



National Association of State Boards of Accountancy

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September 11, 2017

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Principal - International Accounting Education Standards Board  
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Via e-mail to: [davidmcpeak@iaesb.org](mailto:davidmcpeak@iaesb.org)

Re: June 5, 2017 Exposure Draft on Continuing Professional Development (Revised)

Dear Members and Staff of the International Accounting Education Standards Board:

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to offer comment to the International Accounting Education Standards Board (IAESB) on the *Exposure Draft on Continuing Professional Development (Revised)*.

NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all certified public accountants and their firms in the United States and its territories. In furtherance of that objective, we offer the following comments on the Exposure Draft structured around questions posed in the "Request for Specific Comments."

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

The objective statement in paragraph 8 is appropriate and clearly communicates the public interest associated with having professional accountants maintain their professional competence.

**Question 2: Are the Requirements (See paragraph 9-17) of the proposed IES 7 (See Appendix 1) appropriate and clear?**

NASBA has concerns about paragraph 17 which states that "IFAC member bodies shall undertake processes for measuring, monitoring, and enforcement of CPD on a regular basis." The explanatory guidance does not define "a regular basis" and we are concerned that the period for measuring, monitoring, and enforcing CPD be sufficiently short (for example one to three years) to bring a professional accountant back into compliance if problems arise. We also note

that the exposure draft drops the language in the current paragraph A25 suggesting reporting cycles of one to five years.

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

Paragraph A9 introduces the concept of a *self-appraisal* in the context of identifying relevant learning outcomes and personal learning and development gaps. However, we believe that the standard should be clear that *self-appraisal* is not sufficient to demonstrate the achievement of learning outcomes in an output-based approach.

Paragraph A23(b) suggests that CPD providers might determine the units allocated to a learning and development activity. In our opinion, allowing CPD providers to determine the units allocated to a learning and development activity without guidance from a member body or licensing body is ripe for abuse, and should not be allowed. Paragraph A23(b) might be better written as follows:

- (b) Units allocated to the leaning and development activity by a CPD provider in accordance with the rules or regulations of a member body or licensing body.

Finally, we are concerned about the guidance provided in paragraph A25 for the use of both output-based and input-based approaches. First, the guidance needs to be clear that the achievement of learning outcomes attained while participating in an input-based approach learning and development activity cannot be counted twice, if the same learning outcomes are then demonstrated as part of an output-based approach.

Second, the combination of both measurement approaches introduces great complexities for IFAC member bodies (or regulatory bodies) in equating the measurements for the satisfaction of CPD requirements for the professional accountant. How will the input-based CPD that is traditionally measured in time equate to the demonstration of the achievement of a learning outcome in output-based CPD? How will IFAC member bodies (or regulatory bodies) consistently apply output-based CPD among professional accountants, when an output-based CPD could vary significantly from professional accountant to professional accountant? The discussion of a hybrid method incorporating both output-based and input-based approaches needs better examples and a clear discussion of how each is used separately, and then combined in an appropriate manner.

Lastly, there is concern on the variance that could occur among IFAC member bodies (or other regulatory bodies) in consistently allowing both measurement approaches, when the global environment for the professional accountant indicates a need for more uniformity in the rules and regulations of the profession.

**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?**

Paragraphs A19-A21 discuss the determination of achievement of learning outcomes in an output-based approach. In our opinion, these paragraphs would be improved by direct reference to paragraph A27 which provides appropriate examples of verifiable evidence that could be used to demonstrate that learning outcomes have been achieved in an output-based approach. The examples provided in A27 are essential to understanding how professional accountants can demonstrate the achievement of learning outcomes. We are concerned that all too often professional accountants may read only part of a standard, and the content of paragraph A27 is essential to understanding an 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?**

In the discussion of an input-based approach, paragraph A22 introduces the concept of measuring CPD in terms of “hours” or “equivalent learning units.” We could not find a definition of “equivalent learning units” in *Glossary of Terms* (2015) referred to in the exposure draft. The glossary should be updated to define “equivalent learning units”. It may also be helpful to provide illustrative examples, along with other key terms such as “regular basis,” or “enforcement.” In addition, paragraph A25 references “learning hours” and that term is not defined nor equated to learning units.

**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)?**

At this time we do not anticipate any direct impact for NASBA. There is interest in the concept of output-based learning, as the regulators of the U.S. Certified Public Accountant profession are discussing how to measure, verify and consistently apply output-based learning for their licensees. Currently, there is only one out of 55 U.S. Boards of Accountancy that accepts output-based learning in satisfaction of continuing professional education requirements. We welcome better explanatory guidance on the implementation of output-based approaches.

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

We believe that our comments above have addressed our concerns about the proposed standard.

NASBA would like to commend the members and staff of the International Accounting Education Standards Board for initiating a discussion about Continuing Professional

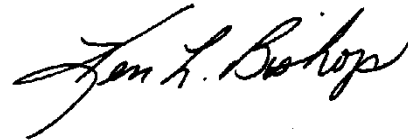
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Development and an output-based approach to CPD. We appreciate the opportunity to comment on the Exposure Draft.

Sincerely,

Handwritten signature of Telford A. Lodden in black ink.

Telford A. Lodden, CPA  
NASBA Chair

Handwritten signature of Ken L. Bishop in black ink.

Ken L. Bishop  
NASBA President and CEO