Our common CPD challenges and shared solutions

CFRR team

6 April 2017, Kyiv, Ukraine

National Initiatives For Strengthening Accounting Education
Continuing Professional Development
Why is CPD important?

» Develops and maintains professional competence
   » technical competence
   » professional skills

» Builds strong PAOs

» Strengthens public trust in competence of profession
The International Accounting Education Standards Board (IAESB) introduced the IES 7 requirements effective 1 January 2014.

IES 7 requires that IFAC member bodies:

- Promote a quality system of CPD
- Facilitate access to CPD opportunities and resources
- All professional accountants to undertake quality CPD
- Establish approach to measure CPD
- Establish system to monitor CPD compliance and provide sanctions
EU Audit Directive

» Requires statutory auditors to take part in appropriate programs of continuing education in order to maintain:
  » theoretical knowledge
  » professional skills
  » values at a sufficiently high level

» Non compliance with continuing education requirement is subject to sanctions

» Public Oversight has ultimate responsibility for the CPD
Measuring CPD

Output-Based Approach: Demonstrating by way of outcomes that competence is maintained

- Verified by a competent source
- Measured using a valid competence assessment method
- Examples: assessment of written material by reviewer, re-examination

Input-Based Approach: Establishing set amount of learning activity that needs to be achieved

- Complete at least 120 hours or learning units in 3 years, of which 60 verifiable
- 20 hours / learning units each year
- Track and measure learning units
- Examples: course outlines and teaching material, confirmation of participation in a learning activity

Combined Approach: Setting the amount of learning activity and measuring the outcomes

- Applying requirement from both systems (input and output based)
- Example: allowing for professionals who do not meet the input requirement to provide verification that competence has been developed and maintained
PAOs are responsible to design and maintain strong CPD system

POS ensures quality: ex-ante (design / content of CPD) and also ex-post (monitoring)
Good CPD Practices
## 10 Good CPD practices

Good CPD practices for professional accountants based on IES 7

| # 1 Provide CPD guidance                  | # 6 Evaluate effectiveness and impact of CPD Programs |
| # 2 Make the CPD requirement flexible     | # 7 Promote CPD tools and resources                  |
| # 3 Facilitate access to, and choice of, CPD offerings | # 8 Integrate CPD program and Quality Assurance       |
| # 4 Use a range of learning methods       | # 9 Enforce CPD requirement                           |
| # 5 Monitor compliance with CPD           | # 10 Invest in CPD development                        |
Good Practice # 1 – Provide CPD guidance

» Make the CPD requirement as clear as possible
» Have a CPD policy available to all members
» Provide templates and guidance how to record CPD activity
» Provide CPD FAQ section
» Explain the CPD Verification process
Good Practice # 2 – Make the CPD requirement flexible

» Both structured/verifiable and unstructured/unverifiable CPD should be admissible.

» The structured/verifiable CPD should be a greater component of the overall CPD requirement

» Structured CPD has:
  » A specified learning outcome
  » A means by which the learning can be measured
  » A minimum duration of 30 minutes
  » Relevant to role and adds to individual knowledge or skills

» Fewer requirements need to be met for Unstructured CPD:
  » Relevant to role and adds to individual knowledge or skills
Examples

Structured / Verifiable

- Studying for a suitable qualification
- Attending training, workshop or seminar
- e-learning or an online test
- Delivering training to others (where not normally part of an individual's role)
- Writing/researching a report

Unstructured / Unverifiable

- Other reading where no test or reflection on the knowledge developed is carried out
- Attending a large event / exhibition where no participation is required or measure of knowledge developed is available
Good Practice # 3 – Facilitate access to, and choice of, CPD offerings

» Access to CPD can be achieved by:
  » Directly providing CPD programs
  » Facilitating programs offered by others

» Access can increase if CPD programs by other firms (employers), training providers and third parties are recognized:
  » Many firms have sophisticated staff training, competence records and development schemes in place which already capture the CPD requirement

» Recognized programs should be published (e.g. the PAO website)
  » The PAO should reserve the right to periodically monitor individual courses
Good Practice # 4 – Use a range of learning methods

» Studying for additional suitable qualification (provide list of acceptable ones)
» Attending a training workshop or seminar
» E-learning
» Delivering training to others
» Undertaking research / Writing a report
» Reading or watching videos or webinars
» Attending professional briefings
» Coaching and Mentoring
» On the job training
Good Practice # 5 – Monitor compliance with CPD

» Require members to provide an annual declaration confirming compliance with the CPD requirement

» Perform an annual “audit” (say 10%) of individuals who make a declaration confirming their adherence to CPD

» Auditing verifies that the CPD claimed by an individual:
  » Meets the requirement for number of hours of CPD activity undertaken
  » Is supported by an explanation of why the individual deems the CPD activity to be relevant to their role
  » Is supported by tangible evidence that the CPD activity has been undertaken and learning outcomes documented
Good Practice # 6 – Evaluate effectiveness and impact of CPD Programs

» Regularly obtain feedback on quality of CPD trainers, CPD courses and programs

» Use feedback to develop future CPD programs

» Analyze if CPD sessions provide value to professionals and are sufficiently challenging

» Periodically test knowledge to determine effectiveness of CPD learning (e-learning sessions may be effective means to achieve this)
Good Practice # 7 – Promote CPD tools and resources

» Promote a choice of programs to accommodate more experienced vs less experienced professional profiles as well as various sectors of the profession (e.g. practice vs accountant in business)

» Provide tools to help professionals plan relevant CPD:
  » Competency maps - List of competences for certain roles or sectors of the profession
  » Learning plan templates - Professionals can use the templates to identify learning and development needs and how to close the gaps
Good Practice # 8 – Integrate CPD Programs and Quality Assurance

» Quality Assurance Reviews (QAR) are largely detective, an Integrated CPD/QAR system enables prevention

» Feedback QAR findings in CPD programs

» Have QAR teams present areas of frequent findings at CPDs

» Select target audience identified during QAR that needs to receive specific CPD (e.g. working in specialist areas)

» More rigorous monitoring of CPD requirement for those professionals who have greatest responsibility to the public during QAR
Good Practice # 9 – Enforce CPD Requirements

» Report to responsible oversight body members that have complied with the CPD requirement and members that have not

» Send reminders to members who have not complied

» Offer alternative CPD roots for various members (e.g. “ACCA approved employer rote” and “IFAC member body rote”)

» Link meeting CPD requirement with license to practice
Good Practice # 10 – Invest in CPD development

» Invest in CPD Content:
  » Ethics should form mandatory part of the CPD
  » Balance core technical content with business content and softer skills
  » Develop specialized sessions

» Invest in CPD Delivery:
  » Good speakers and current topics
  » Challenge the audience
  » Invest and develop CPD trainers

» Use technology:
  » Good way to keep costs low
  » Access more members
CPD Survey - Summary
A survey of participants was conducted by the CFRR in 2015
  » Almost everybody responded (92% response rate)

Based on the survey findings, good practices and challenges are considered for the following:
  » CPD Requirement
  » CPD Content
  » CPD Access
  » CPD Delivery
  » CPD Monitoring, verification and evaluation

Proposed improvements and your feedback are also discussed

Finally, we looked at the PAO websites
CPD Requirement

Good Practices:
• Learning units required are consistent with IES 7
• In most cases a input-based measurement approach is adopted
• With a few exceptions, verifiable/unverifiable and structured/unstructured CPD is permissible

Issues:
• Output based measurement makes a clearer identification to competences achieved
• In most cases CPD requirement is imposed by Law with a few exceptions whereby the PAO impose the requirement
• Often maximum threshold determined by IAS 7 of up to 50% of unverifiable CPD units is utilized
• Few consider subscribing to PAO journals and literature as unstructured CPD
CPD Content

CPD hours per technical subject

Good Practices:
- Good mix of technical content
- Other content includes relevant topics such as regulation update, AML and fraud prevention
- In most cases post event survey and feedback used to improve future CPD

Issues:
- Few CPD programs cover quality control aspects
- Some programs covered ethics
- No offer of softer skills training (leadership, strategy, communication skills, staff development)
- No choice of programs or courses
- No specialized programs offered
Good Practices:
• Regional cooperation via bilateral agreements for mutual recognition of CPD agreements are emerging
• Some PAOs have CPD recognition agreements with Global PAOs (such as ACCA)
• Non practitioners and non members are allowed to attend

Issues:
• Some country PAOs are the sole provider of CPD
• CPD available only 2-3 times per year which makes access less flexible
• Very few PAOs recognize on the job training provided by employers
**Good Practices:**
- CPD outsourced by PAO to international accountancy firm
- Classroom based learning allows for dynamic Q&A and personal interaction among professionals

**Issues:**
- Requirements for CPD trainers are not prescribed
- Traditional teaching methods dominate and there is very little web-based learning
- ISA CPD often lacks practical training component
- Difficulty to access materials in local language and recognized experts
CPD Monitoring, Verifying and Evaluation

**Good Practices:**
- CPD compliance linked to licensing in most countries
- Most PAOs perform verification for each member individually permitted by smaller membership size

**Issues:**
- Requirement to complete members declarations of compliance with CPD not in place everywhere
- More Public Oversight involvement in needed CPD matters
- Require some form of test of knowledge gained through CPD – only one PAO requires a periodical test (every 3-5 years) for all members
- Provide annual testing for members who did not meet audit requirement or dormant members returning to practice
Proposed improvements and feedback

<table>
<thead>
<tr>
<th>CPD Content:</th>
<th>CPD Delivery:</th>
<th>CPD Process:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Introduce courses on topics such as soft skills and IT knowledge</td>
<td>• More events sponsored by international accounting firms</td>
<td>• Introduce output based measurement approach</td>
</tr>
<tr>
<td>• Teach more ethics and develop ethical case studies as a means of teaching</td>
<td>• Introduce online teaching and webinars</td>
<td>• Amendments to legislation</td>
</tr>
<tr>
<td>• Allow some choice in topics</td>
<td>• Practical training and case studies – using software as a teaching tool</td>
<td>• Improve monitoring by requiring members declarations of compliance with CPD</td>
</tr>
<tr>
<td>• Introduce more quality assurance training and more on findings of QAR</td>
<td>• Find appropriate access to recognized international speakers</td>
<td>• Introduce annual test of knowledge content covered at CPD</td>
</tr>
<tr>
<td>• Develop separate training for advanced and more junior professionals</td>
<td>• Build the training tools and texts books</td>
<td>• Require a special test for members who did not meet CPD requirement</td>
</tr>
<tr>
<td>• Focused training for smaller groups</td>
<td>• Create a regional team of ISA trainers</td>
<td></td>
</tr>
<tr>
<td>• Improve relevance of topics to members: make efforts that CPD is seen as need not an obligation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Websites

**Good Practices:**
- Publish CPD Policy
- In one case CPD archive was available – short description of training events, presentations and CPD plan was publically available – however not all information was current
- FAQ section
- Link to international sources

**Issues:**
- No CPD section and/or visible tab
- No members section
- Lots of information about training offered, upcoming seminars, literature announcements but no clear link to CPD learning units and requirements
- In most cases CPD program not available
- Auditors sections poor in content – provides very little value to members
Discussion & Q&A...