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August 31, 2017

Mr. David McPeak, IAESB Principal
International Accounting Education Standards Board
International Federation of Accountants
529 5th Avenue
New York, New York 10017

GAO's Response to the International Accounting Education Standards Board's June 2017 Exposure Draft, Proposed International Education Standard 7, *Continuing Professional Development* (Revised)

Dear Mr. McPeak:

This letter provides GAO's comments on the International Accounting Education Standards Board's (IAESB) exposure draft, Proposed International Education Standard (IES) 7, *Continuing Professional Development* (Revised). GAO promulgates generally accepted government auditing standards, which provide professional standards for auditors of government entities in the United States.

We appreciate the IAESB's efforts to update the *Continuing Professional Development* (CPD) standards to serve the public interest. We agree that CPD includes learning and development activities that contribute to developing and maintaining professional competence, such as (1) education; (2) training; (3) practical experience; (4) mentoring and coaching, (5) networking and sharing of knowledge and experiences; (6) observation, feedback, and reflective activity; (7) planned self-development activities; and (8) unstructured acquiring of knowledge. However, we believe that requiring a minimum specified amount of CPD measured using an input-based approach best facilitates monitoring and enforcement of the requirements. Therefore, we suggest that the CPD standard include a requirement for the professional accountant to complete a specified amount of CPD relevant to the accountant's role and professional responsibilities measured in hours or equivalent learning units. While we believe that learning and development activities measured using the output-based approach also contribute to developing and maintaining a professional accountant's competence, these activities may be more difficult to consistently measure, monitor, and enforce and should be undertaken in addition to activities measured using the input-based approach.

Our responses to the IAESB's specific questions follow. We believe that our suggestions will enhance the standard's consistency with those promulgated by other standard setters.

Specific Comments

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

The Objective statement is appropriate and clear.

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

As stated above, we believe that the CPD standard should include a requirement for completing a minimum specified amount of CPD relevant to the professional accountant's role and professional responsibilities measured in hours or learning units. We believe that CPD measured using the input-based approach best facilitates monitoring and enforcement of the standard. CPD measured using an output-based approach also contributes to developing and maintaining a professional accountant's competence. However, we believe that such activities may be more difficult to consistently measure, monitor, and enforce and should be undertaken in addition to activities measured using an input-based approach.

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

We believe that certain types of CPD discussed in the proposed standard, such as practical experience and self-development activities, may be difficult to consistently measure, monitor, and enforce. Paragraph A17 of the proposed standard provides examples of learning and development activities, and paragraphs A27 and A28 provide examples of verifiable evidence that could be used to measure completion of learning activities. However, we believe that the proposed standard would benefit from additional guidance on implementing the measurement approaches. For example, it is unclear how "reflecting on practical experiences" (one example of a learning activity included in para. A17) would be verified given the examples listed in paragraphs A27 and A28.

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?

We appreciate the IAESB's efforts to revise the requirement and explanatory material related to the output-based approach; however, we believe that it may continue to be difficult to consistently measure, monitor, and enforce CPD using such an approach. It may be difficult for member bodies to specify the nature and extent of verifiable evidence that professional accountants are required to maintain given the differing learning outcomes that may be used in this approach resulting from professional accountants' differing learning and development needs. We believe that the proposed standard would benefit from additional guidance and specific examples of clearly defined learning outcomes, along with the nature and extent of appropriate verifiable evidence that would demonstrate that learning outcomes were achieved.

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?

We did not identify any terms that require further clarification.

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)?

We do not anticipate any impact or implications for our organization.

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

We believe that implementation guidance should cover the measurement approaches and provide additional guidance to member bodies on appropriately measuring, monitoring, and enforcing CPD.

We support the IAESB in its efforts to revise the IESs to better reflect the current environment and believe that the proposed revisions to IES 7, along with our suggestions, will help clarify the CPD requirements for member bodies.

Thank you for the opportunity to comment on these important issues. If you have questions about this letter or would like to discuss any of the matters it addresses, please contact me at (202) 512-3133 or dalkinj@gao.gov.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Dalkin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James R. Dalkin
Director
Financial Management and Assurance