

# MEMBERS' HANDBOOK

## Update No. 45

(Issued December 2007)

<i>Document Reference and Title</i>	<i>Instructions</i>	<i>Explanations</i>
<b>VOLUME I</b>		
<a href="#">Contents of Volume I</a>	Replace Contents Pages i and ii with revised Contents Pages i and ii.	Revised Contents Pages
<b>CONTINUING PROFESSIONAL DEVELOPMENT</b>		
<a href="#">Statement 1.500 Continuing Professional Development (issued November 2007)</a>	Insert the revised Statement before the existing Statement 1.500A	Amended Statement - Note 1
<a href="#">Statement 1.500A Continuing Professional Development (issued August 2005)</a>	Replace the existing Statement 1.500A (issued September 2004) with the new 1.500A	Amended Statement - Note 2

Notes:

- Statement 1.500 has been revised to align with the International Education Standard 7 (IES 7) issued by the International Federation of Accountants for the purpose of giving a clearer guidance to members in complying with CPD requirements. It is applicable to CPD reporting periods beginning on or after 1 December 2007, and replaces the existing Statement 1.500.
- Statement 1.500 (issued August 2005) has been re-titled 1.500A which remains effective until 30 November 2007.



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(Updated to November 2007)

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Statement 1.500  
Revised November 2007

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Effective for CPD reporting periods  
beginning on or after 1 December 2007

*Statement 1.500*

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# Continuing Professional Development



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

**STATEMENT 1.500**  
**CONTINUING PROFESSIONAL DEVELOPMENT**  
 (Effective for CPD reporting periods beginning on or after 1 December 2007)

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## **Purpose and Scope**

1. This Statement is issued by the Council of the Hong Kong Institute of Certified Public Accountants (Institute) (hereafter referred to the Council) as a direction to prescribe the Continuing Professional Development (CPD) requirements with which members of the Institute must comply for annual membership renewal in accordance with Section 28(2)(c) of the Professional Accountants Ordinance. Such requirements contribute to the profession's objective of providing high-quality services to meet the needs of the public, including clients and employers.
2. It draws on the CPD requirements as prescribed in the International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.
3. This Statement is based on the principle that it is the responsibility of the individual member to develop and maintain professional competence necessary to provide high-quality services to clients, employers and other stakeholders.

## **Introduction**

4. Since 1973 the accounting profession in Hong Kong has been granted the privilege of self-regulation under the Professional Accountants Ordinance. This privilege carries a corresponding responsibility, namely, that the profession accepts the duty of ensuring the quality of services provided by its members to serve the public interest. It is the Council's view that requiring members to undertake appropriate CPD activities will help to maintain high professional standards and enhance public confidence.
5. A fundamental principle of the Institute's Code of Ethics for Professional Accountants, Section 130.3 states "The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical professional and business developments. Continuing professional development develops and maintains the capabilities that enable a professional accountant to perform competently within the professional environments."
6. The Institute is committed to:
  - (a) fostering a commitment to lifelong learning amongst Certified Public Accountants (CPAs);
  - (b) facilitating access to continuing professional development opportunities and resources for its members;
  - (c) establishing for members benchmarks for developing and maintaining the professional competence necessary to protect the public interest; and
  - (d) monitoring and enforcing the continuing development and maintenance of the professional competence of its members.
7. The profession has a responsibility to ensure that CPAs continue to develop and maintain the competence demanded by their professional roles and the users of their services. As a statutory body regulating the accounting profession, the Institute actively promotes to its members, stakeholders and the public, the benefits of CPD highlighting the importance of continuous improvement of competence and a commitment to lifelong learning.

## **Effective Date**

8. The requirements in this Statement are applicable to members' compliance with the CPD requirements for CPD reporting periods beginning on or after 1 December 2007. The Statement may be adopted for CPD reporting period ending on 30 November 2007.

## Access to CPD

9. The Institute will facilitate access to CPD opportunities and resources to assist members in meeting their responsibilities for lifelong learning.
10. The Institute will provide relevant CPD programmes for members and facilitate access to programmes offered by others, encompassing all learning methods. However, members are not restricted to the Institute's learning activities to meet their CPD requirements.

## CPD and Lifelong Learning

11. The Statement aims to promote the importance of continuous improvement of competence and a commitment to lifelong learning for all members.
12. All members 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 members, irrespective of whether they are involved in traditional accounting fields or other areas.
13. The process of lifelong learning commences early, continuing with the education program to become qualified as a CPA, and on through an individual's career. CPD is an extension of the education process that led to qualification as a CPA. 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.
14. This Statement introduces the concepts of CPD as relevant, verifiable and measurable learning activities and outcomes.
15. CPD refers to learning activities that develop and maintain capabilities to enable CPAs to perform competently within their professional environments.
16. The knowledge needed to function effectively as CPAs in public practice, industry, commerce, education and the public sector continues to expand and change at a rapid rate. CPAs face increased knowledge and skill expectations. They and their institutes also face unprecedented scrutiny about the quality of internal control, governance, financial statements and independent audits. These pressures apply to CPAs in both 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 CPAs in entities of all types. CPAs in all sectors have important contributions to make. Continued development of professional competence and lifelong learning are critical if CPAs are to meet these expectations.
17. On its own, CPD does not provide assurance that all members will provide high quality professional services all the time. Doing so involves more than maintaining professional competence; it involves applying knowledge with professional judgement and an objective attitude. Also, there cannot be assurance that every person who participates in a CPD programme will obtain the full benefits of that programme, 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 programme, a CPD requirement is important to maintaining public confidence.
18. This Statement addresses how members meet the obligation of ongoing competence. The obligations that members are required to observe in order to maintain and improve their professional competence and to meet public expectations about the quality of their work have been indicated in boldface print. Commentary paragraphs, which appear in plain type-face, serve the function of explaining or elaborating on the paragraphs written in boldface print.

## **Mandatory CPD for All Members**

19. **All members are required 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 member.**
20. CPD is applicable for all members, regardless of sector or size of business in which they operate, because:
  - (a) All members 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) Members in all sectors hold positions of importance involving financial reporting, public accountancy and maintaining the public trust.
  - (c) The public is likely to rely on the designation or professional standing of the CPAs. Moreover, all members carry the professional designation, and any lack of competence or ethical behaviour has the same consequences to the reputation and standing of the profession, irrespective of the sectors or roles in which a member operates.
  - (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 members' professional competence.
  - (e) Employers hiring CPAs in any sector rely, at least to some extent, on the professional designation as proof of professional competence.

## **Relevance**

21. CPD contributes to the competence of members and therefore acceptable CPD activities are expected to develop the professional knowledge, professional skills and professional values, ethics and attitudes of members, relevant to their current and future work and professional responsibilities.
22. The Institute relies on the professional judgement of individual members to make decisions on the relevance of CPD activities. However, the Institute may prescribe specific or additional CPD for members working in specialist areas or areas of high risk to the public.
23. Members are encouraged to consult with their employers, colleagues, the Institute and others to help them identify competency or learning gaps and then specify learning opportunities to meet these needs.

## **Measurement**

24. Members are required to measure learning activities or outcomes to meet the Institute's CPD requirements.
25. Learning activity can be measured in terms of effort or time spent, or through a valid assessment method which measures competence achieved or developed.
26. The Council recognises that the effectiveness of CPD is best measured in terms of what has been learned and members are encouraged to evaluate CPD activities in terms of relevance to their work and the economic and environmental trends likely to have an impact on the work environment of the accountancy profession. The Council has no intention to discourage the efforts of members to establish other measurement criteria regarding the adequacy of their CPD activities, but for the time being, considers CPD hours to be the measurement criterion, as it is most widely used and accepted.



27. Accordingly, for the purpose of this Statement, the learning activities shall be measured in terms of time spent on an hourly basis.

### **Verification**

28. A certain portion of the learning activities members 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. Members are responsible for retaining appropriate records and documents related to their CPD and, upon request by the Institute, provide sufficient evidence to demonstrate their compliance with its requirements.

### **CPD Requirements**

30. **All members, except those being exempted from complying with the CPD requirements, are required to:**
- (a) **complete at least 120 hours of relevant CPD activities in each rolling three-year period, of which 60 hours should be verifiable;**
  - (b) **complete at least 20 hours (of the 120 hours required in (a) above) in each year; and**
  - (c) **track and measure learning activities to meet the above requirements.**
31. Learning activities that are measurable but not able to be verified would not be considered to form part of the 60 hours of verifiable CPD in the rolling three-year period.
32. **The reporting period for each year commences from 1 December. The first rolling three-year period runs from 1 December 2005 to 30 November 2008.**
33. Although the start of the rolling three-year period is before the commencement of Statement 1.500 (revised November 2007), it conforms to the dates set by the replaced 1.500 (issued September 2004).

### **Exemption from Compliance**

34. The Council has the discretion to grant exemptions and/or extension to members for compliance with the CPD requirements. Such extensions and exemptions will only be granted under special circumstances, such as career breaks, serious illness and retirement from full time employment. The Council has also delegated to the CPD Committee this authority to grant extensions and exemptions to members for compliance with the CPD requirements.
35. No exemption will be granted to members holding practising certificates or directorship of listed companies.
36. Application for exemption or extension supported by documentary evidence, if appropriate, should be made in writing to the Institute. All applications will be considered on a case by case basis. The exemption will be valid for the ensuing years unless there are changes in circumstances.

### **Maintaining CPD Records**

37. **All members, except those being exempted from complying with the CPD requirements, are required to maintain appropriate records of all CPD activities completed in each rolling three-year period. Members who have to comply with the CPD requirements are required to maintain records and documentary evidence sufficient to support their attendance or completion of CPD activities for a minimum of five years, and produce**

**such records and documentary evidence when they are selected for an audit conducted by the Institute.**

38. Appropriate records of CPD activities include details of the provider of the programme, the learning objectives, course outlines and timetables, agendas of technical committee meetings, instructional materials, case studies, certificates of completion etc. Members may use their discretion in determining the supporting documentation necessary to show that they have participated in a CPD activity. To assist members in maintaining appropriate records, the Institute provides a proforma CPD Record (see Appendix) and an on-line record at "MyCPA". Members may choose to use their own forms for recording, but are advised to ensure that such forms include all the relevant information of the CPD activities undertaken.

### **Monitoring and Enforcement**

39. **All members, except those being exempted from complying with the CPD requirements, are required to file a declaration of CPD compliance with the Institute at the time of their annual membership renewal.**
40. The Council has also delegated to the Registrar of the Institute the authority to carry out an annual audit of members' compliance with the CPD requirements.
41. **Members selected for audit by a random sample and/or risk-based process are required to submit to the Institute their CPD records of the relevant reporting CPD year with documentation to support attendance or completion of the CPD activities as stated in their CPD records.**
42. The Registrar or his/her delegate is empowered to investigate where members fail to (a) file their annual declarations of CPD compliance with the Institute, (b) comply with the minimum CPD requirements, or (c) provide the necessary information or documentary evidence within a reasonable period of time for the annual audit.
43. **CPD records of employees of Practice Units may be subject to review and assessment in practice inspection programmes.**
44. HKSQC 1 paragraphs 38 and 77 refer to the need to maintain the capability and competence of CPAs through CPD and for Practice Units to monitor the CPD activities of CPAs to ensure firm policies are effective and applied in practice.
45. **Compliance with the CPD requirements in this Statement is a condition for renewal of registration and/or renewal of a PC by members under Sections 28(2)(c) and 30(8) of the Professional Accountants Ordinance. An application for renewal of registration as a CPA or renewal of Practising Certificate will not be granted if a member fails to meet the CPD requirements prescribed by the Council.**

### **Guidance on CPD Activities**

46. Guidance for members regarding the form of CPD activities is provided in the Appendix to this Statement.

### **Conformity and Compliance with International Education Standards for Professional Accountants**

47. This Statement conforms with the International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.

## APPENDIX

### Guidance on CPD Activities

*This Appendix is for illustrative purposes only and does not form part of the Statement. The purpose of this Appendix is to illustrate the application of the Statement and to assist in clarifying its meaning.*

This Appendix provides examples of different types of learning activities and how such learning can be verified under the Institute's approach to CPD.

#### EXAMPLES OF PLANNING TOOLS

The following tools may assist members 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 the Institute and its members 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 CPAs to identify training and development needs before identifying relevant learning activities. Competency maps should constitute key competencies for certain roles or sectors of the profession, at different levels (e.g. basic, intermediate, advanced). The competency map can assist CPAs to assess their current levels of competence and identify targets for development.

#### Learning Plan

A learning plan assists members to identify training and development needs and ways in which to meet those needs. Members 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 members 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.

#### Choosing a CPD Programme

It should be noted that CPD programmes do not need to be approved by the Institute. It is entirely up to the individual member to judge the suitability of a particular programme for himself/herself. For guidance, this judgement can be based on the following factors:

- whether the programme will enhance the professional proficiency of the individual member;
- whether the programme is at the right level and depth for the individual member;
- whether the programme content is relevant to the individual member's work;
- whether the trainers of the CPD programme are technically competent; and
- whether the programme provider has a good track record of delivering quality programmes.

## 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-based approach. Any of these could be carried out using electronic means and e-learning opportunities. In considering these examples, members are expected to comply with the intent of paragraphs 28, 29 and 37 of the Statement. The following examples may constitute CPD to the extent the individual member has developed capabilities in the course of undertaking the activity.

### Examples of CPD Learning Activities

- Participation in courses, conferences, seminars, e-learning courses
- 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 a 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 or books
- Research, including reading professional literature or journals, for application in a professional role
- Professional re-examinations or formal testing (including assessment)

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 Statement measures input-based approach in terms of hours. Any alternative unit of measurement should be equivalent to one hour of classroom time or its substantial equivalent (refer paragraphs 27 and 30 of the Statement).

- Time spent on an activity
- Units allocated to an activity by a CPD provider
- Units prescribed by the Institute

### Evidence for Verification

- Course outlines, teaching materials
- Attendance record, registration form or confirmation of registration from provider
- Transcript, examination result slips
- Independent assessments of a learning activity
- Confirmation of participation in any relevant training courses by an instructor, mentor or tutor

- Confirmation of attendance of any in-house training by the company
- 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
- Publication of a professional article or of the results of a research project

### **What the Institute will do to support CPD**

To support CPD the Institute will:

- (i) guide members and clarify the form of CPD activities, and what does or does not count towards CPD hours; and
- (ii) provide members with CPD learning activities by way of seminars, workshops, courses and conferences, sometimes in association with other professional bodies or academic institutions. The programmes will be along the following lines:
  - annual updates on technical subjects;
  - topics of relevance/interest to Practising Certificate (PC) holders;
  - topics of relevance/interest to members not holding a PC;
  - topics on specialised industries; and
  - topics on general management, technology or personal development.

### **Proforma CPD Record**

This form is available on the Institute's website at [http://www.hkicpa.org.hk/membership/cpd/mandatory/doc/CPD\\_Records\\_Form.doc](http://www.hkicpa.org.hk/membership/cpd/mandatory/doc/CPD_Records_Form.doc).

Statement 1.500A  
Issued August 2005

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Effective for CPD reporting periods  
until 30 November 2007

*Statement 1.500A*

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# **Continuing Professional Development**



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

**STATEMENT 1.500A**  
**CONTINUING PROFESSIONAL DEVELOPMENT**  
(Effective for CPD reporting periods until 30 November 2007)

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*This Statement is issued by the Council of the Hong Kong Institute of Certified Public Accountants (Institute) (hereafter referred to the Council) as a direction to prescribe the Continuing Professional Development (CPD) requirements with which members of the Institute should comply.*

## **Introduction**

1. This Statement draws on the CPD requirements as prescribed in International Education Standard for Professional Accountants 7 “Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence” issued by the International Federation of Accountants.
2. The ever-changing technical and professional environment of accountancy demands members to constantly update their knowledge and skills in order to maintain their professional competence and technical knowledge. The Council recognizes that it is not possible to achieve this purely through work experience, and an effective programme of CPD is one way in which members can seek to maintain and enhance their professional competence and technical knowledge.
3. Since 1973 the accounting profession in Hong Kong has been granted the privilege of self-regulation under the Professional Accountants Ordinance. This privilege carries a corresponding responsibility, namely that the profession accepts the duty of ensuring the quality of services provided by its members. It is the Council's view that requiring members to undertake a minimum number of hours of CPD activities will help to maintain high professional standards and enhance public confidence.
4. This Statement is based on the principle that it is the responsibility of the individual member to develop and maintain professional competence necessary to provide high quality services to clients, employers and other stakeholders.
5. This Statement introduces the concepts of CPD as relevant, verifiable and measurable learning activities.
6. CPD refers to learning activities that develop and maintain capabilities to enable Certified Public Accountants (CPAs) to perform competently within their professional environment.
7. The Council believes that there is an increased expectation of our members, regardless whether they are in the public practice or not, to provide high-quality services to meet the needs of the public (including clients, employers and other stakeholders) and has therefore prescribed unified CPD requirements for all members.
8. The knowledge need to function effectively as CPAs in public practice, industry, commerce, education and the public sector continues to expand and change at a rapid rate. CPAs 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 CPAs in both 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 CPAs in entities of all types. CPAs in all sectors have important contributions to make. Continued development of professional competence and lifelong learning are critical if CPAs are to meet these expectations.
9. On its own, CPD does not provide assurance that all members will provide high quality professional services 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 programme will obtain the full benefits of that programme, 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 programme, a CPD requirement is important to maintaining public confidence.



10. This Statement sets out the obligations, indicated in boldface print, that members are required to observe in order to maintain and improve their professional competence and to meet public expectations about the quality of their work. Commentary paragraphs, which appear in plain type-face, serve the function of explaining or elaborating on the paragraphs written in boldface print.

### **Objectives of CPD**

11. The objectives of a CPD programme are:
- (a) to maintain and enhance the technical knowledge and professional skills possessed by members;
  - (b) to assist members to apply new techniques, understand economic developments and evaluate their impact on their clients or organisations and on their own work, and to meet changing responsibilities and expectations; and
  - (c) to provide reasonable assurance to society at large that members have the technical knowledge and professional skills required to perform the services they undertake to provide.

### **Mandatory CPD for All Members**

12. **All members are required 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 member.**
13. CPD is applicable for all members, regardless of sector or size of business in which they operate, because:
- (a) All members 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) Members in all sectors hold positions of importance involving financial reporting, public accountancy and maintaining the public trust.
  - (c) The public is likely to rely on the designation or professional standing of the CPAs. Moreover, all members carry the professional designation, and any lack of competence or ethical behaviour 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 members' professional competence.
  - (e) Employers hiring CPAs in any sector rely, at least to some extent, on the professional designation as proof of professional competence.

### **Relevance, Measurement and Verification**

14. CPD contributes to the competence of members and therefore acceptable CPD activities are expected to develop the professional knowledge, professional skills and professional values, ethics and attitudes of members, relevant to their current and future work and professional responsibilities.
15. Members are encouraged to evaluate CPD activities in terms of their relevance to their work and to the increased knowledge of the economic and environmental trends likely to have an impact on the work environment of the accountancy profession.

16. The learning activities shall be measured in terms of time spent on an hourly basis.
17. A certain portion of the learning activities members 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.

### **Minimum CPD Requirements**

18. **All members, except retired members, are required to:**
  - (a) **complete at least 120 hours of relevant CPD activity in each rolling three-year period, of which 60 hours should be verifiable;**
  - (b) **complete at least 20 hours (of the 120 hours required in (a) above) in each year; and**
  - (c) **track and measure learning activities to meet the above requirements.**
19. 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 rolling three-year period.
20. **The reporting period for each rolling three-year period commences from 1 December.**
21. Retired members, for the purpose of this Statement, are members who are above 55 years of age and no longer in full time employment. Retired members exclude those who are holding directorship of listed companies and/or practising certificates. A Practising Certificate (PC) holder, irrespective of his/her mode of practice, is not regarded as having retired from public practice.
22. The Council recognises that the effectiveness of CPD is best measured in terms of what has been learned and members are encouraged to evaluate CPD activities in terms of their relevance to their work and to the increased knowledge of the economic and environmental trends likely to have an impact on the work environment of the accountancy profession. The Council has no intention to discourage the efforts of members to establish other measurement criteria regarding the adequacy of their CPD activities, but for the time being, considers CPD hours to be the measurement criterion, as it is most widely used and accepted.

### **Maintaining CPD Records**

23. **All members, except for retired members, are required to maintain appropriate records of all CPD activities completed in each of the rolling three-year period. Members who have to comply with the CPD requirements are required to maintain records and documentary evidence sufficient to support their attendance or completion of CPD activities for a minimum of five years, and produce such records and documentary evidence when they are selected for a random audit conducted by the Institute annually.**
24. Appropriate records of CPD activities include details of the provider of the programme, the learning objectives, course outlines and timetables, agendas of technical committee meetings, instructional materials, case studies, certificates of completion etc. Members may use their discretion in determining the supporting documentation necessary to show that they have participated in a CPD activity. To assist members in maintaining appropriate records, a proforma CPD Record is provided by the Institute (refer to the Appendix to this Statement for details). Members may choose to use their own forms for recording, but are advised to ensure that such forms will include all the relevant information of the CPD activities being undertaken.

### **Guidance on CPD Activities**

25. Guidance for members regarding the form of CPD activities, and what does or does not count towards CPD hours is provided in the Appendix to this Statement.

## Monitoring

26. **All members, including retired members, are required to file a declaration of CPD compliance with the Institute at the time of their annual membership renewal. Retirement status of members may change from year to year, therefore retired members are required to confirm through the annual CPD declaration their retirement status for the period.**
27. The Council has also delegated to the Registrar of the Institute the authority to carry out an annual audit of members' compliance with the CPD requirements. Each year the Registrar will generate a random sample of members to be audited. Members selected are notified in writing in the year and required to submit to the Institute their CPD records for each CPD year of the rolling three-year period, together with all relevant documentary evidence, wherever possible and applicable, to support attendance or completion of the CPD activities that they have identified in their CPD records.
28. The Registrar may refer to the CPD Committee of the Institute for enquiring such cases where members fail to file their annual declarations of CPD compliance with the Institute, to comply with the minimum CPD requirements, or to provide the necessary information or documentary evidence within a reasonable period of time for the annual audit.
29. As part of the monitoring process, Practice Units (as defined in the Professional Accountants Ordinance) include CPD and its monitoring in their quality assurance programmes so that CPD activities are tracked as part of their time recording systems. (Similar consideration is also set out in paragraph 77 of Hong Kong Standard on Quality Control 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements" issued by the Institute.)
30. CPD documents of Practice Units may be subject to review and assessment in practice inspection programmes.

## Consequences of Non-compliance

31. **The Council's intention in introducing the CPD requirements is to ensure that the professional competence of members is maintained and enhanced. Therefore, Council has made compliance with the CPD requirements a condition for renewal of registration or renewal of a PC by members under Sections 28(2)(c) and 30(8) of the Professional Accountants Ordinance. An application for renewal of registration as a CPA or renewal of PC will not be granted if a member fails to meet the CPD requirements prescribed by the Council.**
32. The Council has the discretion to grant such extensions and exemptions to members for compliance with the CPD requirements. Such extensions and exemptions will only be granted under special circumstances. The Council has also delegated to the CPD Committee this authority to grant extensions and exemptions to members for compliance with the CPD requirements.

## Effective Date

33. The requirements in this Statement are applicable to members' compliance with the CPD requirements for CPD reporting periods beginning on or after 1 December 2005 to 30 November 2007. For CPD reporting periods beginning on or after 1 December 2007, Statement 1.500 Continuing Professional Development issued in November 2007 applies.

**Conformity and Compliance with International Education Standards for Professional Accountants**

34. As of August 2005 (*date of issue*), this Statement conforms with International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.

## **APPENDIX**

### **Guidance on CPD Activities**

*This Appendix is for illustration purpose only and does not form part of the Statement. The purpose of this Appendix is to illustrate the application of the Statement and to assist in clarifying its meaning.*

This Appendix provides examples of different types of learning activities and how such learning can be verified.

#### **What is CPD?**

The ever changing technical and professional environment of the accountancy profession demands that members must constantly update their knowledge and skills in order to maintain their professional competence.

It is not possible to achieve this purely through work experience, and effective CPD is one way in which members can ensure that they are maintaining, deepening and extending their professional and technical expertise.

Time spent by members in assimilating knowledge on professional knowledge, professional skills, professional values, ethics and attitudes of CPAs, technical and managerial subjects relevant to their current and future work and professional responsibilities, is considered to be an indication of CPD achievement.

Normally CPD is of a technical nature. It is recognized however, that it may be appropriate to include as an element of the CPD programme time spent on the development of business, interpersonal or management skills.

#### **Choosing a CPD Programme**

It should be noted that CPD programmes do not need to be approved by the Institute. It is entirely up to the individual member to judge the suitability of a particular programme for himself/herself. For guidance, this judgment can be based on the following factors:

- whether the programme will enhance the professional proficiency of the individual member;
- whether the programme is at the right level and depth for the individual member;
- whether the programme content is relevant to the individual member's work;
- whether the trainers of the CPD programme are technically competent; and
- whether the programme provider has a good track record of delivering quality programmes.

#### **Learning Activities and Evidence**

The following examples are designed to provide members with a guide to what may and may not constitute CPD. Any of these can be carried out using electronic means and e-learning opportunities. They are by no means exhaustive. It should be noted that the purpose of CPD is to maintain, deepen and extend their own professional competence and technical knowledge, and that CPD should be relevant to their own specific needs as CPAs.

## Examples of CPD Learning Activities

- Participation in courses, conferences, seminars
- Self-learning modules or organized on-the-job training or mentoring 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 a 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 or books
- Research for application in a professional role
- Reading technical, professional, financial or business literature or financial press
- Professional examinations

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

## Activities not considered to be CPD Learning Activities

- Normal working activities (other than research) - any activities carried out as part of a member's daily work. However, organized on-the-job training or mentoring for new software, systems, procedures or techniques for application in professional role will be considered as CPD.
- General reading of the financial press (e.g. daily newspapers) - in excess of 25 per cent of total non-verifiable CPD hours in any rolling three-year period.<sup>1</sup>
- Social activities - e.g. annual dinners (even if they have prominent members of the Institute or office bearers as guest speakers).
- Internal meetings - held specifically for management and staff, i.e. where the purpose is to acquaint participants with the mechanics and administration of the organisation.
- Discussions - Board/Partners' Meetings, Annual General Meetings, Extraordinary General Meetings and other similar meetings (where the subject matter is not technical).
  - of a promotional nature for the business, practice or service concerned.
  - audit closing meetings.

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<sup>1</sup> It is accepted that general reading of the financial press (e.g. daily newspapers) is important but it should not constitute a major part of total CPD undertaken. Credit will only be given for technical articles, and credit for this type of reading is unlikely to account for more than 25 percent of total non-verifiable hours in each rolling three-year period.

- Activities carried on outside office hours which are accountancy related and therefore similar to daily work
  - preparation of club and charity accounts.
  - serving as treasurer of a religious organization.
  - providing voluntary accountancy or taxation services etc.
- Subscription to journals or CPD programmes
  - relevant reading and appropriate attendance/viewing must accompany this to achieve credit.

### **Evidence for Verification**

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

### **What the Institute will do to Support CPD?**

To support CPD the Institute will:

- (i) guide members and clarify the form of CPD activities, and what does or does not count towards CPD hours; and
- (ii) provide members with CPD learning activities by way of seminars, workshops, courses and conferences, sometimes in association with other professional bodies or academic institutions. The programmes will be along the following lines:
  - annual updates on technical subjects;
  - topics of relevance/interest to Practising Certificate (PC) holders;
  - topics of relevance/interest to members not holding a PC;
  - topics on specialised industries; and
  - topics on general management, technology or personal development.

### **Proforma CPD Record**

This form is available on the Institute's website at <http://www.hkicpa.org.hk/membership/cpd/mandatory/record.doc>.