains unchanged).

Use of Both Measurement Approaches (Ref: Para. 12)

A25. IFAC member bodies may choose to use both the output-based and the input-based approaches. This could include evaluating the achievement of important learning outcomes while allowing for a quantifiable measurement of completed CPD. For example, professional accountants would complete an educational program or course of study, followed by a written examination on the content. Only on successful completion of the examination would the professional accountants be awarded or credited with a number of learning hours for the overall learning activity that would be counted towards an input based requirement.

Monitoring and Enforcement of CPD (Ref: Para. 15-17)

A26. IFAC member bodies may provide guidance on the verifiable evidence to be maintained for CPD that has been undertaken. Guidance may cover the responsibilities of professional accountants for:

- (a) Retention of appropriate records and documents related to their CPD; and
- (b) Provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of the IFAC member body.

A27. The following examples represent verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach:

- (a) Examination results;
- (b) Specialist or other qualifications;
- (c) Assessments of learning outcomes achieved;
- (d) Records of work performed (work logs) that have been verified against a competency map;
- (e) Objective assessments against a competency map;
- (f) Evaluations or assessments of written or published material by a reviewer; and
- (g) Publication of professional articles or of the results of research projects.

A28. The following examples represent evidence that could be used for verification in an input-based approach:

- (a) Course outlines and teaching materials;
- (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and
- (c) Independent confirmation that a learning activity has been completed successfully.

A29. A systematic monitoring process may involve professional accountants periodically:

- (a) Submitting a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently;
- (b) Submitting a declaration confirming compliance with any specific CPD requirements imposed by the IFAC member body; or
- (c) Providing evidence of learning and development activities or verification of the

competences they have developed and maintained through their CPD.

- A30. Supplementary monitoring processes may involve:
- (a) Auditing a sample of professional accountants to check compliance with CPD requirements;
 - (b) Reviewing and assessing learning plans or CPD documents as part of quality assurance programs; or
 - (c) Requiring certain employers to include CPD programs and effective monitoring systems in their quality assurance programs, and to track learning and development activities as part of their time recording systems.
- A31. IFAC member bodies may determine which roles involve high risk, or have the greatest responsibility to the public, and adopt more rigorous monitoring accordingly.
- A32. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, the IFAC member body may consider what is reasonable in its environment, taking into consideration the public interest, and the expectations of the public, regulators, and other stakeholders.
- A33. A system of mandatory CPD will operate more effectively and in the public interest when professional accountants who fail to meet their CPD obligations are brought into compliance on a timely basis. IFAC member bodies may determine the types of sanctions they will impose for non-compliance, after considering the legal and environmental conditions in their jurisdiction.
- A34. The initial steps taken to address non-compliance are likely to focus on bringing the professional accountant into compliance within a reasonable period. IFAC member bodies are likely to seek 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.
- A35. A professional accountant's willful failure to develop and maintain professional competence is, however, a violation of a professional duty that justifies disciplinary action, in that it diminishes the professional accountant's ability to act in the public interest.
- A36. Some IFAC member bodies may have the legal authority to expel non-compliant professional accountants or to deny them the right to practice. Expulsion or denial of the right to practice may be applied to professional accountants who have made it clear, through a pattern of non-compliance or through their response to the IFAC member body's inquiries, that they are likely to continue to fail to comply with the CPD requirements. Publication of the names of professional accountants who willfully fail to comply is an option that may be considered. Publication of names can act as a general deterrent for professional accountants, and provide a clear signal to the public of the profession's commitment to maintaining competence.
- A37. An effective monitoring and enforcement process requires adequate resources. IFAC member bodies may also consider establishing a board or committee of members to oversee CPD requirements and the monitoring and enforcement process.
- A38. IFAC member bodies may consider reporting publicly the extent to which their members comply with the CPD requirements set out in this IES.

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