

EXTENT OF RELEVANT CPD

The International Accounting Education Standards Board (IAESB) has developed a set of guidance material to support consistency of understanding, adoption and implementation of the principles and requirements of International Education Standard 7, *Continuing Professional Development* (Revised) (“IES 7 (Revised)”).

The purpose of this implementation support material is to provide guidance on describing and determining the extent of relevant Continuing Professional Development (CPD) needed.

Relevant CPD

Describing Relevant CPD

IES 7 (Revised) continues to establish that professional accountants, regardless of size of the organization or sector in which they operate, undertake relevant CPD to develop and maintain professional competence to perform their role as a professional accountant.

Within the IESs, CPD is defined as learning and development that takes place after Initial Professional Development (IPD), and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD includes learning and development activities that are relevant to the roles of professional accountants, such as: (a) education, (b) training, (c) practical experience, (d) mentoring and coaching, (e) networking, (f) observation, feedback, and reflective activities, and (g) self-development activities.¹

CPD that is relevant facilitates effective learning and development for professional accountants. CPD is relevant where it is closely aligned with the responsibilities of a professional accountant’s role and helps develop and maintain the professional competence necessary to perform that role.²

Therefore, focusing CPD, including measurement and monitoring, on learning activities and the achievement of learning outcomes that are more relevant to the responsibilities of the professional accountant’s role will enhance the likelihood that undertaking CPD contributes to professional accountants developing and maintaining professional competence.

Determining Relevant CPD

Individual professional accountants are often best positioned to identify and determine whether a learning and development activity is relevant to their needs. In addition, as part of monitoring and enforcement activities, International Federation of Accountants (IFAC) member bodies may review the professional accountant’s records of CPD activity to check compliance with requirements, including assessing the relevance of the CPD undertaken. This monitoring process may involve comparing sample CPD records against a role description.

¹ IES 7 (Revised) paragraph 2.

² IES 7 (Revised) paragraph A9.

Determining if a learning activity or a learning outcome is relevant requires the use of judgment. In making this judgment, professional accountants and IFAC member bodies will consider a variety of factors to help them determine how closely aligned a learning activity or learning outcome is to the responsibilities of the professional accountant's role and how much the learning activity or outcome helps develop and maintain professional competence.

To determine if a learning activity or learning outcome is relevant, professional accountants and IFAC member bodies may consider a variety of factors, including:

- **Usefulness** – how necessary and important the achievement of a learning outcome is to the responsibilities of the professional accountant's role and whether the achievement of a learning outcome helps develop and maintain professional competence. From the professional accountant's perspective, this analysis could be understood as how important, helpful, necessary or useful completion of a learning activity or achievement of a learning outcome is to personal development needs.

For example:

- The achievement of learning outcomes related to the preparation of tax returns would be more useful to a professional accountant whose primary role includes responsibilities related to the preparation of tax returns than it is to a professional accountant who has no, or only occasional, responsibilities related to the preparation of tax returns;
 - Learning and development activities related to the evaluation of product and business segment performance and profitability would be more useful to a professional accountant in business than to a professional accountant in a public sector role, while learning and development activities related to optimizing public service delivery would be more useful to a professional accountant in a public sector role than to a professional accountant in business; and
 - In an effort to stay current with developments in the profession a professional accountant determines that the achievement of learning outcomes related to emerging information and communication technologies will help develop their professional competence.
- **Timeliness** – Describes when the achievement of a learning outcome occurs, in relation to when the professional accountant uses the knowledge or skill from the learning activity to perform responsibilities for their role and therefore how likely CPD is to develop and maintain professional competence. From the professional accountant's perspective this process includes sequencing the achievement of learning outcomes prior to application on-the-job and achieving learning outcomes near to when the learning outcome will be applied.

For example:

- Achieving a learning outcome related to the preparation of tax returns before the professional accountant prepares tax returns on the job is more likely to help the professional accountant prepare tax returns competently than achieving that learning outcome after tax returns are prepared on the job;
- A professional accountant, in business, is more likely to competently evaluate product performance when learning outcomes related to the evaluation of product and business

segment performance and profitability are achieved immediately, rather than many months before preparing an evaluation and report on product performance for their employer; and

- More knowledge from learning and development activities related to optimizing public service delivery, will be retained when applying that knowledge immediately after completing the learning and development activity than when that knowledge is applied months after completing the learning and development activity.

Finally, the use of a CPD framework that requires professional accountants to document self-assessment and reflective activities will help professional accountants and IFAC member bodies identify and determine, relevant learning and development activities.³

Extent of Relevant CPD

Describing the Extent of Relevant CPD Needed

Based on outreach activities and feedback during the IES 7 revision project, the Board recognizes that professional accountants and IFAC member bodies need to determine the extent of relevant CPD in the context of 'what is enough CPD'. Example questions professional accountants and IFAC member bodies have about the extent of relevant CPD needed include:

- How do I know that I've undertaken enough CPD?
- How do I know that I've demonstrated achievement of enough learning outcomes?
- How do we explain what enough or adequate CPD is to our professional accountants so that they transparently understand what is required of them under our CPD requirements?
- When executing measurement and monitoring activities how do we determine that a professional accountant has undertaken enough CPD or achieved enough learning outcomes?

Regarding 'what is enough CPD', IES 7 (Revised) establishes the principle, that **the purpose of undertaking relevant CPD is for professional accountants to develop and maintain professional competence**. Within the IESs, professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of learning outcomes for: technical competence, professional skills, and professional values, ethics and attitudes. Therefore, 'the extent of relevant CPD needed' could be described as the balance and depth of relevant learning and development activities necessary for a professional accountant to develop and maintain professional competence;

- Under the output-based approach, the extent of relevant CPD needed is the balance and depth of learning outcomes, relevant to the responsibilities of their role, the professional accountant needs to achieve in order to develop and maintain professional competence; and
- Under the input-based approach, the extent of relevant CPD needed is the amount of learning and development activity a professional accountant needs to complete, relevant to the responsibilities of their role, in order to develop and maintain professional competence.

³ IES 7 (Revised) paragraph A10 introduces the concept of a CPD framework and the IAESB implementation support document, *CPD Frameworks*, provides additional guidance and explanation related to the benefits of using CPD frameworks – including 'self-assessment' and 'reflective' activities.

Determining the Extent of Relevant CPD Needed

Determining the extent of relevant CPD necessary for a professional accountant to develop and maintain professional competence requires the use of judgment. In making these judgments, professional accountants and IFAC member bodies will consider a variety of factors. For example:

- (a) Public interest considerations, including local environmental issues, public expectations for professional competence, national and local laws, and relevant regulatory requirements; and
- (b) Learning and development needs of professional accountants in the jurisdiction, including an understanding of the range of roles that professional accountants perform, the levels of proficiency professional accountants need to perform their range of roles, prior level of formal education, and the level of supervisory and mentoring support professional accountants receive.

IFAC member bodies, working with professional accountants, regulators and other licensing regimes are best positioned to determine the extent of relevant CPD necessary for professional accountants to develop and maintain professional competence in their jurisdictions:

- **Professional accountants** – IES 7 (Revised) describes why CPD is the responsibility of professional accountants. Among other things, professional accountants have an obligation of professional competence and due care to their clients, employing organizations, and relevant stakeholders, and are expected to perform competently within their professional environment⁴. In addition, professional accountants are expected to develop and maintain professional competence as they anticipate and adapt to changes in processes, technology, professional standards, regulatory requirements, employer demands, and other areas⁵. Therefore, it is incumbent on professional accountants to identify, undertake and record the extent of CPD they consider necessary to perform the responsibilities of their role competently and to meet public interest expectations.
- **Regulators and other licensing regimes** – The experiences of these stakeholders and other public interest entities in a jurisdiction may identify the extent of CPD they feel is necessary for professional accountants performing specific roles in a given jurisdiction.

The most effective way to determine if a professional accountant undertook the extent of relevant CPD necessary is to directly assess how CPD has impacted professional competence. For example, comparing evidence that the professional accountant has performed their role competently with the professional accountant's CPD record.⁶

In addition, especially when directly assessing professional competence is not practical, establishing guidelines or parameters which defines what the IFAC member body considers to be the extent of relevant CPD needed may be helpful. For example:

⁴ IES 7 (Revised) paragraph A8 (a).

⁵ IES 7 (Revised) paragraph A4.

⁶ In some jurisdictions, the law may permit the IFAC member body, either on their own or working with a statutory authority, to access employer-maintained documentation pertaining to the job performance of their professional accountants (e.g., performance evaluations, coaching and mentoring records, etc.). Job performance information provides evidence about whether a professional accountant did in fact perform their role competently.

- The total extent of CPD that professional accountants in the jurisdiction must undertake during a set period of time (e.g., a minimum number of hours or equivalent learning units⁷ or certain learning outcomes, at a minimum, that must be achieved);
- The extent of CPD that must be undertaken that is responsive to public interest considerations, including local environmental issues, public expectations, and relevant regulatory requirements;
- The extent of topic-specific CPD that must be undertaken by professional accountants performing specific roles during a set period of time, for example:
 - Requiring professional accountants performing the role of a tax preparer to undertake a minimum number of hours or equivalent learning units of CPD related to preparing tax returns or requiring that certain learning outcomes relate to preparing tax returns,
 - Requiring professional accountants performing public sector roles to undertake a minimum number of hours or equivalent learning units of CPD related to public sector competence areas or requiring that certain learning outcomes relate to public sector competence areas,
 - Requiring professional accountants in business to undertake a minimum number of hours or equivalent learning units of CPD related to specific competence areas or requiring that certain learning outcomes relate to the role of a professional accountant in business;
- The extent of CPD that does not need to be supported by verifiable evidence (e.g., allowing professional accountants to submit unverifiable evidence for CPD related to time spent or learning outcomes achieved, as a result of reading, but stipulating that such unverifiable activities cannot count for more than a specified percentage of the total CPD requirement);
- The extent to which CPD must relate to **developing** professional competence and a corresponding extent to which CPD must relate to **maintaining** professional competence;
- The extent to which completing the same activity can be measured as CPD in a CPD cycle (e.g., allowing time spent teaching the same training program twice to be measured as CPD only once); and
- The extent of the overall CPD requirement that professional accountants on leave, career breaks or those retired from professional practice must comply with, and the extent of the overall CPD requirement those individuals must comply with, before returning to their roles as professional accountants.

⁷ IES 7 paragraph A25 provides one example for how this consideration may be adopted and implemented.

This document was prepared by the International Accounting Education Standards Board (IAESB).

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

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