



CPD Requirements and Compliance Audit

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Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Overview

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- What is CPD
- Number of CPD hours
- Verifiable vs Non-verifiable CPD hours
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CPD Requirements



What is Continuing Professional Development (CPD)?



Statutory Requirement

One of the statutory requirements for **CPA** membership renewal

Objectives

Develop and maintain members' **professional competence**, and

Strengthen **public confidence and trust** in the profession.

Examples of CPD activities:

- (a) education
- (b) training
- (c) practical experience
- (d) mentoring and coaching
- (e) networking
- (f) observation, feedback, and reflective activities
- (g) self-development activities

Number of hours (1 of 3)



- Set out in paragraph 10 in Statement 1.500 Continuing Professional Development
 - At least **120** hours of **relevant** activities in each **rolling 3-year period**, of which **60** hours shall be **verifiable**
 - At least **20** hours **per year**
 - Reporting period commences from **1 December** of each year
 - **Documentary evidence** for verifiable CPD activities
 - **Specialist Designation (SD) holders:**
 - 5 verifiable CPD hours annually – in the subject of the Specialist Designation
 - **Responsible Person of Public Interest Entity (PIE) auditors:**
 - 5 verifiable CPD hours annually – related to PIE engagements





Illustration:

Rolling 3-year period

| | Year 1 | Year 2 | Year 3 | Total |
|----------------|---------------|---------------|---------------|-----------------------|
| Verifiable | a | a | a | Sum of a ≥ 60 |
| Non-verifiable | b | b | b | Sum of b |
| Total | $a+b \geq 20$ | $a+b \geq 20$ | $a+b \geq 20$ | Sum of $a+b \geq 120$ |

Number of hours (3 of 3)



Example 1:

| | Year 1 | Year 2 | Year 3 | Total |
|----------------|--------|--------|--------|-------|
| Verifiable | 5 | 10 | 45 | 60 ✓ |
| Non-verifiable | 15 | 20 | 25 | 60 |
| Total | 20 ✓ | 30 ✓ | 70 ✓ | 120 ✓ |

Example 2:

| | Year 1 | Year 2 | Year 3 | Total |
|----------------|--------|--------|--------|-------|
| Verifiable | 5 | 10 | 40 | 55 ✗ |
| Non-verifiable | 10 | 20 | 30 | 60 |
| Total | 15 ✗ | 30 ✓ | 70 ✓ | 115 ✗ |

Note: For illustration purpose only.

Verifiable vs Non-verifiable



■ Verifiable CPD activities

■ Require **verifiable evidence** that:

- can be objectively verified by a competent source; and
- can demonstrate that the specified number of hours of CPD activity has been **undertaken**.

■ Require to maintain records and documentary evidence of the verifiable CPD activity for a minimum of **5 years**.

■ Non-verifiable CPD activities

- Documentary evidence is not required.
- E.g. Reading professional journals.



Examples of verifiable evidence (1 of 2)



- ✓ Course outlines, teaching materials, storyboards (for virtual training);
- ✓ Confirmation that a learning and development activity has been completed (including number of hours) by a provider, instructor, employer, mentor, or tutor;
- ✓ Transcript, examination result slips;
- ✓ Independent assessments that a learning activity has occurred;



Examples of verifiable evidence (2 of 2)



- ✓ Confirmation by organizers of participation in activities where learning outcomes have been achieved;
- ✓ Confirmation by organizers of seminar/talks in which one was engaged as a speaker;
- ✓ Meeting agenda objectives and meeting minutes that verify the relevance of the content; and
- ✓ Publication of a professional article or of the results of a research project.



Verifiable CPD activities with capped CPD hours



| Verifiable CPD activities | Max. CPD hours claimed |
|--|--|
| Participation in non-technical or other committee's meeting | 4 hours per year |
| Authorized Supervisor (AS) / Counsellor of an Authorized Employer (AE) | 5 hours per registered student or prospective member; maximum 20 hours per year |
| QP Facilitator | Introductory/Professional Module: 8 contact hours and actual preparation time; Capstone: 24 contact hours and actual preparation time |
| Approved mentor under HKICPA's Mentorship Programme | 3 hours for attending mentorship related briefings organized by HKICPA |

Non-verifiable CPD activities with capped CPD hours



| Non-verifiable CPD activities | Max. CPD hours claimed |
|---|---|
| Reading Financial Newspapers | 5 hours per year |
| "Networking" and "Observation, feedback and reflection" | 5 hours per year |
| Approved mentor under HKICPA's Mentorship Programme | 5 hours for each approved mentorship & at most 10 hours if a mentor has been assigned 2 mentees during any one mentorship cycle |

Please refer to the Institute's [website](#) for the most updated list of CPD activities with capped hours.

What are relevant CPD activities?



- **Closely Aligned with Responsibilities**

CPD activities should be relevant where it is **closely aligned** with the responsibilities of a member's role as a **professional accountant**.

- **Develops and Maintains Competence**

CPD activities should help **develop and maintain** the **professional competence** necessary to perform that role.



Was the CPD activity relevant?



Yes, if the CPD activity:

- ✓ develops your **professional knowledge**.
- ✓ develops your **professional skills**.
- ✓ develops your **professional values**.
- ✓ is relevant to your **current or future work** and professional responsibilities.
- ✓ enhances your understanding of the **economic trends** and the **business environment** you are working in.



CPD Compliance Audit



CPD Compliance Audit Process



- The Institute conducts CPD Compliance Audit **every year**.
- Sample selection is made via a **risk-based process**.
- Higher chance of being selected for:
 - Practising Certificate holders
 - Responsible Persons of PIE Auditors
 - Members with a history of non-compliance



Members selected for audit






- Required to complete and return the CPD Record Form within one month of notification, which entails:
 - **Supporting documents** for all of their verifiable CPD activities
 - Explanation of the **relevancy** of the CPD activities



Common issues found in CPD Compliance Audit



-  ■ Claiming **work activities** as CPD hours: members are mainly applying their **existing professional knowledge** as opposed to **developing and maintaining** professional competency.
 - E.g. meetings carried out as part of the daily work.
-  ■ Claiming CPD hours from activities that are **not relevant** to member's current or future career development.
 - E.g. sports activities, health and safety courses.
-  ■ **Overstatement** of CPD activities with **capped** hours.
 - E.g. number of CPD hours allowed for newspapers reading is capped at 5 hours per year.

Consequences of non-compliance



Shortfall of CPD activities

- Members may be allowed a **small window to make up** for the shortfall
- Member will have a higher chance of being selected for upcoming audit

Failure to respond or fulfil the CPD requirements

- **Non-renewal of membership**, and/or
- May be referred to the Accounting and Financial Reporting Council for regulatory action

Useful Resources





- [Statement 1.500 Continuing Professional Development](#)
- [Quick Guide to Continuing Professional Development](#)
- [Specimen CPD Record Form](#)
- [Frequently asked questions](#)
- Illustration on “[How to Achieve CPD Hours](#)”
- A-plus article in January 2023 “[Refresher on CPD requirements](#)”
- A-plus article in July 2023 “[Get prepared for CPD compliance audit](#)”

Got a Question?

- Contact us via email at: cpdcompliance@hki CPA.org.hk or 2287 7454.

