

*International Education Standard for Professional
Accountants 7*

Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence



International Federation
of Accountants

The mission of the International Federation of Accountants (IFAC) is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant.

This International Education Standard for Professional Accountants (IES) has been prepared by the IFAC Education Committee.

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**INTERNATIONAL EDUCATION STANDARD FOR
PROFESSIONAL ACCOUNTANTS IES 7**

**CONTINUING PROFESSIONAL DEVELOPMENT:
A PROGRAM OF LIFELONG LEARNING AND CONTINUING
DEVELOPMENT OF PROFESSIONAL COMPETENCE**

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Purpose and Scope of this Standard

1. This Standard prescribes that member bodies:
 - (a) foster a commitment to lifelong learning among professional accountants;
 - (b) facilitate access to continuing professional development opportunities and resources for their members;
 - (c) establish for members benchmarks for developing and maintaining the professional competence necessary to protect the public interest; and
 - (d) monitor and enforce the continuing development and maintenance of professional competence of professional accountants.
2. This Standard is based on the principle that it is the responsibility of the individual professional accountant to develop and maintain professional competence necessary to provide high quality services to clients, employers and other stakeholders.

Introduction

3. This Standard prescribes that member bodies implement a continuing professional development (CPD) requirement as an integral component of a professional accountant's continued membership. Such a requirement contributes to the profession's objective of providing high-quality services to meet the needs of the public (including clients and employers).
4. This Standard introduces the concepts of continuing professional development as relevant, verifiable and measurable learning activities and outcomes.
5. This Standard draws on International Education Guideline 2, *Continuing Professional Education* (first issued February 1982; revised May 1998).
6. Continuing professional development refers to learning activities that develop and maintain capabilities to enable professional accountants to perform competently within their professional environments. (Refer to *Framework for International Education Statements*, issued October 2003.)
7. IFAC's mission is to serve the public interest, strengthen the worldwide accountancy profession, and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant. A fundamental principle of the IFAC Code of Ethics for Professional Accountants states,

"A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives the advantage of competent

professional service based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards in all professional and business relationships”

This Standard addresses how professional accountants meet their obligations of ongoing competence.

8. The knowledge needed to function effectively as a professional accountant in public practice, industry, commerce, education and the public sector continues to expand and change at a rapid rate. Professional accountants face increased knowledge and skill expectations. They and their professional associations also face unprecedented scrutiny about the quality of internal control, governance, financial statements and independent audits. These pressures apply to professional accountants in both the private and public sectors. In addition, the need to be competitive in a worldwide economy has prompted a more intense focus on the role and responsibilities of professional accountants in entities of all types. Professional accountants in all sectors have important contributions to make. Continued development of professional competence and lifelong learning are critical if the professional accountant is to meet these expectations.
9. The profession has a responsibility to ensure that professional accountants continue to develop and maintain the competence demanded by their professional roles and the users of their services. IFAC member bodies are encouraged to promote to their members, stakeholders and the public, the benefits of CPD highlighting the importance of continuous improvement of competence and a commitment to lifelong learning.
10. On its own, CPD does not provide assurance that all members will provide high quality professional service all the time. Doing so involves more than maintaining professional competence; it involves applying knowledge with professional judgment and an objective attitude. Also, there cannot be assurance that every person who participates in a CPD program will obtain the full benefits of that program, because of variances in individual commitment and capacity to learn. Nevertheless, it is certain that members who are not up-to-date on current technical and general knowledge pertinent to their work will not be able to provide professional services competently. Therefore, despite the inherent limitations of any CPD program, a CPD requirement is important to maintaining public confidence.
11. The accountancy profession operates in an environment of change making it necessary for member bodies to periodically review their CPD policies and the application of this Standard.
12. Member bodies need to consider a variety of quality assurance methods when considering their responsibility to protect the public interest. CPD is only one method. Others include quality assurance reviews of professional accountants' work and investigation and disciplinary regimes for misconduct, as

documented in IFAC's Statements of Membership Obligations (SMOs) 1 and 6, respectively.

Effective Date

13. This Standard is effective from January 1, 2006.

Promotion of Lifelong Learning

14. **Member bodies should promote the importance of continuous improvement of competence and a commitment to lifelong learning for all professional accountants.**
15. All professional accountants have an obligation to develop and maintain their professional competence, relevant to the nature of their work and professional responsibilities. This obligation applies to all professional accountants, irrespective of whether they are involved in traditional accounting fields or other areas.
16. The process of lifelong learning commences early, continuing with the education program to become qualified as a professional accountant, and on through an individual's career. CPD is an extension of the education process that led to qualification as a professional accountant. The professional knowledge, professional skills, and professional values, ethics and attitudes gained by the time of qualification continue to develop and are refined appropriately for the professional activities and responsibilities of the individual.

Access to CPD

17. **Member bodies should facilitate access to CPD opportunities and resources to assist professional accountants in meeting their responsibility for lifelong learning.**
18. Member bodies may directly provide relevant CPD programs for professional accountants and facilitate access to programs offered by others, encompassing all learning methods.

Mandatory CPD for all Professional Accountants

19. **Member bodies should require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities. The responsibility for developing and maintaining competence rests primarily with each professional accountant.**

20. CPD is applicable for all professional accountants, regardless of sector or size of business in which they operate, because:
- (a) All professional accountants have an ethical obligation of due care to their clients, employers and relevant stakeholders and need to demonstrate their ability to discharge this responsibility in a competent manner.
 - (b) Professional accountants in all sectors hold positions of importance involving financial reporting, public accountability and maintaining the public trust.
 - (c) The public is likely to rely on the designation or professional standing of the professional accountant. Moreover, all professional accountants carry the professional designation, and any lack of competence or ethical behavior has the same consequences to the reputation and standing of the profession, irrespective of the sector or role in which they operate.
 - (d) All sectors are affected by the rapidly changing environment and the consequential need to adapt the strategic or business plans of those organizations relying on the professional accountant's professional competence.
 - (e) Employers hiring professional accountants in any sector rely, at least to some extent, on the professional designation as proof of professional competence.
21. In setting the requirement for CPD, member bodies will need to consider what is relevant and appropriate for professional accountants in circumstances such as career breaks and retirement.

Relevance

22. CPD contributes to the competence of professional accountants and therefore acceptable CPD activities are expected to develop the professional knowledge, professional skills and professional values, ethics and attitudes of the professional accountant, relevant to their current and future work and professional responsibilities.
23. Some member bodies may choose to develop requirements or other guidance regarding which types of CPD activities are considered professionally relevant. Other member bodies may choose to rely on the professional judgment of individual members to make decisions on the relevance of CPD activities. Others may choose to set requirements in certain areas, and allow members the flexibility to choose relevant learning activities in other areas.
24. Member bodies may prescribe specific or additional CPD for members working in specialist areas or areas of high risk to the public.

25. Professional accountants are encouraged to consult with employers, colleagues, member bodies and others to help them identify competency or learning gaps and then specify learning opportunities to meet these needs.

Measurement

26. Professional accountants are required to measure learning activities or outcomes to meet the member body's CPD requirements.
27. Learning activity can be measured in terms of effort or time spent, or through a valid assessment method which measures competence achieved or developed.

Verification

28. This Standard is based on the principle that a certain portion of the learning activities professional accountants engage in are verifiable. This means that the learning is able to be objectively verified by a competent source. Some learning activities may be measured but not verified.
29. Professional accountants are responsible to retain appropriate records and documents related to their CPD and, upon request by the member body, provide sufficient evidence to demonstrate their compliance with the requirements of the member body.

CPD Approaches

30. The objective of CPD is to assist professional accountants to develop professional competence to provide services of high quality in the public interest. Measurement of completion of CPD can be achieved by at least three different approaches:
 - (a) Input-based approaches — by establishing a set amount of learning activity that is considered appropriate to develop and maintain competence.
 - (b) Output-based approaches — by requiring professional accountants to demonstrate, by way of outcomes, that they develop and maintain professional competence.
 - (c) Combination approaches — by effectively and efficiently combining elements of the input- and output-based approaches, setting the amount of learning activity required and measuring the outcomes achieved.
31. 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. As a result, some professional accountants may not apply themselves in seminars or courses and yet meet the input-based criteria for

measurement and verification. This “form over substance” approach can undermine the real objective of continuous improvement of competence. Member bodies may overcome these limitations by communicating the underlying objectives of continuous improvement of competence and a commitment to lifelong learning.

32. Output-based approaches concentrate on measuring the development and maintenance of competence achieved through learning, rather than measuring the various learning activities completed.
33. The measurement and verification system would differ between input, output and combination approaches.

Input-based Approach

34. **Member bodies operating an input-based approach should require the 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 should be verifiable;**
 - (b) **complete at least 20 hours or equivalent learning units in each year ; and**
 - (c) **track and measure learning activities to meet the above requirements.**
35. This standard measures CPD activity in hours or equivalent learning units. Member bodies may choose to use another term for the unit of measurement that will be understood by professional accountants (such as credit points or learning units). This other unit of measurement is to represent one hour of classroom time or its substantial equivalent.
36. Some learning activities may be measurable, but not 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.

Output-based Approach

37. **Member bodies implementing an output-based approach should require the professional accountant to demonstrate the maintenance and development of relevant competence by periodically providing evidence that has been:**
 - (a) **objectively verified by a competent source; and**
 - (b) **measured using a valid competence assessment method.**

38. Member bodies need to require professional accountants to obtain evidence that competence was developed or maintained.¹ The professional accountant is responsible for providing the evidence to the member body on request and for ensuring the evidence filed is sufficient and reliable.
39. Verification of competence for output-based systems is an objective assessment that competence has been developed or maintained. Verification is to be provided by a competent source in a position to confirm that the competence has been developed and maintained using a valid method or technique. The assessment should clearly identify the outcome or competence achieved, which may be the result of a particular learning activity or an extended development program that involves numerous learning activities, the achievement of performance outcomes (e.g., from the work environment) or other means (e.g., professional re-examinations).
40. The evidence may take many forms. Examples of verification can be found in the Appendix to this Standard.

Combination Approach

41. **Member bodies implementing a combination of input- and output-based approaches should follow the principles of input and output systems, as applicable, set out in this Standard.**
42. There are several alternatives for adopting a combination approach to CPD. For example, member bodies may choose to:
 - (a) adopt an input-based approach for some sectors or other grouping of members and an output-based approach for others;
 - (b) use the concepts 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;
 - (c) allow professional accountants who may not meet the input-based learning units requirement to provide verification that competence has been developed and maintained;
 - (d) specify a certain number of learning units as an indication of likely effort required to achieve competence and monitor this together with verification of competence achieved as a result of the learning activities;or

¹ Refer to the International Education Paper 2, *Toward Competent Professional Accountants*, issued April 2003, which outlines competence-referenced models.

- (e) introduce a combination approach before moving towards a comprehensive output-based system.

Monitoring and Enforcement

- 43. **Member bodies should establish a systematic process to monitor whether professional accountants meet the CPD requirement and provide for appropriate sanctions for failure to meet the requirement, including failure to report or failure to develop and maintain competence.**
- 44. In designing their approach to monitoring, member bodies may consider which of their members have the greatest responsibility to the public or pose the greatest risk to the public and adopt more rigorous monitoring for those operating in high risk roles.
- 45. A monitoring process could require professional accountants to periodically:
 - (a) submit a declaration as to whether they meet their ethical obligation to maintain knowledge and skill to perform competently;
 - (b) submit a declaration as to compliance with any specific CPD requirements imposed by the member body; and/or
 - (c) provide evidence of learning activities or verification of competence developed and maintained.
- 46. Reporting cycles of greater than five years would be unlikely to meet the objectives of this Standard.
- 47. Other monitoring processes could involve:
 - (a) auditing a sample of professional accountants to check compliance with CPD requirements;
 - (b) including the review and assessment of learning plans or CPD documents in practice inspection programs; and/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.
- 48. Member bodies need to require professional accountants to maintain evidence for a sufficient period of time to support the prescribed reporting requirements.
- 49. Verification needs to be in the form of documentation that can be provided easily to the member body for review purposes. Examples are provided in the Appendix to this Standard.
- 50. A system of mandatory CPD will operate effectively and in the public interest only if professional accountants who fail to comply with the requirement are brought into compliance on a timely basis or, if they persist in willful non-compliance, are appropriately sanctioned. Member bodies are encouraged to

determine punitive sanctions after considering the legal and environmental conditions in their countries. Some member bodies may have the legal authority to expel non-compliant professional accountants or to deny the right to practice. Publication of the names of professional accountants who willfully fail to comply is one option to be considered in this process. This can act as a general deterrent for professional accountants and provides a clear signal to the public of the profession's commitment to maintaining competence.

51. The initial steps taken to address non-compliance are likely to focus on bringing the professional accountant into compliance within a reasonable period. Care needs to be taken to strike a balance between a sanction that, in substance, amounts to permitting a professional accountant to defer or avoid compliance with the CPD requirement and one that is excessively punitive.
52. 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 member body's inquiries, that they are likely to continue to disregard the importance of complying with the CPD requirements.
53. Imposing sanctions is not an action to be taken lightly. A professional accountant's willful failure to maintain and develop his or her professional competence is, however, a violation of a significant professional duty that justifies disciplinary action.
54. A member body needs to ensure the monitoring and enforcement process is adequately resourced. Member bodies may also consider establishing a board or committee of volunteers to oversee the CPD requirements and the monitoring and enforcement process.
55. As a public interest step, member bodies are encouraged to report publicly the extent to which their members comply with the CPD requirements set out in this Standard.

APPENDIX

The Appendix is illustrative only and does not form part of the Standard. The purpose of the Appendix is to illustrate the application of the Standard to assist in clarifying its meaning.

This Appendix provides examples of different types of learning activities and how such learning can be verified under input- and output-based approaches to Continuing Professional Development (CPD).

Examples of Planning Tools

The following tools may assist professional accountants to identify learning and development needs, and plan ways of addressing these needs.

Tools, such as competency maps and learning plans, may be useful to member bodies and professional accountants to identify relevant learning needs and opportunities. Competency maps help identify development needs. Learning plans help identify learning opportunities to meet these needs. These tools need to be reviewed periodically and modified as competency needs change.

Competency Map

A competency map can assist professional accountants to identify training and development needs before identifying relevant learning activities. Competency maps provide a list of key competences for certain roles or sectors of the profession, at different levels (e.g. basic, intermediate, advanced). The competency map can assist professional accountants to assess their current levels of competence and identify targets for development. Competency maps have been developed by some IFAC member bodies, and by some employers to assist professional accountants plan and develop their careers.

Learning Plan

A learning plan assists professional accountants to identify training and development needs and ways in which to meet those needs. Professional accountants are encouraged to review their current skills and competences (a competency map, described above, can assist with this) against a target. Once these development needs have been identified, the professional accountant can then source relevant learning activities to help develop the required skills and competences. More than one learning activity may be required to develop the required skills and competences. Some member bodies have developed interactive tools to help assess competence and plan how to develop and maintain competence.

Learning Activities, Measurement Tools, and Evidence

The following lists provide examples of different learning activities, how learning could potentially be measured, and the different types of evidence for input- and output-based approaches. Any of these could be carried out using electronic means and e-learning opportunities. In considering these examples, member bodies are expected to comply with the intent of paragraphs 36, 38 and 39 of this Standard. The following examples may constitute CPD to the extent the individual professional accountant has developed capabilities in the course of undertaking the activity.

Examples of Learning Activities

- Participation in courses, conferences, seminars
- Self-learning modules or organized on-the-job training for new software, systems, procedures or techniques for application in professional role
- Published professional or academic writing
- Participation and work on technical committees
- Teaching a course or CPD session in an area related to professional responsibilities
- Formal study related to professional responsibilities
- Participation as a speaker in conferences, briefing sessions, or discussion groups
- Writing technical articles, papers, books
- Research, including reading professional literature or journals, for application in a professional role
- Professional re-examination or formal testing

One single, repetitive activity, for example, teaching introductory accounting to different audiences, should not constitute a member's total CPD activity.

Examples of Measurement Units

In considering the following measurement units, it should be noted that the Standard measures input-based approaches in terms of hours. Any alternative unit of measurement should be equivalent to one hour of classroom time or its substantial equivalent (refer paragraphs 34 and 35).

- Time spent on an activity
- Units allocated to an activity by a CPD provider
- Units prescribed by a member body

Evidence for Verification in an Input-based Approach

- Course outlines, teaching materials
- Attendance record, registration forms or confirmation of registration from provider
- Independent assessments that a learning activity has occurred
- Confirmation by an instructor, mentor or tutor of participation
- Confirmation by an employer of participation in an in-house program

Evidence for Verification in an Output-based Approach

- Verification of learning achieved through learning or performance outcomes
- Evaluation of written or published material by a reviewer
- Assessments of learning outcomes achieved
- Publication of a professional article or of the results of a research project
- Periodic re-examination
- Specialist or other qualification
- Work logs that have been objectively verified with reference to an external competency map
- Competency maps developed by the member body against which the member completes a self-assessment and provides supporting evidence on request
- Objective assessments against a competency map developed either by the employer or by the professional body as to the individual's level of competence

The following sources of evidence, if verified as applying to the individual member, may provide evidence of competence about that individual member:

- Independent practice inspections
- Assessments or signoffs by specialty associations that document enhancements of competences, and assessments by regulators, e.g., government reviews of licensed banks.