

Mr David McPeak
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International Federation of Accountants
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Dear David,

**Exposure Draft (June 2017)
Proposed International Education Standard 7 – Continuing Professional Development (Revised)**

The Institute of Singapore Chartered Accountants appreciates this opportunity to comment on the Proposed International Education Standard 7 – Continuing Professional Development (Revised).

We view the proposed revised changes to be in the direction of the intended improved consistency, quality and greater relevance of CPD. We believe these steps forward are necessary in ensuring continual development of professional accountants and the relevance to the changing landscape of how learning and development is conducted. It is much appreciated if IAESB could provide further guidance and clarifications on the Exposure Draft, in particular the output-based approach.

Our comments on the Exposure Draft are set out in the attachment. If you require any clarification on the comments, please contact Lee Zhen Ni, Senior Manager of Pathways Development & Qualifications at zhenni.lee@isca.org.sg or +65 6597 5690.

Yours faithfully,



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General Comments

We would like to commend your team's follow up efforts to enhance the clarity of IES 7 in prescribing the continuing professional development (CPD) required for professional accountants to develop and maintain the necessary competences.

In addition to requested specific comments, please see our comments on Paragraphs 4 and 5 in Introduction below:

Comments on Paragraphs 4 and 5

Paragraph 4 reads:

Paragraph 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 accounts develop and maintain the professional competence necessary to protect 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.

- We view the proposed revised changes to be in the direction of the intended improved consistency, quality and greater relevance of CPD. We believe these steps forward are necessary in order to continually ensure professional development of professional accountants remains relevant, given the changing landscape of how learning and development activity is conducted. Simultaneously, the proposed changes allow greater emphasis on the demonstration of learning outcomes which is key to ensuring professional accountants have applied their knowledge and skills acquired.
- We acknowledge that there is a need to move towards an output-based approach as this would enable a more holistic view of the professional accountant's professional development. Furthermore, it will allow the professional accountant greater flexibility in demonstrating their continued learning and development, considering the various platforms that learning can be conducted. This is consistent with the objectives of the IES 7 to improve the relevance of CPD where professional development can be demonstrated by learning outcomes and how the professional accountant was able to benefit from and apply the learning outcomes in the professional work. An output-based approach also encourages self-reflection of the professional accountant in performing a self-assessment of how he/she has been able to translate learning to outcomes for his/her organisation, which benefits the professional accountant and the organisation.
- However, there are less clearly-defined areas of an output-based measurement approach which we need to be aware of and we have to address these in building the measurement approach. An output-based approach is less definitive and open to variations, hence it is more difficult for the IFAC member body to measure and assess as compared to an input-based approach where a predefined threshold (e.g. minimum CPD hours over a predefined period) is set. An output-based approach would give the professional accountant greater flexibility in demonstrating learning outcomes. With this greater flexibility accorded to the professional accountant, we are concerned if the varying expertise of different professional accountants in demonstrating the learning outcomes would give greater benefit to a professional accountant who has flair in presentation and persuasive communication. For example, while two professional accountants may have participated in the same learning activity, a professional

accountant who is more adept and persuasive in demonstrating the learning outcomes would appear to have met the learning outcomes if assessed solely on an output-based measurement approach.

- For IFAC member bodies which are currently adopting only the input-based measurement approach, there needs to be a clear definition of the output-based approach and guidance in the transition from an input-based to an output-based measurement approach, or integration of both approaches.
- In respect of Paragraph 5, we would like to suggest the following amendment:

Paragraph 5: CPD includes learning and development activities that **that are relevant to the work of the professional accountant, and** 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.

Comments on Specific Questions

Question 1: Is the Objective statement (Paragraph 8) of the proposed IES 7 (Appendix 1) appropriate and clear?

The Objective statement (Paragraph 8) reads:

Paragraph 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.

- While the objective of the IES as stated in Paragraph 8 is appropriate and consistent with how the Objectives have been defined for other IESs, including IES 2, IES 3 and IES 4, it can be further expanded to provide greater clarity on what constitutes 'public interest' and in particular, for professional accountants to be committed to act on 'public interest' and strengthen the public trust in the profession by ensuring continued development to their professional competence. The element of being relevant in the changing business environment or changing scope of work can also be included.
- In addition, we suggest the following amendment to Paragraph 8 to better align with Paragraphs 9 and A7.

Paragraph 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~~ **provide competent and relevant professional services** to clients, employers, and other stakeholders **based on current developments in practice, legislation and techniques**.

Question 2: Are the requirements (Paragraphs 9 to 17) of the proposed IES 7 (Appendix 1) appropriate and clear?

- Paragraphs 12 to 17 have simplified the requirements on measurement, monitoring and enforcement of CPD. It is good to know that the input-based approach has been retained and it is clear that IFAC member bodies can still choose the input-based approach which allows flexibility for a practical approach to comply with a CPD standard. We feel that while the move towards an output-based measurement approach is a necessary step forward, there are still benefits of input-based measurement approach of being directly measurable and for measurable inputs are good sources of primary evidence of participation in CPD activities.

- For Paragraphs 12 and 13, there can be greater clarity that IFAC member bodies shall also establish the depth of details required of professional accountants in demonstrating the learning outcomes, and to have the authority to seek verification of these learning outcomes to a reliable source e.g. the professional accountant's employer.
- We suggest the inclusion of paragraph A13 to highlight the need to read *IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2016)* together with paragraph 9 Requirements: CPD for All Professional Accountants, in view of the significance of the audit engagement partner role to the public interest.

Paragraph 9: IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional relevant to their role and professional responsibilities. *Given the significance of the audit engagement partner role to the public interest, IFAC member bodies shall require professional accountants performing the role of an engagement partner to develop and maintain professional competence by demonstrating the achievement of learning outcomes and by undertaking CPD, as set out under IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2016).*

- Please see suggested amendments to Paragraphs 10 and 13 below:

Paragraph 10: IFAC member bodies shall promote the importance of, and a commitment to, CPD as well as ~~to~~ the ~~as~~ development and maintenance of professional competence.

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

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

In Paragraph A1, it is noted that:

Paragraph 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.

- The content in Paragraph A1 suggests that CPD is a further development of the professional competence achieved during IPD. While it usually is so, this may not be as such if a professional accountant has moved on to a different industry or scope of work and where the technical competence that is required may differ significantly from the technical competence achieved during the IPD. For example, a professional accountant who has moved into specialisation fields such as financial forensics and business valuation would need to develop and maintain areas of technical competence which are not covered during IPD. We suggest for greater clarity, that while CPD is a further development of the professional competence achieved during IPD, professional accountants need to also consider new areas of technical competence that are necessary with their new responsibilities or roles.
- We would like to suggest the following amendment to Paragraph A8:

Paragraph 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 roles.

- We are in full support of the principles-based approach which has enhanced clarity and consistency in all IESs, and allowed high flexibility for member bodies to develop professional accounting and continuing professional development programs that meet the diverse local and stakeholder needs, while maintaining focus on the core competence areas that all professional and aspiring accountants need to acquire.
- We welcome the inclusion of Paragraph A9 in “acknowledging that each professional accountant has differing learning and development needs” and including the self-appraisal process as part of the suggested structure of CPD framework. This encourages professional accountants to self-evaluate and take charge of the requirements of their roles and monitor their own progress in CPD on an ongoing basis, in light of the rapidly changing business landscape. In addition, it would be good to include a recommended frequency for performance of self-appraisal, review and evaluation of planning, completing and recording of learning and development activities (e.g. on an annual basis).
- ISCA currently adopts the input-based measurement approach using CPD hours as the measurement criteria rather than on learning outcomes. The national regulator and issuer of licenses for public accountants in Singapore, the Accounting and Corporate Regulatory Authority (ACRA), has also adopted the input-based measurement approach. ISCA’s criteria for verifiable CPD activities is set as follows:
 - The activity is **relevant** to the professional accountant’s current or future work.
 - There are clear **learning objectives or outcomes** when attending or completing the activity.
 - The activity helps in the development of the **professional competency**.
 - There is **proof of attendance** or participation of the activity.

The current explanatory paragraphs on input-based approach focus only on time spent or units allocated / prescribed and do not mention about assessment of learning outcome or how the CPD activities are aligned with the professional accountant’s identified learning and development needs or role. To better align with the objective of CPD activities that are relevant to the current and future work of the professional accountant and life-long learning, we suggest to add an additional explanatory paragraph after Paragraphs A22 or A23 to clarify that it is possible to establish a continuum to illustrate additional controls or criteria that must be met before CPD is awarded for time spent on a learning activity. It will be useful for IFAC member bodies to move their CPD system along the continuum and improve the relevance of CPD.

- The inclusion of an output-based measurement system would call for the necessity for demonstration of the learning outcomes before the professional accountant can be assessed as compliant.
- In Paragraph A10, it is noted that:

Paragraph 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.

We would like to seek clarity on guidelines on what constitutes a competency map under Paragraph A10, given the varying needs of professional accountants in different industries and specialisation roles.

- We would like to suggest the following examples to be added as learning and development activities that may be undertaken as part of a planned programme of CPD under Paragraph A27.

Paragraph 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.
- (h) Writing of organisation policies e.g. accounting policies, risk management policies and employee code of conduct.
- (i) Involvement in leading discussions as well as preparing for board or committee meetings e.g. audit committee meetings (for professional accountants holding senior positions).

For points (c) on ‘Assessments of learning outcomes achieved’ and (e) on ‘Objective assessments against a competency map’, we seek clarity on whether this includes a self-reflection of learning outcomes that professional accountants would need to provide as part of ‘verifiable evidence’ and whether such evidence can be provided without further endorsement by an independent source.

- In Paragraph A28, it is noted that points (b) and (c) appear to be repetitive. In view of this, we suggest the following amendment:

Paragraph 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 independent sources; including the activity provider, instructor, employer, mentor, or tutor.
- ~~(c) Independent confirmation that a learning activity has been completed successfully~~

Other recommendations

- In view of the changing expectations for professional accountants to be equipped with multi-disciplinary skills, it is recommended for IES 7 to reflect the prevalent use of new information technology tools as well as the increasing need for specialised knowledge. To equip ISCA members with specialised knowledge, ISCA offer a wide range of Continuing Professional Education (CPE) courses, including areas of financial forensics, business and data analytics.

Question 4: Do proposed revisions to the output-based approach requirement (Paragraph 13) and related explanatory material 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?

- We noted and agree with IAESB’s inclusion on the examples of verifiable evidence of output-based approach towards continuing professional development under the section on “Monitoring and Enforcement of CPD”.

In Paragraph A21, it is noted that:

Paragraph A21: For IFAC member bodies and licensing regimes, determining achievement of learning outcomes by the professional accountant may include consideration of factors such as:
(b) The nature and extent of reflective activity the professional accountant has documented in their CPD record demonstrating the achievement of learning outcomes.

- In view that reflective activities are commonly used in CPD courses, we would suggest for IAESB to provide further clarification and guidance in IES 7 on:
 - The documentation required;
 - How it could be used and assessed to close identified competency gaps.
- As the focus of the output-based approach is on whether professional accountants can demonstrate the achievement of learning outcomes, IFAC could provide guidance on the level of professional competence for various job roles, in a format similar to that of Table A: Learning Outcomes in IES 2, IES 3 and IES 4.
- Given that the learning outcome can be established by 'professional accountants when undertaking self-appraisal' (Paragraph A20), the assessment of achievement of learning outcome (Paragraph A27) can also be determined by themselves. The question is always what is considered sufficient, i.e. the nature and extent of CPD is highly subjective and may not be easy to be adopted by IFAC member bodies in varying stages of development.
- There is a need to elaborate and provide examples on the factors to be considered in determining whether achievement of learning outcomes has occurred (Paragraph A21).
- It is unclear if the Guiding Principles stated in the "Guidance to Support the Implementation of a Learning Outcomes Approach" as previously issued by IAESB in January 2016 can be used to meet the requirements of the proposed IES 7. The Guiding Principles emphasise the clear links between specifying clear learning outcomes and the assessment of these learning outcomes, specifying the qualitative characteristics which such learning outcomes and assessments should meet. It would be helpful to illustrate some of these qualitative characteristics after Paragraphs A21 or A28 to guide IFAC member bodies in determining the verifiable evidence to be obtained to assess the learning outcome achieved.

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

With the revisions made to IES 7 and our suggested amendments outlined in our responses to Questions 3 and 4, we are of the view that the Requirements have been adequately clarified.

Question 6: Do you anticipate any impact or implications for your organisation, or organisations which you are familiar, in implementing the requirements included in this proposed IES 7 (Appendix 1)?

- ISCA currently adopts the input-based measurement approach using a required minimum of CPD hours as the criteria. The benefits of the input-based measurement approach are that it is easily measurable, easily defined and that ISCA members are able to understand the requirements. In assessing the compliance of ISCA members, such clearly defined thresholds facilitate an efficient way of assessing compliance. In an input-based approach, the judgment applied by ISCA is largely in assessing the relevance of the CPD activity.
- We have received feedback from ISCA members who have moved on from a professional accountant role to becoming business owners in non-accounting industries and for ISCA members who hold senior positions, that there is value for them to be assessed based on how they have applied knowledge and skill sets acquired in their professional roles instead of

merely being assessed based on inputs such as CPD hours. In this regard, we see the output-based approach as being able to compensate for the limitations of the input-based model as it allows ISCA members to demonstrate how they have been able to develop their professional competence and translate knowledge and skills to benefit their internal and external stakeholders, which aligns with the objective of CPD.

- We foresee certain challenges arising from an output-based measurement approach. As the output-based approach gives the professional accountant greater flexibility in demonstrating compliance with CPD requirements, it is more difficult to assess as it would call for a greater level of judgment and discretion. The criteria-setting will also become more challenging as criteria that are too narrowly-set would go against the concept of output-based measurement approach in allowing professional accountants greater room to demonstrate learning outcomes.

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

- Based on the proposed IES 7, it is noted that professional accountants are required “to undertake and record CPD that develops and maintains professional competence relevant to their role and professional responsibilities.” We commend IAESB’s approach adopted in the proposed IES 7 towards flexibility given to IFAC member bodies in providing guidance based on the job roles during the careers of the professional accountants.
- The implementation guidance should cover detailed guidance on the following:
 - An input-based approach is much easier to define as measurable thresholds such as CPD hours/units can be set. As such, from the perspective of the professional accountant, we expect that the criteria are easier to understand. It is also easier to assess the compliance of CPD requirements based on such predefined inputs.
 - We suggest IFAC to provide guidance on the recommended hours for input-based approach. This increases clarity and provides a benchmark for professional accountants to assess the adequacy of CPD undertaken.
 - While we embrace the move towards an output-based measurement approach, we are of the view that an output-based approach cannot fully replace an input-based approach, but rather an output-based approach can be used to complement the input-based approach and compensate certain restrictions of the input-based approach where not enough emphasis is accorded to learning outcomes and its application to the professional accountant’s work. Guidance on how output-based measurement approach can be used together with input-based approach to ensure a holistic assessment of CPD that is also easily measurable can be provided.

Submitted by:
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