Why should Accountants maintain their professional competence?

Professional accountants must offer an effective and high quality service to win and retain business and maintain the trust and confidence of their clients. They have an ethical obligation to clients, employers, and other stakeholders to undertake their work with due care and diligence. Maintaining professional competence allows individuals to continue to learn throughout their career, to develop their technical skills, and to keep pace with accountancy changes and innovations.

How is professional competence maintained?

There are a number of ways that professional accountants maintain their professional competence. Unstructured on-the-job training is probably the most common - this typically includes reading and discussion with others, including networking events.

Structured forms of learning tend to be in the form of education products, for example attending training workshops and seminars, e-learning, preparing a research report, studying towards a qualification.

Why quality CPD matters?

Public confidence and trust in the profession is linked to the quality of services it provides

- High quality CPD – regular, relevant, accessible and up-to-date – helps professional accountants offer high quality services.
- Low quality CPD – poor content or delivery, infrequent or not relevant – does not comply with international requirements and contributes to inferior accounting practices.
- A profession that offers an opportunity for life-long learning is an important element in being able to attract top-talent.
It is important to consider whether professional competence is maintained in a structured or unstructured way since professional accountants generally have Continuing Professional Development (CPD) requirements that may need to be verified. Unstructured CPD requirements are typically unverifiable whereas structured CPD is verifiable.

Professional accountants measure the CPD they have undertaken either through an outputs-based approach which focuses on demonstrated learning, or through an inputs approach which focuses on the quantity of CPD undertaken.

**Who provides CPD to Professional Accountants?**

Professional Accounting Organizations (PAOs) are an important supplier of CPD to their membership. Professional accounting and auditing firms also provide significant CPD both to their employees and also employees of their clients. In some countries there are specialist training providers that also offer CPD to professional accountants.

**What are the CPD requirements?**

The International Accounting Education Standard Board (IAESB) of the International Federation of Accountants (IFAC) has issued International Education Standard (IES) 7. This prescribes that IFAC member bodies implement a continuing professional development (CPD) requirement as an integral component of a professional accountant’s continued membership to develop and maintain their professional competence.

The EU Audit Directive requires statutory auditors to take part in appropriate programs of continuing education in order to maintain theoretical knowledge, professional skills and values at a sufficiently high level. The Public Oversight Authority has ultimate responsibility for the continuing education requirement and non-compliance is subject to sanctions.
Good CPD practices for Professional Accountants

Good Practice #1
Provide CPD guidance

Do your members have a clear understanding of their CPD obligations?

It is important that CPD requirements are as clear as possible and that members are able to easily access the CPD policy for their reference.

It is recommended that the CPD policy also include application guidance for members, which may cover the following topics:

- How to record CPD activity (i.e. templates)
- Provide answers to questions commonly asked of members about CPD (i.e. a FAQ section)
- The CPD verification process, and how non-compliance is addressed.

Good Practice #2
Make the CPD requirement flexible

Does your CPD policy recognize that professional competence can be maintained in a variety of ways?

Structured and verifiable CPD is important to achieve and demonstrate learning outcomes. However, people also can learn effectively in less structured environments and, therefore, unstructured and unverifiable CPD should also be acknowledged and included as admissible CPD. Examples of unstructured and unverifiable CPD include activities such as reading professional literature or attending a large event or exhibition.

In providing this flexibility it is important that a minimum level of structured and verifiable CPD is achieved.

Structured CPD should have:

- A specified learning outcome
- A means by which the learning can be measured
- A minimum duration of 30 minutes
- Relevance to the member’s role in order to contribute to the required knowledge or skills.

Fewer requirements need to be met for unstructured CPD, but it should be relevant to the member’s role and add to their individual knowledge or skills.
Good Practice #3
Facilitate access to, and choice of, CPD offerings

Do your members have enough choice when accessing CPD?

A good choice of accessible CPD supports members’ compliance with requirements and reinforces the importance of maintaining professional competence.

Coverage in CPD offerings can be improved by:
- PAOs directly providing CPD programs
- PAOs connecting their membership with quality CPD offered by others
- Leveraging high quality CPD offered by some firms to their employees and clients by recognizing them and seeking opportunities to connect these programs with more members.

If programs are “recognized programs” they should be published (e.g. on the PAO website). The PAO should reserve the right to periodically monitor the quality of CPD offerings and “derecognize” them if appropriate (i.e. in rare circumstances).

Good Practice #4
Use a range of learning methods

Can your members engage with CPD in ways that suit their learning styles?

Good quality CPD is not just about the content, the learning experience is important too. CPD requirements should reflect the value of these different experiences appropriately. The following learning experiences are provided as examples of CPD:
- 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

Do you check that members are complying with CPD requirements?

It is important that some incentives are provided for members to complete CPD in order to balance the disincentives (e.g. time commitment and cost). A good incentive is for PAOs to consistently reinforce the value of life-long learning and recognize members’ learning achievements. Members that continue learning are more likely to be successful in their careers.

However, given the importance of professional competence, some “regulatory” activities to ensure members are encouraged to comply with CPD requirements are also necessary.

Examples of such activities include:
• Requiring members to provide an annual declaration confirming their compliance with CPD requirements;
• Performing an annual “audit” (covering at least 5% of membership) of individuals who make a declaration confirming their adherence to CPD requirements.

Auditing verifies that the member:
• Met input (i.e. number of hours) or output (i.e. learning outcomes achieved) requirements as appropriate;
• Undertook CPD that is relevant to their role; and
• Actually completed the CPD event recorded (i.e. and for the duration recorded).

Good Practice #6
Evaluate effectiveness and impact of CPD Programs

Do you review your CPD policy and offering and consider how these could be improved?

It is important that PAOs regularly review their CPD policy and the program they offer members to ensure that they remain “fit-for-purpose”.

Some practical ways to obtain the information necessary to perform this review include:
• Obtain member feedback on the quality of each CPD event through a feedback form;
• Undertake regular surveys of a sample of members about their overall experience of CPD, including the quality, relevance and price (member focus groups may also be useful);
• Analyze pass rates where learning outcomes are tested.

This feedback should be used to develop future CPD programs and revise CPD policies as required.
Good Practice #7
Promote CPD tools and resources

Do you provide your members with tools to help them plan relevant CPD?

The more a member is able to plan CPD, the more likely they will optimize their learning.

Competency maps can be a good way for members, who are looking for promotion or moving from practice to business (or vice versa), to identify “competency gaps” in their learning.

Learning plan templates can also be a good way to capture ‘competency gaps’ and other desired learning when planning CPD activity.

Good Practice #8
Integrate CPD Programs and Quality Assurance

Are you checking that issues arising from the Quality Assurance (QA) of members’ work is covered in your CPD program?

Quality Assurance (QA) reviews are largely detective, a more integrated CPD/QA system can be more preventative because it provides members with the opportunity to improve competency before they undertake work.

Some tips to improve this integration include:

- Have the QA team regularly meet with those responsible for CPD coordination to discuss QA outcomes;
- Include members of the QA team in CPD delivery for added perspective from QA findings;
- Ensure that the PAO can impose CPD on particular members as a result of QA procedures;
- Have QA teams check CPD compliance, particularly where issues have arisen.
Good Practice #9
Enforce CPD Requirements

Are there consequences for not complying with CPD requirements?

When PAOs are aware of non-compliance with CPD requirements action needs to be taken. Failure to take action may encourage members to believe that the PAO is not concerned about CPD compliance.

Outlined below are some ways to act when non-compliance is identified:

- Write to members that have not complied and ask them why not and how they plan to make up the shortfall in CPD;
- Consider imposing conditions that practicing certificates and licenses are valid only if the member’s CPD requirements are met;
- Where relevant, report non-compliance to the responsible independent oversight body;
- In extreme cases consider disciplinary action.

Good Practice #10
Think strategically and innovatively about CPD

Are you approaching CPD the same way year after year?

For some PAOs CPD is like a small business and one that could offer potential for additional financial resources with growth.

Some suggestions for thinking more strategically about CPD include:

- Investigate options for greater use of technology to reduce CPD variable costs and improve access for members;
- Consider whether non-members may also benefit from some CPD offerings and may be a potential market;
- Listen to your members. Respond to their learning requirements and to their feedback on CPD events - don’t assume all CPD is relevant and that your events are creating a good learning environment;
- Ethics can be a point of differentiation for the accounting profession - consider a mandatory component for Ethics (e.g. 1-2 hours every year);
- Price CPD based on its value, offer a range of ‘premium’ and ‘standard’ CPD and also facilitate low-cost mechanisms where demanded by members (e.g. self-sustaining special interest groups);
- Consider adding more non-core accounting CPD that members might find relevant (e.g. business, strategic and communication skills).
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