Overview of Presentation

❖ Introduction

❖ Objective
  ➢ IES 7 establishes continuing professional development

❖ Requirements & Explanatory Material
  ➢ Promote CPD and maintenance of professional competence
  ➢ Facilitate access to CPD opportunities and resources
  ➢ Require all professional accountants to undertake CPD
Overview of Presentation

Requirements & Explanatory Material

- Establish the preferred approach to measuring CPD from output-based, input-based, or combination approaches
- Establish a systematic process to monitor CPD requirements and provide appropriate sanctions
Introduction - Scope

What?
- Prescribes the continuing professional development required to develop and maintain professional competence

Who?
- Targets IFAC member bodies, helpful to accountants, providers, employers, regulators, and government authorities

When?
- Effective date: January 1, 2014

Why?
- To protect the public interest by prescribing the CPD required for professional accountants to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders.
IES 7 establishes continuing professional development to enable professional accountants to develop and maintain professional competence

- Continuing professional development serves to
  - Protect the public interest by having professional accountants develop and maintain professional competence to provide high quality services that meet the needs of clients, employers, and other stakeholders.
Requirements

Promote CPD and maintenance of professional competence

- Articulate the importance of and commitment to, by
  - Communicating the value of CPD regularly to professional accountants
  - Promoting the variety of CPD opportunities available to professional accountants
  - Working with employers to emphasize the importance of CPD within performance management processes
Facilitate access to CPD opportunities and resources

- Access can be achieved by
  - Directly providing relevant CPD programs
  - Facilitating programs offered by others, including employers

- CPD opportunities may
  - Include learning activities as part of a planned program of CPD (e.g., participation in courses, conferences, and seminars; on-the-job training, developing or delivering a course or CPD session in an area to professional responsibilities)
    - Be discussed with employers, colleagues and IFAC member bodies

- CPD resources may
  - Include competency maps and learning plan templates
Requirements

Require all professional accountants to undertake CPD

- Regardless of sector or size of organization
- Consider what is relevant and appropriate depending on special circumstances (e.g., career breaks, retired from full practice)
- May choose to develop requirements or guidance or rely on judgment of professional accountants for the relevance of CPD activities
- May prescribe specific or additional CPD for those working specialists areas, specialist roles, or areas of high risk
Requirements

Establish the preferred approach to measuring CPD from output-based, input-based, or combination approaches

- Output-based approach
  - Reliability of verification achieved by:
    - Clear identification of the outcome or competence achieved
    - Verified by a competent source that is able to confirm that the outcome or competence has been developed or maintained
  - Evidence used for verification purposes (e.g., Assessment of written material by reviewer; Assessment of learning outcome achieved; Periodic re-examination)
Requirements

- Input-based approach
  - Does not always measure the learning outcomes or competence developed – need to communicate the underlying objective of continuing improvement
  - Input-based CPD activity can be measured in terms of hours (i.e., 120 hours of relevant professional development activity) or equivalent learning units
  - Some learning activities are measurable, but not verifiable and would not form part of 60 hours of verifiable CPD in the 3-year rolling period
  - Guidance on what proportion of the 20 hours minimum annual requirement should be verifiable may consider local and regulatory requirements and expectations of other stakeholders
  - Examples of evidence: courses outlines and teaching materials; confirmation of participation; independent assessments
Requirements

- Combination approach
  - Alternatives for adopting include
    - Apply requirements of input-based and output-based approaches
    - If input requirement not met allow verification of competence
    - Specify number of hours of input, together with verification of competence
Establish a systematic process to monitor CPD requirements and provide appropriate sanctions for non-compliance

- Monitoring process may
  - Be based on risk (e.g., roles involving high risk or greatest responsibility to public)
  - Include periodic submission of declaration statements or provision of evidence
  - Include supplementary processes (e.g., auditing, quality assurance programs, time recording systems)
  - Be conducted on a cyclical basis - duration would consider public interest and expectations of the public, regulators and other stakeholders
Requirements

❖ Sanctions for non-compliance

➢ Willful failure to develop and maintain professional competence is a violation of a professional duty that justifies disciplinary action, in that it diminishes the ability to act in the public interest

➢ Types should consider legal and environmental conditions in jurisdiction

➢ Aim to bring into compliance within a reasonable period

➢ May include legal authority to expel non-compliant professional accountants or to deny them the right to practice

➢ Effectiveness requires adequate resources and possibly a board or committee of members to oversee CPD requirements and the monitoring and enforcement process

➢ Report publicly the extent to which their members comply with the CPD requirements
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