

NEW CPD POLICY

EXECUTIVE SUMMARY

1. This paper sets out the new iCPAR CPD policy. The aim of the policy is to be fully compliant with IFAC's International Education Standards (IESs) 7 (Continuing Professional Development) and 8 (Professional Competence for Engagement Partners Responsible for Audits of Financial Statements). The full policy is attached as Appendix A.
2. The key elements of the CPD policy are:
 - It will apply to all CPA and CAT members of iCPAR;
 - It will adopt the combination/mixed approach as set out in IES 7, with members achieving a minimum of 40 hours of CPD per annum of which at least 20 hours will be structured CPD;
 - Members will be required to submit an annual CPD declaration to confirm their compliance
 - All practising certificate holders and non-practising members will be required to submit their CPD evidence records annually to iCPAR for monitoring
 - Sanctions will be put in place for members who do not comply with the policy
 - iCPAR will provide a range of opportunities and support to help members meet their CPD requirement.
3. Subject to the Governing Council's approval, the revised CPD policy will come into effect on 1 July 2018.

INTRODUCTION

4. Continuing Professional Development is about developing and maintaining professional competence so as to provide high quality services to clients, employers and other stakeholders. Professional accountants who develop and maintain competence throughout their careers strengthen the public trust in the profession. While it is the responsibility of a professional accountant to develop and maintain professional competence by undertaking CPD activities, under IES 7, it is the role of the professional accountancy organisation to:
 - Foster a commitment to lifelong learning among professional accountants
 - Facilitate access to CPD opportunities and resources
 - Adopt prescribed requirements to the development and implementation of appropriate procedures for :

- Measurement
- Monitoring
- Compliance and enforcement

5. This paper focuses on the implementation of a mandatory policy and the monitoring and enforcement to support this.

CPD POLICY DETAIL

Who is required to do CPD?

6. The CPD policy will cover all CPD and CAT members of iCPAR. Due to the public interest nature of their role, additional requirements will be put in place for practising members to ensure that they maintain competence in the specialist areas of their practice and undertake an appropriate proportion of CPD in each of those areas. Engagement partners responsible for audits of financial statements must also ensure they meet the learning outcomes.

Measurement method

7. IES 7 allows professional accountancy organisations to adopt an input-based approach to the measurement of CPD, an output-based approach or a combined approach. IFAC issued an exposure draft for IES 7 (revised) on 5 June 2017. The proposed revised standard continues to allow for the adoption of an input-based or output-based approach to CPD. It also allows for member bodies to choose to use both approaches. This “mixed” approach is effectively the combination approach.
8. At its meeting on 26 July 2017 the Governing Council was presented with the alternative measurement approaches and agreed to adopt the combination or mixed approach. This gives members a prescribed amount of CPD hours to achieve but also requires them to reflect on the effectiveness of their learning by showing how they have or will apply it in the workplace.
9. Under the current version of IES 7, members are required to achieve 120 hours of CPD over a three-year period to meet the input element of the combination approach. However, there is a risk that members leave the bulk of their CPD to the third year. They may then struggle to find enough relevant learning activities in that year. Also there is a danger that they may miss relevant updates during the intervening years and be less effective in their roles.
10. The revised iCPAR CPD policy will require members to achieve 40 hours of CPD per annum. This will be made-up of 20 hours of structured and 20 hours of unstructured CPD. Structured CPD will require members to demonstrate,

by way of achieved learning outcomes, that they have developed and maintained professional competence, and this can be gained through a range of learning and development activities. Unstructured CPD is general learning, which is not related to any specific outcome, this includes general reading and research.

11. Members will be allowed to carry forward up to 20 hours of additional structured CPD achieved to the next year. This recognizes that they may have done a large piece of learning, for example, studying for a MBA, that will be of value to them in more than the current year. However, they will not be permitted to carry forward any residual hours to year three as it is important that members' CPD activities are current in order to maintain and develop their skills.
12. Members who fail to achieve the minimum required amount of CPD in any year will be given guidance and support. If they have a shortfall in CPD achievement, and are not eligible for a waiver, they will be required to make up that shortfall in the following year. If they do not co-operate with the process or if they fail to make up their shortfall they will be subject to sanctions.

Waivers and exemptions

13. iCPAR will continue to offer a CPD waiver for eligible members who, due to exceptional circumstances, are unable to achieve CPD. To be eligible for a waiver, a member will be required to have been absent from the workplace for a period of at least one month. A waiver will then be granted on a pro rata basis with 2 hours of structured CPD waived for each month the member was not able to work. The unstructured 20 hours will not be waived.
14. The Governing Council will delegate the granting of waivers to staff where the reason for applying is due to ill health, maternity leave, unemployment or a career break, the. The member will be required to provide documentary evidence in support of their waiver application, for example, a medical certificate. A report on waivers granted in the preceding period will be provided to the Governing Council. Waivers in respect of other reasons e.g. active military service, will be considered on an exceptions basis by the appropriate Committee or Governing Council.
15. Members who are fully retired and no longer active in the workplace will be exempt from the CPD requirements.

Annual returns and maintaining evidence records

16. All members, unless fully retired and therefore exempt from the CPD requirements, will be required to submit an annual CPD declaration to iCPAR.

This will include members who have a full or partial waiver so that they can confirm meeting any remaining structured CPD that was not waived along with the unstructured requirement. The annual CPD declaration will be aligned with the annual subscription and the practising certificate renewal exercises. Members will be required to submit their CPD evidence records for the year along with their annual CPD declaration.

17. The deadline for submission of the annual CPD declaration for practising members will remain 30 November to allow monitoring of compliance in time to renew their licences to practice. The deadline for submission of the annual CPD declaration for non-practising members will be 31 December.
18. Members will be required to maintain a record of their CPD activities for four years and to submit these to iCPAR if requested to do so.
19. Non-submission of the annual CPD declaration will be followed up through reminders going out in January, February and March. Support and guidance will be offered to help members understand the CPD requirement and to enable them to comply. Sanctions will then be put in place for those who remain non-compliant.

Monitoring and compliance

20. Compliance with the CPD requirements will be monitored on an annual basis, through the assessment of members' CPD evidence records. As membership numbers increase the monitoring of non-practising members' CPD compliance may move to a sample basis. All practising members will continue to be monitored annually.
21. Monitoring of practising members will take place in December to enable the renewal of their practising certificates. Monitoring of other members will commence in January.

Sanctions and appeals

22. Members will be deregistered if they do not submit their annual CPD declaration before the expiry of the reminder period. Practising members will also have their practising certificates suspended. Deregistration will take place in May and will be aligned to the removal for non-payment of annual subscriptions.
23. Members who fail to make up a CPD shortfall in the period specified, and who have not been granted a waiver, will also be deregistered.
24. Members will be able to appeal to the Disciplinary Committee if deregistered for CPD non-compliance. The Disciplinary Committee will be able to impose

such sanctions as it thinks fit. This could include providing the member with an additional period in which to make up any CPD shortfall, the imposing of fines or ratifying the deregistration.

IMPLEMENTATION OF THE NEW CPD POLICY

25. The new CPD policy will come into effect on 1 July 2018. This is to allow time to engage with members to ensure a smooth transition from the current policy. It will also allow iCPAR to put in place the working procedures and guidance to support the new policy.
26. All members will receive their annual CPD declaration with their 2019 annual subscription notifications in November 2018.
27. In the period between January to June 2018 iCPAR will conduct the following activity:
 - communicate with members on the new policy
 - conduct CPD awareness events to raise awareness of new policy
 - implement process and procedures to support the launch of the new policy
 - training for iCPAR employees
 - in addition, putting in place a robust programme of events to support members obtaining CPD.

CONCLUSION

28. The Governing Council endorsed the new CPD policy which will come into effect on 1 July 2018. The new policy will enable iCPAR to move towards becoming fully compliant with IFAC IES 7 and 8.