

**Final Pronouncement**  
July 2012

*International Education Standard (IES) 7*

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**Continuing Professional  
Development (Redrafted)**

**IAESB**

International Accounting  
Education  
Standards Board

This document was developed and approved by the International Accounting Education Standards Board (IAESB).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

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**INTERNATIONAL EDUCATION STANDARD 7 (REDRAFTED)**  
**(EFFECTIVE ON JANUARY 1, 2014)**  
**CONTINUING PROFESSIONAL DEVELOPMENT**

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## Introduction

### Scope of this Standard (Ref: Para. A1–A4)

1. This International Educational Standard (IES) prescribes the continuing professional development (CPD) required for professional accountants to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and thereby to strengthen public trust in the profession.
2. This IES is addressed to IFAC member bodies. IFAC member bodies have a responsibility for the CPD of professional accountants as set out in the requirements of this IES. In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the CPD of professional accountants.
3. Although it is the responsibility of the professional accountant to develop and maintain professional competence by undertaking relevant CPD activities, this IES is addressed to the IFAC member bodies because their role 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 requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures, so as 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 develops and maintains professional 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 professional accountant. 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 (a) coaching and mentoring, (b) networking, (c) observation, feedback, and reflection, and the (d) 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 have developed and maintained professional competence;
  - (b) Input-based approaches—by establishing an amount of learning activity for professional accountants to develop and maintain professional competence; and

- (c) Combination approaches—by combining elements of the input- and output-based approaches, setting the amount of required learning activity, and demonstrating the outcomes achieved, whereby professional accountants develop and maintain professional competence.
7. Definitions and explanations of the key terms used in the IESs and the *Framework for International Education Standards for Professional Accountants* (2009) are set out in the *IAESB Glossary of Terms*.

### **Effective Date**

8. This IES is effective from January 1, 2014.

### **Objective**

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

### **Requirements**

#### **Promotion of CPD** (Ref: Para. A5)

10. IFAC member bodies shall promote the importance of, and a commitment to, CPD and maintenance of professional competence.

#### **Access to CPD** (Ref: Para. A6-A9)

11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for CPD and maintenance of professional competence.

#### **Mandatory CPD for all Professional Accountants** (Ref: Para. A10–A13)

12. IFAC member bodies shall require all professional accountants to undertake CPD to contribute to the development and maintenance of professional competence that is 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: 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 professional competence by periodically providing evidence that has been:
- (a) Verified by a competent source; and
  - (b) Measured using a valid competence assessment method.

*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–A31)

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

## **Explanatory Material**

### **Scope of this Standard** (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 competence. These pressures apply to professional accountants in all sectors. Continuing development and maintenance of professional competence and lifelong learning are critical if the professional accountant is to meet public expectations. Because the accountancy profession operates in an environment of change, 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, by itself, guarantee that all professional accountants will provide high-quality professional service at all times. The latter requires ethical behavior, professional judgment, an objective attitude, and an appropriate level of supervision. Further, not every professional accountant who participates in a CPD program will obtain the full benefits of that program. This will depend on the professional accountant's commitment and capacity to learn. However, CPD plays an important part in enabling professional accountants to develop and maintain professional competence that is relevant to their role. 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 an IFAC member body's quality assurance processes. Other quality assurance processes may include quality assurance reviews of (a) professional accountants' work (which may include a review of the CPD undertaken by the professional accountant), (b) investigation, and (c) disciplinary processes for misconduct.
- A4. Lifelong learning represents all learning and development activity, formal or informal, undertaken with the aim of enhancing knowledge, skills, values, ethics, and attitudes from personal, civic, social, and employment-related perspectives. Lifelong learning has relevance to all professional accountants, irrespective of whether they are involved in accounting fields or other areas.

### **Promotion of CPD** (Ref: Para. 10)

- A5. The following represent examples of activities that may contribute to the promotion of CPD and maintenance of professional competence:
- (a) Communicating the value of CPD regularly to professional accountants;
  - (b) Promoting the variety of CPD opportunities available to professional accountants; and
  - (c) Working with employers to emphasize the importance of CPD within performance management processes.

### **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 are some examples of learning activities that may be undertaken as part of a planned program of CPD activity:
- (a) Participation in courses, conferences, and seminars;
  - (b) Self-directed learning;

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

IFAC member bodies may provide guidance to professional accountants on the CPD obtained from a single, repetitive activity (for example, teaching the same introductory accounting course to different audiences).

- A8. IFAC member bodies may provide 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 learning and development needs and how to meet them.
- A9. IFAC member bodies may 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.

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

- A10. CPD applies 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 the professional accountant, the employer, and the profession as a whole;

- (d) Rapidly changing environments may impact upon the relevance of a professional accountant's competence; and
  - (e) Employers recruiting professional accountants rely, to some extent, on the professional designation as proof of professional competence.
- A11. In setting the requirement for CPD, IFAC member bodies are encouraged to consider what is relevant and appropriate for professional accountants in special circumstances, for example:
- (a) For individuals on career breaks; and
  - (b) For 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.
- A12. IFAC member bodies may choose to develop requirements or guidance on which 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 judgment of professional accountants 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.
- A13. In protecting the public interest, IFAC member bodies may prescribe specific or additional CPD for professional accountants working in specialist areas, specialist roles, or areas of high risk.

**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 that 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 measured against a competency map developed either by the employer or by the professional body to reflect the individual's level of competence;
  - (h) Independent practice inspections 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 been used to measure 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 professional competence and a commitment to lifelong learning.
- A17. This IES measures input-based CPD activity in terms of hours or equivalent learning units. IFAC member bodies may choose to use other measures 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 the development and maintenance of professional 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) Course outlines and teaching materials;
  - (b) Confirmation of participation by a provider, instructor, employer, mentor, or tutor; and
  - (c) Independent assessments that a learning activity has occurred.

**Combination Approach** (Ref: Para. 16)

- A21. Alternatives for adopting a combination approach to CPD include:
- (a) Applying requirements of both input- and output-based systems, whereby inputs contribute to the output competences being measured for a portion of the knowledge areas in a predominantly output-based system;
  - (b) Allowing professional accountants who may not meet the input requirement to provide verification that competence has been developed and maintained; or
  - (c) Specifying a certain number of hours of input as an indication of likely effort required to achieve competence, and monitoring 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 professional competence was developed or maintained. Guidance may cover the responsibilities of professional accountants for:

- (a) Retention of appropriate records and documents related to their CPD; and
- (b) Provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of the IFAC member body.

In designing their approach to monitoring, IFAC member bodies may determine which roles involve high risk, or have the greatest responsibility to the public, and adopt more rigorous monitoring accordingly.

A23. A monitoring process could require professional accountants to periodically:

- (a) Submit a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently;
- (b) Submit a declaration confirming 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 CPD activities.

A24. Supplementary monitoring processes could involve:

- (a) Auditing a sample of professional accountants to check compliance with CPD requirements;
- (b) Reviewing and assessing learning plans or CPD documents as part of quality assurance 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.

A25. IFAC member bodies may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, the IFAC member body may consider what is reasonable in its environment, taking into consideration (a) the public interest, and the (b) expectations of the public, regulators, and other stakeholders. Experience of some IFAC member bodies suggest that cycles of more than five years may not meet these expectations, while cycles of less than one year are likely to be overly burdensome on the IFAC member body and professional accountants.

A26. A system of mandatory CPD will operate more effectively and in the public interest when professional accountants who fail to meet their CPD obligations are brought into compliance on a timely basis. IFAC member bodies are encouraged to determine the types of sanctions they will impose for non-compliance, after considering the legal and environmental conditions in their jurisdiction.

A27. 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.

- A28. Some IFAC member bodies may have the legal authority to expel non-compliant professional accountants or to deny them the right to practice. Expulsion or denial of the right to practice may be applied to 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 fail to comply with the CPD requirements. Publication of the names of professional accountants who willfully fail to comply is an option that may be considered. Publication of names can (a) act as a general deterrent for professional accountants, and (b) provide a clear signal to the public of the profession's commitment to maintaining competence.
- A29. 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.
- A30. 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.
- A31. 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.

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Education  
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529 Fifth Avenue, 6th Floor, New York, NY 10017  
T + 1 (212) 286-9344 F +1 (212) 286-9570  
[www.iaesb.org](http://www.iaesb.org)