Proposed Redrafted International Education Standard

IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence
CONTINUING PROFESSIONAL DEVELOPMENT: A PROGRAM OF LIFELONG LEARNING AND CONTINUING DEVELOPMENT OF PROFESSIONAL COMPETENCE

CONTENTS

Introduction
Scope of this Standard ........................................................................................................... 1
Effective Date ........................................................................................................................ 8
Objective .................................................................................................................................. 9

Requirements
Promotion of Lifelong Learning .......................................................... 10
Access to CPD .................................................................................................................... 11
Mandatory CPD for all Professional Accountants ........................................ 12–16
Monitoring and Enforcement .................................................................................. 17

Explanatory Materials
Scope ................................................................................................................................. A1–A3
Promotion of Lifelong Learning .......................................................... A4-A5
Access to CPD .................................................................................................................. A6–A7
Mandatory CPD for all Professional Accountants ........................................ A8–A13
Output-Based Approach .................................................................................. A14–A15
Input-Based Approach .................................................................................. A16–A20
Combination Approach .................................................................................. A21
Monitoring and Enforcement .................................................................................. A22–A32
Introduction

Scope of this Standard (Ref Para A1–A3)

1. This International Educational Standard (IES) prescribes the continuing professional development required for professional accountants to develop and maintain the professional competence necessary to (a) provide high quality services to clients, employers, and other stakeholders, and thereby to (b) strengthen public trust in the profession.

2. This IES is addressed to IFAC member bodies, whose role it is to have responsibility for ensuring that continuing professional development meets the requirements set out in this IES. In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the continuing professional development of professional accountants.

3. Although it is the responsibility of the professional accountant to maintain competence by undertaking relevant continuing professional development (CPD) activities, this standard is addressed to the IFAC member bodies, whose role it is to:
   (a) Foster a commitment to lifelong learning among professional accountants;
   (b) Facilitate access to CPD opportunities and resources for professional accountants; and
   (c) Adopt prescribed standards of practice including the development and implementation of appropriate measurement, monitoring, and compliance procedures, to help professional accountants develop and maintain the professional competence necessary to protect the public interest.

4. CPD is a continuation of Initial Professional Development (IPD), the learning and development through which individuals first develop competence leading to performing the role of a professional accountant. CPD is learning and development that takes place after IPD, and that maintains and develops competence to enable professional accountants to continue to perform their roles competently. CPD provides continuing development of the (a) professional knowledge, (b) professional skills, (c) professional values, ethics, and attitudes, and (d) competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the individual. In addition, professional accountants may take on new roles during their careers that require new competences. In such cases, CPD that includes many of the same elements as IPD may be necessary for roles that require additional breadth or depth of knowledge, skills and values.

5. In addition to education, practical experience, and training, CPD also includes learning and development activities such as coaching and mentoring, networking, observation, feedback and reflection, and the self-directed and unstructured gaining of knowledge.

6. Measuring the attainment of CPD can be achieved by three different approaches:
   (a) Output-based approaches—by requiring professional accountants to demonstrate, by way of outcomes, that they develop and maintain professional competence;
(b) Input-based approaches—by establishing a set amount of learning activity to develop and maintain competence; and
(c) Combination approaches—by combining elements of the input- and output-based approaches, setting the amount of learning activity required, and demonstrating the outcomes achieved.

7. Definitions and explanations of the key terms used in the IESs and the Framework for International Education Standards for Professional Accountants are set out in the IAESB Glossary of Terms.

Effective Date
8. This IES 7 is effective from a date to be agreed by the IAESB [not prior to January 2013].

Objective
9. The objective of an IFAC member body is to enable professional accountants to develop and maintain their competence subsequent to IPD through the undertaking of CPD necessary to provide high quality services to meet the needs to clients, employers and other stakeholders in the public interest.

Requirements
Promotion of Lifelong Learning (Ref Para A4–A5)
10. IFAC member bodies shall promote the importance of, and a commitment to, continuing development and maintenance of professional competence.

Access to CPD (Ref Para A6–A7)
11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for continuing development and maintenance of professional competence.

Mandatory CPD for all Professional Accountants (Ref Para A8–A13)
12. IFAC member bodies shall require all professional accountants to undertake CPD to contribute to the development and maintenance of their professional competence appropriate to their work and professional responsibilities.
13. IFAC member bodies shall establish their preferred approach to measuring professional accountants’ CPD activity from the three models of output-based, input-based, or combination approaches.

Output-Based Approach (Ref Para A14–A15)
14. IFAC member bodies implementing an output-based approach shall require each professional accountant to demonstrate the development and maintenance of appropriate competence by periodically providing evidence that has been:
(a) Verified by a competent source; and
(b) Measured in accordance with the principles of assessment set out in IES 6 Assessment of Professional Competence.

**Input-Based Approach (Ref Para A16–A20)**

15. IFAC member bodies implementing an input-based approach shall require each professional accountant to:

   (a) Complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours (or equivalent learning units) shall be verifiable;

   (b) Complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year; and

   (c) Measure learning activities to meet the above requirements.

**Combination Approach (Ref Para A21)**

16. IFAC member bodies implementing a combination of input- and output-based approaches shall comply with the requirements of input- and output-based approaches, as applicable, set out in this IES.

**Monitoring and Enforcement (Ref Para A22–A32)**

17. IFAC member bodies shall establish a systematic process to monitor whether professional accountants meet the IFAC member body’s CPD requirements, and provide for appropriate sanctions for failure to meet those requirements.

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**Explanatory Materials**

**Scope (Ref Para 1–7)**

A1. The knowledge needed to function effectively as a professional accountant continues to grow. Professional accountants face increased expectations to display professional knowledge and skill. These pressures apply to professional accountants in both the private and public sectors. Continuing development and maintenance of professional competence and lifelong learning are critical if the professional accountant is to meet public expectations. The accountancy profession operates in an environment of change, therefore it may be appropriate for IFAC member bodies to periodically review their CPD policies and the application of this IES.

A2. Undertaking CPD does not provide by itself a guarantee that all professional accountants will provide high-quality professional service at all times. This also requires ethical behavior, professional judgment, an objective attitude and an appropriate level of supervision. Further, not every individual who participates in a CPD program will obtain the full benefits of that program. This will depend on the individual’s commitment and capacity to learn. However, CPD plays an important part in enabling professional accountants to develop and maintain their competence, and technical and general
knowledge relevant to the professional services they provide. Therefore, despite some inherent limitations, CPD is an important element in maintaining public confidence and trust.

A3. A well established program of CPD that is measured, monitored and evaluated may form part of a IFAC member body’s quality assurance processes. Other quality assurance processes may include quality assurance reviews of professional accountants’ work (which may include a review of the CPD undertaken by the professional accountant), and investigation and disciplinary regimes for misconduct.

Lifelong Learning (Ref Para 10)

A4. Lifelong learning is the process by which professional accountants develop and maintain their professional competence, relevant to the nature of their work and professional responsibilities. Lifelong learning has relevance to all professional accountants, irrespective of whether they are involved in accounting fields or other areas.

A5. The process of lifelong learning commences early, continuing with the IPD through which individuals first develop competence leading to performing the role of a professional accountant, and on throughout an individual’s career. CPD is an extension of IPD, through which the professional knowledge, skills, and values, ethics and attitudes gained during IPD continue to develop and are refined appropriately for the professional activities and responsibilities of the individual.

Access to CPD (Ref Para 11)

A6. IFAC member bodies may directly provide relevant CPD programs for professional accountants, and facilitate access to programs offered by others, including employers.

A7. The following represent examples of learning activities that could be undertaken as part of a planned program of CPD activity.

(a) Participation in courses, conferences, seminars;
(b) Self-learning modules;
(c) On-the-job training;
(d) Published professional or academic writing;
(e) Participation and work on technical committees;
(f) Developing or delivering a course or CPD session in an area related to professional responsibilities;
(g) Formal study related to professional responsibilities;
(h) Participation as a speaker in conferences, briefing sessions, or discussion groups;
(i) Writing technical articles, papers, books;
(j) Research, including reading professional literature or journals, for application in a professional role;
(k) Professional re-examination or formal testing;
(l) Providing professional development support as a mentor or coach; and

(m) Receiving professional development support from a mentor or coach.

Ordinarily, only the initial preparation time and the first time a single, repetitive activity is performed (for example, teaching introductory accounting to different audiences) constitutes CPD.

Mandatory CPD for all Professional Accountants (Ref Para 12-13)

A8. CPD is applicable to all professional accountants, regardless of sector or size of the organization in which they operate, because:

(a) all professional accountants have an obligation of due care to their clients, employers, and relevant stakeholders, and are expected to demonstrate their ability to competently discharge this responsibility;

(b) professional accountants in all sectors are subject to public accountability and the maintenance of public trust;

(c) the public is likely to rely on the designation and professional standing of the professional accountant. Professional accountants carry a professional designation. Lack of competence of a professional accountant has the potential to damage the reputation and standing of both the individual, their employer and the profession as a whole;

(d) many economic sectors may be affected by a rapidly changing environment, and consequently the professional accountant’s professional competence needs to consider and adapt to such changes; and

(e) employers recruiting professional accountants rely, to some extent, on the professional designation as proof of professional competence.

A9. In setting the requirement for CPD, IFAC member bodies are encouraged to consider what is relevant and appropriate for categories of professional accountants in special circumstances for example:

(a) Individuals on career breaks; and

(b) Individuals who have retired from full time practice, but who continue to use their professional accountant designation, or continue to do work in some capacity.

A10. IFAC member bodies may choose to develop requirements or guidance regarding which types of CPD activities they consider relevant to the professional role(s) and function(s) professional accountants typically have. Alternatively, they may choose to rely on the professional judgment of individuals to make decisions on the relevance of CPD activities. They may also choose to set requirements in certain areas, and allow professional accountants the flexibility to choose relevant CPD activities in others.

A11. IFAC member bodies may prescribe specific or additional CPD for professional accountants working in specialist areas, specialist roles or areas of high risk to the public interest.
A12. IFAC member bodies may provide planning tools 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 training and development needs and how to meet them.

A13. IFAC member bodies are recommended to consider providing guidance that encourages professional accountants to discuss their CPD with employers, colleagues, and IFAC member bodies to help them identify competency or learning gaps in order to specify relevant learning opportunities to meet those needs.

**Output-Based Approach** (Ref Para 14)

A14. Reliability of verification in output-based systems is important. IFAC member bodies are encouraged to consider how to incorporate the following key aspects into their approach:
   (a) The clear identification of the outcome or competence achieved; and
   (b) Use of a competent source who is able to confirm that the outcome or competence has been developed and maintained.

A15. The following examples represent evidence that could be used for verification purposes in an output-based approach:
   (a) Evaluation or assessment of written or published material by a reviewer;
   (b) Assessments of learning outcomes achieved;
   (c) Publication of a professional article or of the results of a research project;
   (d) Periodic re-examination;
   (e) Specialist or other qualification;
   (f) Records of work performed (work logs) that have been verified against a competency map;
   (g) Objective assessments against a competency map developed either by the employer or by the professional body to reflect the individual’s level of competence;
   (h) Independent assessments that assess CPD; and
   (i) Assessments or sign-offs by specialist associations that document enhancements of competences, and assessments by regulators.

**Input-Based Approach** (Ref Para 15)

A16. Input-based systems traditionally have served as a proxy for measuring development and maintenance of competence because of the ease of measurement and verification. Input-based approaches have limitations; for example, they do not always measure the learning outcomes or competence developed. IFAC member bodies may partially overcome these limitations by
communicating the underlying objectives of continuing improvement of competence and a commitment to lifelong learning.

A17. This IES measures input-based CPD activity in terms of hours. IFAC member bodies may choose to use another measure (such as learning units) that will be understood by professional accountants. Examples of measures of input-based CPD include:

(a) time spent on learning activity;
(b) units allocated to the learning activity by a CPD provider; and
(c) units prescribed for learning activity by the IFAC member body.

A18. This IES is based on the concept that IFAC member bodies expect a proportion of the learning activities that professional accountants undertake to be verifiable. Some learning activities, for example on the job training, may be measurable, but may not be able to be verified. These activities also contribute to development and maintenance of competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.

A19. IFAC member bodies may consider providing guidance to professional accountants on what proportion of the 20 hours minimum annual requirement should be verifiable. In providing such guidance IFAC member bodies may consider local legal and regulatory requirements, and the expectations of other stakeholders.

A20. The following examples represent evidence that could be used for verification in an input-based approach:

(a) Timed course outlines, teaching materials;
(b) Attendance records from the provider;
(c) Independent assessments that a learning activity has occurred;
(d) Confirmation by an instructor, mentor, or tutor of participation; and
(e) Confirmation by an employer of attendance at and participation in an in-house program.

Combination Approach (Ref Para 16)

A21. There are alternatives for adopting a combination approach to CPD. For example, IFAC member bodies may choose to:

(a) apply the requirements of both input- and output-based systems, whereby input-based learning units contribute to the output competences being measured for a portion of the knowledge areas in a predominantly output-based system;
(b) allow professional accountants who may not meet the input-based learning units requirement to provide verification that competence has been developed and maintained; or
(c) specify a certain number of learning units as an indication of likely effort required to achieve competence, and monitor this together with verifying the competence achieved as a result of the learning activities.
Monitoring and Enforcement (Ref Para 17)

A22. IFAC member bodies may also provide guidance on the evidence to be obtained or created to demonstrate that competence was developed or maintained. Guidance may cover the professional accountant’s responsibilities for:

(a) retention of appropriate records and documents related to their CPD, such as those designed and provided by their IFAC member body, and

(b) provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of the IFAC member body.

A23. In designing their approach to monitoring, IFAC member bodies may determine which professional accountants have the greatest responsibility to, or pose the greatest risk to, the public, and adopt more rigorous monitoring for those operating in such roles.

A24. A monitoring process could require professional accountants periodically to:

(a) Submit a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently; or

(b) Submit a declaration confirming their compliance with any specific CPD requirements imposed by the IFAC member body; or

(c) Provide evidence of learning activities or verification of the competences they have developed and maintained through their chosen program of CPD activities.

A25. Supplementary monitoring processes could involve:

(a) auditing a sample of professional accountants to check compliance with CPD requirements; or

(b) the review and assessment of learning plans or CPD documents in quality programs; or

(c) requiring public practice employers to include CPD programs and effective monitoring systems in their quality assurance programs, and to track CPD activities as part of their time recording systems.

A26. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. A cycle of monitoring processes may take more than one year to complete, but would be expected to be for a period of less than five years.

A27. A system of mandatory CPD will operate effectively and in the public interest when professional accountants who fail to meet the requirement are brought into compliance on a timely basis. Professional accountants who persist in willful non-compliance would be expected to be appropriately sanctioned. IFAC member bodies are encouraged to determine the types of sanctions after considering the legal and environmental conditions in their countries. Some IFAC member bodies may have the legal authority to expel non-compliant professional accountants or to deny them the right to practice. Publication of the names of professional accountants who willfully fail to comply is an option that may be considered. Publication of names (a) can act as a general deterrent for professional
accountants, and (b) provides a clear signal to the public of the profession’s commitment to maintaining competence.

A28. The initial steps taken to address non-compliance are likely to focus on bringing the professional accountant into compliance within a reasonable period. IFAC member bodies are encouraged to strike a balance between (a) a sanction that, in substance, amounts to permitting a professional accountant to defer or avoid compliance with the CPD requirement, and (b) one that is excessively punitive.

A29. Expulsion or denial of the right to practice may be reserved for professional accountants who have made it clear, through a pattern of non-compliance or through their response to the IFAC member body’s inquiries, that they are likely to continue to disregard the importance of complying with the CPD requirements.

A30. Imposing sanctions is not an action to be taken lightly. A professional accountant’s willful failure to develop and maintain professional competence is, however, a violation of a professional duty that justifies disciplinary action, in that it diminishes the ability to act in the public interest.

A31. An effective monitoring and enforcement process requires adequate resources. IFAC member bodies may also consider establishing a board or committee of members to oversee CPD requirements and the monitoring and enforcement process.

A32. As part of their public interest responsibility, IFAC member bodies are encouraged to report publicly the extent to which their members comply with the CPD requirements set out in this IES.