CAPA

Confederation of Asian and Pacific Accountants

The Maturity Model in Action

CONTINUING PROFESSIONAL DEVELOPMENT

Guidance Series
for the development of
Professional Accountancy Organisations

CONTENTS

About CAPA

The Confederation of Asian and Pacific Accountants (CAPA) is recognised by the global accountancy profession, represented by the International Federation of Accountants (IFAC), as a regional organisation representing national professional accountancy organisations (PAOs) in Asia Pacific.

The mission of CAPA is to develop, coordinate and advance the accountancy profession in the region by:

- Contributing to the formation and growth of sustainable accountancy organisations;
- Facilitating relationships and sharing knowledge;
- Promoting high-quality financial reporting;
- Influencing the development of public sector financial management;
- Influencing the development of efficient and effective capital markets;
- Promoting the value of the profession; and
- Providing input to, and supporting the global profession in, matters of public interest.

About the Guidance Series

The Guidance Series is produced to support the *Maturity Model for the Development of Professional Accountancy Organisations* publication. The series is supported by the Professional Accountancy Organisation Development Committee (PAODC) of CAPA, which is focused on the development of strong and sustainable professional accountancy organisations through the identification, development and sharing of relevant knowledge, tools and guidance.

The Guidance Series and other development materials may be accessed and downloaded from the CAPA website at: *www.capa.com.my*.
Any comments on these publications or related materials should be directed to the CAPA Secretariat: *admin@capa.com.my*

Endorsement

The International Federation of Accountants (IFAC) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

A key focus area for IFAC is PAO capacity building. IFAC endorses and recommends this publication to all existing and aspiring PAOs around the world.

Acknowledgement

> " We are very pleased
> to support CAPA in developing the CPD toolkit
> and its implementation in collaboration
> with the three participating PAOs. "
> **– The World Bank**

PREFACE

THE MATURITY MODEL

The Maturity Model[1] is a support tool that allows professional accountancy organisations (PAOs) to take a systematic approach to their organisational development. The Maturity Model's open approach and user-friendly interface present a clear value proposition that is unique on the international PAO development stage. The Maturity Model helps PAOs make and carry out their commitment to excellence, easily tracking their progress along the way. It provides a holistic, proven and easy-to-scale framework that PAOs can interpret within their own context. This flexibility allows PAOs to decide on their own purpose and pace of improvement efforts.

No matter what segment of the market the PAO serves, CPD cannot be ignored.
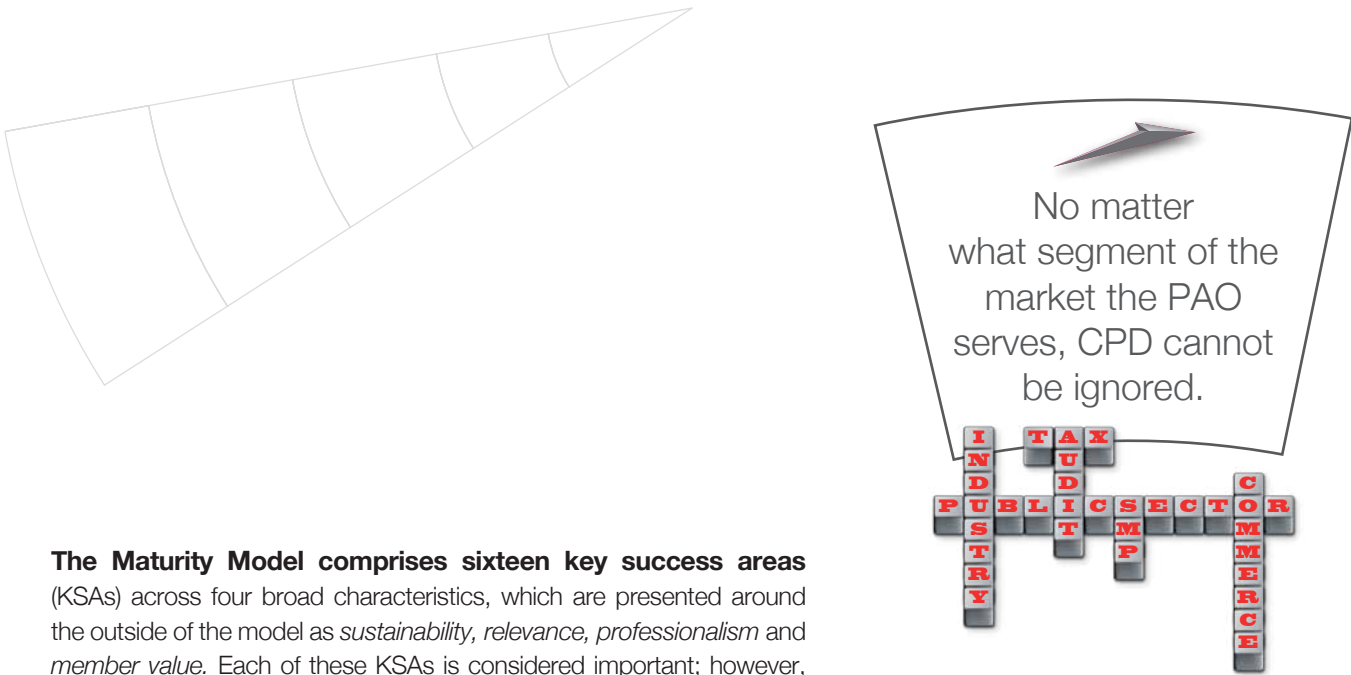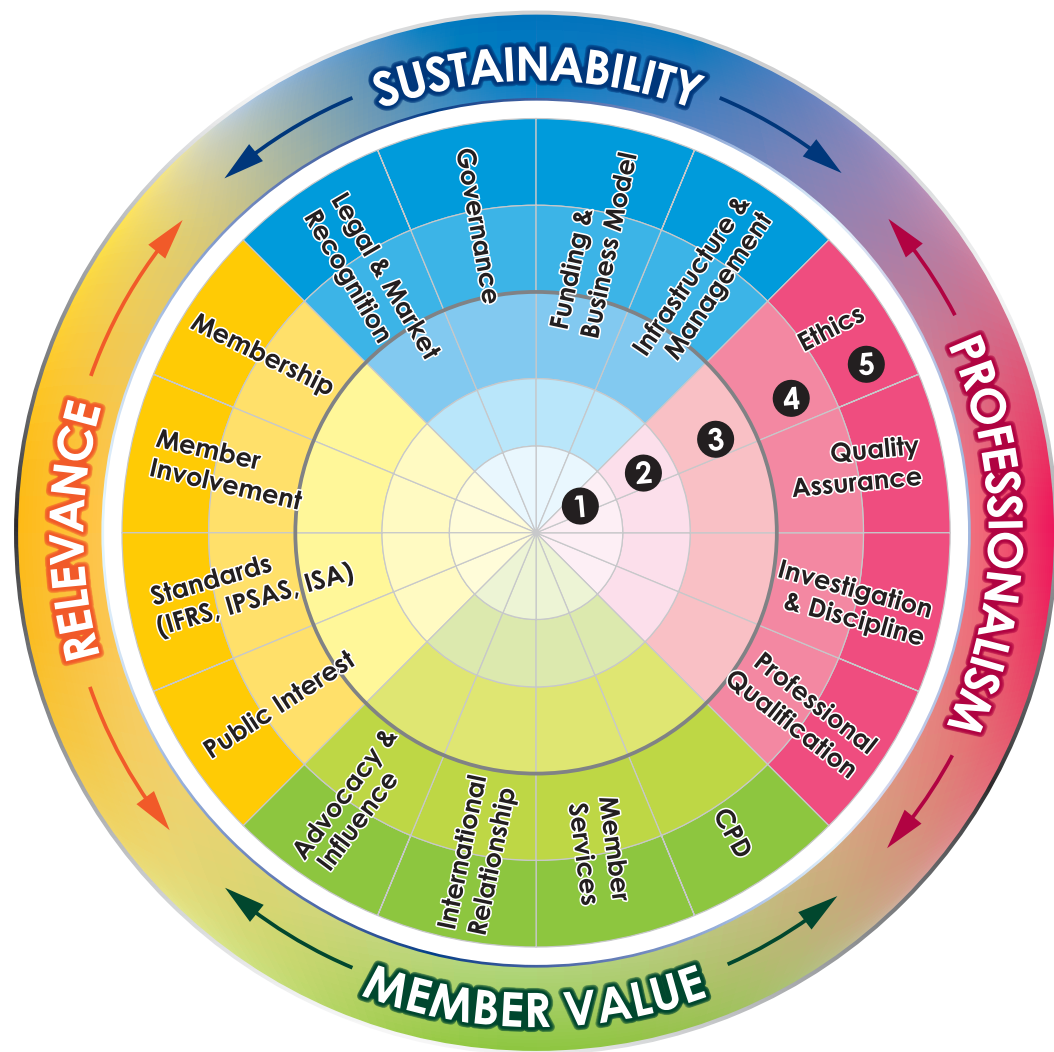
The Maturity Model comprises sixteen key success areas (KSAs) across four broad characteristics, which are presented around the outside of the model as *sustainability, relevance, professionalism* and *member value.* Each of these KSAs is considered important; however, the emphasis may vary based on the organisation concerned. Continuing professional development (CPD) is included as a key success area.

Characteristic	Key Success Areas	Description
SUSTAINABILITY	Legal & Market Recognition	An acknowledged reason to exist
	Governance	Oversight, direction and control arrangements
	Funding & Business Model	A strategy and plans for long-term viability
	Infrastructure & Management	Appropriate systems, processes and people
RELEVANCE	Membership	Criteria for admission and levels of membership
	Member Involvement	Member needs and views understood
	Standards*	International technical standards adopted and implemented
	Public Interest	Generates benefits for all society
PROFESSIONALISM	Ethics*	Established standards of conduct for professionals
	Quality Assurance*	Standards for delivering services to the public
	Investigation & Discipline*	Maintains standards of membership
	Professional Qualification*	Established required-competency benchmark
MEMBER VALUE	Continuing Professional Development*	Supports member competency
	Member Services	Responds to member needs; provides value
	International Relationships	Internationally connected and continually improving
	Advocacy& Influence	Recognised voice on topics of relevance

* These KSAs link to IFAC's Statements of Membership Obligations (SMOs)

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[1] The *'Maturity Model for the Development of Professional Accountancy Organisations'* publication can be downloaded at *www.capa.com.my*

CPD AND THE MATURITY MODEL

Each KSA is accompanied by an attribute table[2] that assists PAOs in assessing their current level of maturity and considering their desired level for each KSA. The attribute table for CPD is below.

In the attribute tables, five levels of maturity are distinguished. As accountancy organisations mature, they typically pass through each of these development levels, which can be characterised by attributes representing:

1. Ad hoc or no practices
2. Informal practices
3. Good practices
4. Strong practices
5. Best practices

Organisations are encouraged to attain good practices as a minimum for all KSAs.

> " Achieving best practice
> for all KSAs
> may not always be
> an appropriate goal,
> given differing
> contextual or regulatory
> environments. "
> **– CAPA**

THE CPD GUIDE

As a companion guide to the online CPD Systems toolkit, this guide is designed for any organisation looking to implement a robust system for CPD that, at a minimum, demonstrates the attributes of good practice. PAOs may or may not be directly responsible for all the components of CPD systems. Specific circumstances have to be considered, such as whether CPD is regulated by law or governed by professional self-regulation; whether CPD is mandatory, and the PAO can impose sanctions for non-compliance; and whether the PAO has the necessary expertise and resources for CPD. In our view, however, the attributes for good practice, as included in the International Education Standard 7 (IES 7), are relevant irrespective of the actual division of responsibilities between government agencies, standard setters and the accountancy profession.

This guide provides the "why," "what" and "how" of CPD.
It explains why a strong commitment to CPD is important; highlights the key components of a robust CPD system that complies with international requirements for good practice; and explains the content of, and approach to using, the online CPD Systems Toolkit (see pages 21-26).

THE ATTRIBUTE TABLES

Continuing Professional Development (CPD) -
Maintaining and enhancing member competencies to enable delivery of high-quality services to business, government and the public.

Aspect	1	2	3	4	5
Policy	No CPD system	CPD is voluntary	CPD policy established Policy not monitored Active promotion of CPD and its importance	Policy monitored	Policy monitored and non-compliance addressed via investigation and discipline
Staffing and oversight	Volunteer-led and sponsored	Limited staff focus	Specific staff focus	Dedicated staff established CPD committee involvement	Comprehensive reporting to board or council
Programs and delivery	Limited and ad hoc training courses Volunteer trainers	Informal planning and delivery of training program Program influenced by supply and not demand Training materials accessed from other PAOs Quality of training inconsistent and not measured Courses generally provided for free or nominal amount	Reasonable training program established Links established with universities and other training suppliers Some regular, competent presenters identified Course fees generally charged	Comprehensive training program Pool of competent trainers identified	Dynamic program: topics regularly evaluated and prioritised Trainer accreditation requirements implemented Online CPD to support extensive program Learning outcomes verified and measured
SMO compliance[24]	Not active	Considering how to address the requirements of SMO 2	Has a defined plan to address the requirements of SMO 2	Executing and implementing the requirements of SMO 2	Ongoing commitment to continuous improvement in addressing requirements of SMO 2

SMO 2, International Education Standards (IESs) for Professional Accountants and other Pronouncements issued by the International Accounting Education Standards Board. CPD is addressed in IES 7.

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[2] The attributes included in the attribute tables are not necessarily exhaustive and should be viewed as examples.

WHY: THE CASE FOR A STRONG CPD SYSTEM

CPD is a structured approach to lifelong learning that develops and maintains professional competence, enabling professional accountants to continue to perform their roles effectively. CPD is a continuation of initial professional development (IPD), the learning and development through which individuals first gain the competence that allows them to perform the role of a professional accountant[3].

CPD provides continuing development of (a) professional knowledge; (b) professional skills; (c) professional values, ethics and attitudes; and (d) the competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the individual professional accountant. In addition, CPD may provide new competencies and additional breadth or depth of knowledge to professional accountants who take on new roles during their careers.

A strong CPD system is a highly relevant attribute for a strong accountancy profession.

THE IMPORTANCE OF CPD SYSTEMS

The inclusion of CPD in the Maturity Model[4] is supported by the PAO Global Development Report (GDR)[5] produced under the *Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration* (MOSAIC)[6] signed by IFAC and donor organisations.

"Develop PAO education and certification capacity" is one of the ten key areas of focus of the PAO GDR, which notes: "At the moment, many PAOs lack systems of certification that include appropriate entry criteria, professional accountancy education, assessment, practical experience and continuing professional development (CPD) requirements in line with International Education Standards (IESs). Although many PAOs have made significant gains in this area, additional assistance is needed to target weaknesses, build human capacity in the area of accountancy and provide higher-quality financial information to both government and business." The conclusions of the PAO GDR clearly support the relevance of a comprehensive approach to the development of CPD systems in countries with different backgrounds.

> " An effective program of CPD is a key element to maintain the professionalism of an organisation and its members. "
> – **The World Bank**

For professionals, education and training never ends.

COMMITMENT TO PROFESSIONALISM

It is the responsibility of each professional accountant to develop and maintain professional competence by undertaking relevant CPD activities. Personal self-development, a key driver for the individual, can work harmoniously alongside the objectives of the PAO.

PAOs that want to achieve international comparability and recognition need to have strong systems of CPD. International Education Standard 7 (IES 7), issued by the International Accounting Education Standards Board, states that the role of PAOs in this area is to:

- Foster a commitment to lifelong learning among professional accountants;
- Facilitate access to CPD opportunities and resources for professional accountants; and
- Adopt prescribed requirements relating to the development and implementation of appropriate measurement, monitoring and compliance procedures.

The overall objective of PAO activities for CPD is to help professional accountants develop and maintain their professional competence and thus to protect the public interest. A fundamental principle of the IESBA 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 competent professional services based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services." CPD is the means by which professional accountants can meet their obligations of ongoing competence[7].

ROLES AND RESPONSIBILITIES OF PAOs

The IES 7 sets out the responsibilities of PAOs that are members of the International Federation of Accountants (IFAC) in respect to CPD. These can be summarised as follows:

- To promote the importance of, and a commitment to, CPD and maintenance of professional competence;
- To facilitate access to CPD opportunities and resources;
- To require mandatory CPD for all professional accountants;
- To establish a preferred approach to measurement of CPD activities; and
- To establish a systematic process to monitor and enforce compliance with CPD requirements.

IFAC's Statement of Membership Obligations (SMO 2) sets out the obligations of member bodies of IFAC in relation to International Education Standards (IESs) for Professional Accountants and related statements issued by the International Accounting Education Standards Board (IAESB). The IESs express the benchmarks that IFAC members are expected to meet in the preparation and continual development of professional accountants and auditors. They establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application.

It is recognised that in some markets, because of regulation, these responsibilities may be split between the PAO and government agencies. If this is the case, it is important that there be a strong dialogue between the PAO and the government agencies and that they work together to achieve good practice. In this guide and in the associated toolkit, the IFAC requirements are considered benchmarks for good practice, irrespective of the division of roles and responsibilities between standard setters, regulators and institutions of the accountancy profession.

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[3] International Education Standard (IES) 7, Continuing Professional Development 2014
[4] Maturity Model for the Development of Professional Accountancy Organisations, CAPA, February 2014.
[5] The PAO GDR shows the state of development of PAOs around the world, and the challenges and success factors surrounding their development.
[6] For more information about MOSAIC, refer to www.ifac.org/mosaic.

[7] Code of Ethics for Professional Accountants, International Ethics Board for Accountants (IESBA), 2015.

WHAT: THE KEY COMPONENTS

CPD is learning and development that takes place after initial professional development (IPD) and cultivates and maintains professional capabilities to enable professional accountants to continue to perform their roles competently.

Five key components of an effective CPD system have been identified and are discussed in the online CPD Systems toolkit. Each key component is split into identified topics and further details on these are provided in the following tables. This detail is largely extracted from the online toolkit.

Key Component :

1
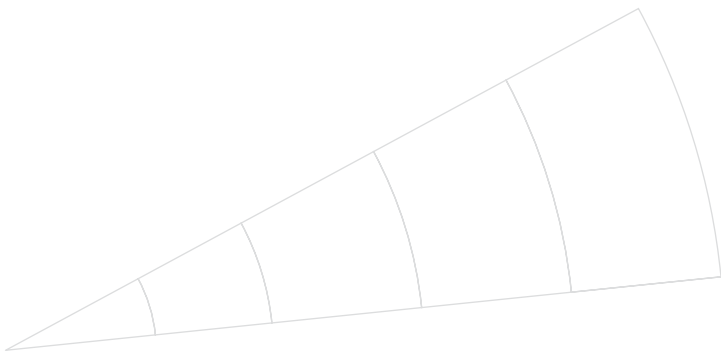
Market Assessment
is designed to help a PAO consider factors that will influence the development of a CPD strategy, such as the regulatory environment, the PAO's member demographic and other entities providing CPD in the market. This component aims to prompt the PAO to think through its vision and objectives bearing in mind the resources at its disposal and the external environment in which it operates.

Key Component :

2

Governance of CPD
explores a PAO's structural governance and policy arrangements. For example, a CPD committee could be responsible for agreeing an annual CPD strategy and receiving reports on performance related to set targets, while the CPD staff team could conduct research, such as a training-needs analysis, draft the strategy and be responsible for CPD operations.

Key Component :

3

Mandatory CPD
explores the elements of a mandatory CPD regime, which comprise establishing the CPD requirements for members; monitoring, compliance and enforcement of those requirements; and setting sanctions for any non-compliance.

Key Component :

4

Approaches to CPD
deals with facilitating access to CPD opportunities. It addresses training-needs analysis, content development and content delivery. As many PAOs will not have the internal expertise to develop and deliver content, this section also looks at cooperation with external partners and outsourcing.

Key Component :

5

Operational Model
focuses on the administrative systems and processes supporting the CPD function. The operational model will largely be decided by a PAO's capacity, expertise, resources and membership demographic. This component also explores measurement of the performance of a PAO's CPD programme against agreed objectives[8].

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[8] Tools and Resources to Support the Development of the Accounting Profession, IFAC, December 2010

WHAT: THE KEY COMPONENTS

KEY COMPONENT 1: MARKET ASSESSMENT

The promotion of CPD is an important responsibility for PAOs that want to achieve international comparability and recognition. To develop their CPD systems, PAOs need to understand the regulatory environment in which they operate as well as any other factors that may influence their CPD strategy.

Key Topics	
Regulatory Environment	**Strategic Analysis**

Regulatory Environment

A primary function of all professional organisations is to further the expertise, skills and abilities of their members and to ensure up-to-date knowledge among those currently in practice. CPD is therefore an important element of PAO education and certification capacity.

Aspects of the regulatory environment considered in the toolkit comprise:

- PAO characteristics
- PAO regulation
- CPD requirements

Examples of good practice include:

- A PAO and staff who are working to meet market needs;
- A PAO that has formal government recognition and collaborates with government and regulatory authorities; and
- A PAO with an established CPD policy.

Strategic Analysis

Every PAO should have a coherent strategy that directs the financial, technical and overall development of the organisation, defines key activities and provides indicators to facilitate the measurement of progress. CPD is one of the areas that needs consideration as part of the overall strategy. Not only does a PAO have responsibility for ongoing professional quality, shared with its members, but a PAO should also be a centre of expertise on professional development, including CPD.

Aspects of strategic analysis considered in the toolkit comprise:

- Market conditions for CPD
- Market strategy for CPD

Under market conditions for CPD, attention is given to the legal position, size and function of the PAO; demand for CPD; and competition. As part of market strategy, a PAO should determine its own vision and values in regard to CPD.

As with the other parts of its operations, the PAO needs to set objectives for its CPD program. For instance, does it intend to break even, make a surplus or subsidise CPD for its members? Does it intend to market CPD to non-members, possibly at premium rates? If it has limited capacity, does it intend to work with partners such as other professional bodies, universities or commercial training providers to facilitate access to CPD?

An example of good practice is the active promotion of CPD, with identified business objectives, as part of a strategic planning framework. Regular monitoring and evaluation of performance against targets is also important for achieving strong or best practice.

KEY COMPONENT 2: GOVERNANCE OF CPD

Governance of CPD covers all core activities of PAOs that are necessary to promote continuous professional development and lifelong learning by their members. It is important for PAOs to understand the requirements of good governance for CPD and to achieve a level of good practice. We note that a distinction can be made between the governance structure and the policy and compliance framework for CPD.

Key Topics	
Governance Structure for CPD	**CPD Policy & Compliance**

Governance Structure for CPD

Promotion of CPD as a requirement for continuing membership is one of the key activities of a PAO, especially for one that wants to meet international standards and benchmarks for good practice. Responsibility for CPD policy therefore has to be embedded in the overall governance structure of the PAO. This can be achieved at different levels, ranging from "informal practice" through volunteers to formal governance structures with councils and committees, clear terms of reference and a permanent staff team.

Depending on the level of and complexity of the PAO, certain responsibilities for CPD can be allocated to:

- The board itself
- A separate CPD committee
- Dedicated staff

For example, if responsibilities for CPD are delegated to a separate CPD committee, this committee will need terms of reference that establish its roles and responsibilities. These should cover the:

- Purpose and objectives of the committee
- Committee membership criteria
- Reporting responsibilities

Aspects of the governance structure for CPD considered in the toolkit comprise:

- Governance structure for CPD
- Responsibility for CPD
- Membership categories
- Governance documentation for CPD

Examples of good practice include: established leadership and governance structure; separation of governance and management roles and accountabilities; and established governance documentation.

CPD Policy & Compliance

It is important for a PAO to have a policy framework for CPD that covers, at a minimum, the following subjects:

- Requirements for CPD
- Measurement of CPD
- Monitoring and enforcement of CPD
- CPD opportunities for members

Usually the PAO board or council will agree the CPD policy and take ultimate responsibility for ensuring that the policy remains relevant as market conditions, including international standards and requirements for CPD, change. It may also receive reports on policy compliance.

The PAO may be required to submit reports to, or have its governance reviewed by, external regulators. Alternatively, the government may set the CPD policy and monitor and enforce compliance in the market.

If the PAO has a separate CPD committee, the committee would usually act as a sounding board between staff and the council. For example, it may provide input into the annual CPD strategy developed by staff before the strategy is presented to the council. Alternatively, the council may delegate the sign-off of the annual strategy to the committee.

Aspects of CPD policy and compliance considered in the toolkit comprise:

- CPD policy
- CPD requirements
- CPD organisation

Examples of good practice include: an established CPD policy; CPD recognised as a requirement for membership; active promotion of CPD and its importance; and a specific staff focus for CPD. To achieve strong or best practice, CPD should be monitored and enforced and non-compliance should be addressed via investigation and discipline.

KEY COMPONENT 3: MANDATORY CPD

The overarching principle of IES 7 is that CPD is mandatory for all professional accountants.
CPD requirements should therefore be enforced. Depending on its regulatory position, it is the role of a PAO to set these requirements, require measurement, and monitor and enforce the requirements, or seek cooperation with the regulator to enforce the requirements. This component is intended to help PAOs understand the mandatory CPD requirements, different approaches to measurement and specific elements of monitoring and enforcement.

Imposing sanctions sends a clear message to the public about a commitment to quality.

Key Topics		
CPD Requirements	**Measurement of CPD**	**Monitoring & Enforcement**

CPD Requirements

Increasingly, PAOs are being held responsible by governments, standard setters and oversight agencies for the monitoring and enforcement of CPD. Whether a PAO can set up an integrated system of mandatory CPD depends on its legal position and on the requirements for membership.

While "public trust" is often mentioned as a reason for mandatory CPD, from the position of a PAO, "brand protection" is almost as important. A PAO can only fulfil its role in cooperation with governments, standard setters and oversight agencies if it is perceived to be a high-quality body that adheres to high professional standards.

Aspects of CPD requirements considered in the toolkit are:
- Requirements for accountants
- Requirements for audit professionals
- Verifiable and non-verifiable CPD
- Waiver policy

An example of good practice is that CPD is recognised as a requirement for ongoing membership, with established criteria for a distinction between verifiable and non-verifiable CPD, and for a waiver policy to cope with specific individual circumstances. For strong and best practice, monitoring and enforcement based on annual declarations are also necessary.

Measurement of CPD

When a PAO selects a measurement methodology for CPD, it should consider:
- The expertise and resources required
- The objectives to be achieved by members, such as using CPD as evidence of their expertise and
- For the PAO itself, highlighting the quality of the profession

Aspects of the measurement of CPD considered in the toolkit comprise:
- Selection of a measurement methodology
- An output-based approach to measurement
- An input-based approach to measurement
- A combination approach to measurement

An example of good practice is that the PAO has established criteria for the selection of a measurement methodology. For strong practice, regular evaluation is required.

Monitoring & Enforcement

Monitoring and enforcement should begin with the PAO clearly communicating to its members:
- Why CPD is important
- What the requirements are
- How the requirements can be met
- What the distinction is between verifiable and non-verifiable CPD
- How CPD can be measured to comply with the PAO requirements

In protecting the public interest, PAOs may prescribe specific or additional CPD for professional accountants working in specialist areas, such as audit professionals. Specific CPD might also be needed for accountants on career breaks, who will need additional knowledge and skills on returning to work.

Members of the PAO must submit annual declarations to confirm that they have complied with the CPD policy.

PAOs have to determine sanctions for non-compliance, after considering the legal and environmental conditions in their jurisdiction. Imposing sanctions is not an action to be taken lightly, in particular when it comes to expelling non-compliant professional accountants from membership or withdrawing their right to practice. Efforts should initially be made to remedy the non-compliance, since expulsion may create greater risks to the employer or public.

Aspects of monitoring and enforcement considered in the toolkit comprise:
- Monitoring of CPD
- Supervision of CPD
- Enforcement of CPD
- CPD documentation

For good practice, there should be established criteria for monitoring CPD, regular supervision and criteria for enforcement and adequate documentation of compliance by individual members of the PAO.

WHAT: THE KEY COMPONENTS

KEY COMPONENT 4: APPROACHES TO CPD

An important PAO role is that of facilitating access to CPD opportunities and resources that support professional accountants in meeting their responsibility for CPD and for the maintenance of professional competence. Attention should be given to training-needs analysis, content development and content delivery. The PAO can offer CPD by itself or it can cooperate with external providers such as universities and commercial enterprises.

Key Topics		
Training-Needs Analysis	**Content Development**	**Content Delivery**

Training-Needs Analysis

A PAO should consider conducting a training-needs analysis survey to determine the CPD requirements of its members. Based on this survey, it should establish a comprehensive program to cover all subjects that are relevant for the profession in the country and the different sectors in which its members work. The program will need to reflect updates to international standards and consider the specific needs of different groups of members.

Aspects of training-needs analysis considered in the toolkit comprise:

- Competences and capabilities of accountants
- Competences and capabilities of audit professionals
- Member-needs analysis
- Competence approach to CPD

One example of good practice is a structured consideration of the member needs and competence requirements contained in the IESs. For strong and best practice, the PAO should focus on the differing requirements of members in different categories, regularly monitoring and evaluating these requirements.

Content Development

Facilitating access to CPD courses is an important PAO role. A PAO would normally develop its own material, choosing professional subjects from its core competencies. In addition, when the PAO lacks the expertise or when the subject is more general, other providers need to be involved . In addition, when the PAO lacks the expertise or when the subject is more general, other providers need to be involved.

Content development depends on the intended audience and, more precisely, on the present level of knowledge and skills and the intended outcomes of the types of learning provided. It should start with detailed identification of the objectives, for example, to:

- Achieve new knowledge and skills
- Keep up-to-date
- Prepare for changing work roles
- Increase general competence and capabilities

Content development is also influenced by the delivery methods employed, including:

- Possible format (example, classroom or e-learning)
- Assessment method for participants
- Evaluation of the learning provided

Aspects of content development considered in the toolkit comprise:

- The objective of content development
- Expertise and resources
- Development method
- Quality assurance

Evaluating the learning provided is important for good practice, both for participants and for the PAO.

Content Delivery

A distinction is made between content delivery by the PAO, accreditation of external providers and accreditation of employers. Quality assurance is important for all three. Online CPD can help, supporting the program and making it easy to access. Content delivery requires consideration of:

- Relevance of the learning for members and, if applicable, non-members
- Preferred learning formats and assessment methods, based on local considerations

CPD is offered to professionals who typically have very full agendas. For many PAOs, therefore, time frames are usually selected that interfere as little as possible with work requirements. The PAO can develop course content itself, or it can stipulate objectives and leave the development of handout materials to presenters. The most relevant distinction for course and learning formats is that between face-to-face courses and distance learning.

Aspects of content delivery considered in the toolkit are:

- Market analysis
- Content delivery by the PAO
- Accreditation of external providers
- Accreditation of employers

For good practice, a comprehensive training program should be established over time and delivered by a pool of competent trainers.

In today's world, online CPD needs to be a delivery option.
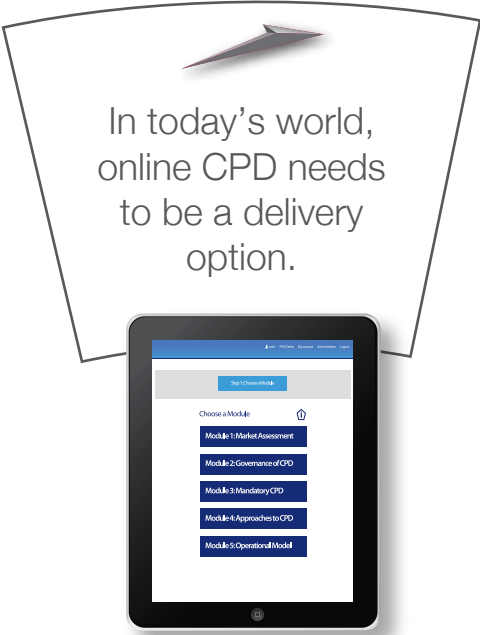
WHAT: THE KEY COMPONENTS

KEY COMPONENT 5: OPERATIONAL MODEL

The focus of the operational model is the administrative systems and processes supporting the CPD function. The operational model for CPD will largely be decided by a PAO's capacity, expertise, resources and membership demographic.

Key Topics		
Business Management	**Performance Management**	**Administration**

Business Management

Like any other PAO activity, CPD needs to be managed in a business-like manner. Selection of the delivery model for CPD will depend on the needs of members, how they wish to access CPD and the resources available, both internally and externally.

Attention should be given to the distinction between face-to-face and distance learning, and to the use of online systems to administer course bookings.

The PAO will need a marketing strategy to communicate its policy and CPD opportunities to members.

The PAO will also need to consider its financial objectives – does it budget to break even or to generate profits?

The aspects of the business management section of the toolkit are:

• Delivery model for CPD
• Providing relevant learning
• Marketing of CPD
• Financial considerations

Examples of good practice include regular communication of CPD policy, structured marketing and consideration of CPD income and expenditure budgets.

Performance Management

It is important to measure the performance of a PAO's CPD program against agreed objectives. A PAO will need to agree and monitor its CPD budget, for example. This budget should cover costs – fixed and variable, as well as direct and indirect – along with prices, income and an agreed outcome.

The aspects considered for the performance management section of the toolkit are:

• Activity management
• Allocation of resources
• Budget, costing and pricing
• Working with partners

For good practice, effective cost control is necessary. For strong and best practice, the CPD budget should be linked to performance indicators and included in the PAO's overall budget-planning cycle.

Administration

The administrative and IT systems put in place and run by the PAO are crucial to the success of CPD operations. The reputation of the PAO will be damaged if it does not offer excellent customer service. The management of a PAO therefore needs to exercise strong oversight of the operational model chosen, monitor performance outcomes and take action to improve the CPD systems as necessary.

The aspects considered for the administration section of the toolkit are:

• Administration systems
• Administration processes
• Payments and enrolments
• Oversight of the operational systems

For good practice, effective facilities and IT structures are necessary, with a structured approach to processes, payments and enrolments, along with effective cost control.

Members expect their PAO to have efficient, fit-for-the-purpose business practices.
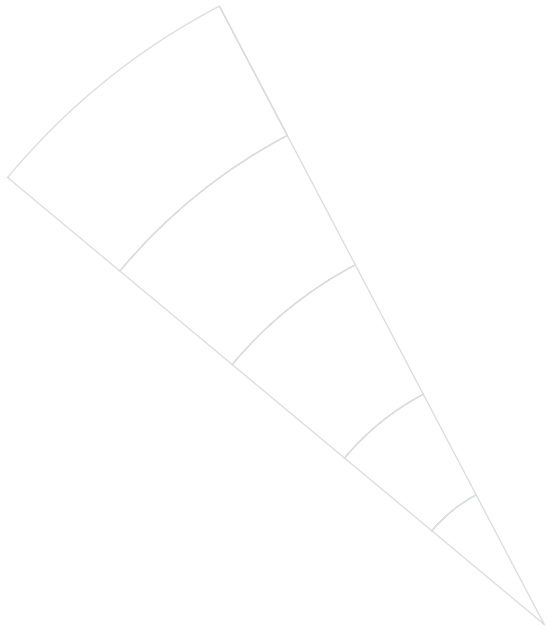
HOW: THE ONLINE CPD SYSTEMS TOOLKIT

The CPD Systems Toolkit ("the toolkit") is an online application. This application is a 'better practice' tool for the design and implementation of effective CPD systems. The toolkit has been developed to allow PAOs to both assess and improve their CPD-related approaches and activities.

This "how" section provides an overview of the toolkit through a series of screenshots, and follows the sequence with which the toolkit may be used, being:

1. Understand CPD Systems – the toolkit overview and each module provide descriptions of "better practice" systems.
2. Assess and Evaluate – a self-assessment process enables the identification of current and desired (or planned) levels of practice and maturity, and allows for priorities and timelines to be considered.
3. Take Action – a template is provided to assist in creating a series of Improvement Action Plans. Case studies and other templates provide information and support implementation.

Step 1: **Understand CPD Systems**	Step 2: **Assess and Evaluate**	Step 3: **Take Action**
(1a) Toolkit Overview (1b) The Modules	(2a) Current Evaluation Table (2b) Planned Evaluation Table (2c) Priority and Timeline Allocation	(3a) Improvement Action Plans (3b) Case Studies and Templates

STEP 1: UNDERSTAND CPD SYSTEMS

1a. Toolkit Overview – The toolkit homepage first introduces the overall scope of CPD and the purpose of the toolkit.

CPD Toolkit Home adm PAO Demo My account Administration Logout

CAPA CPD Toolkit

About the CPD Toolkit

The CAPA Continuing Professional Development (CPD) Toolkit has been prepared as part of a larger project, a *Program to Strengthen Accounting Capacity in Mongolia, the Philippines and Vietnam by improving the Continuing Professional Development (CPD) Systems.*

Commenced in early 2014, the project was funded by the World Bank and implemented by the Confederation of Asian and Pacific Accountants (CAPA) with the assistance of a joint venture between Accounting & Audit Reform Consultants Ltd (AARC) and the Association of Chartered Certified Accountants (ACCA). The project resulted in the development of an online CPD Systems Toolkit ("the toolkit") and an associated training video. The project also resulted in the preparation of a CAPA Continuing Professional Development (CPD) Guide. The guide provides a general analysis of the "why", "what" and "how" of CPD. The toolkit is a "better practice" tool for the design and implementation of effective CPD systems. It has been developed to allow PAOs to both assess and improve their CPD systems.

Access the Toolkit
› Module 1
› Module 2
› Module 3
› Module 4
› Module 5

REFERENCES

ABBREVIATIONS

Scope of CPD

CPD is learning and development that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. The core activities for CPD according to international benchmarks can be summarized as follows:

• promote the importance of, and a commitment to, CPD and maintenance of professional competence;
• facilitate access to CPD opportunities and resources;

Purpose of the toolkit

The purpose of the toolkit is to develop the capacity of the accounting profession in selected countries through a program aimed at improving CPD systems of national PAOs. The purpose is achieved through this toolkit by assisting PAOs at various stages of development to assess and understand CPD systems, to review practice in other regional and global PAO's, to select sustainable priorities and to translate these into an actionable and timed plan and to access templates to assist in building CPD systems.

Toolkit Structure | Module Structure | Good Practice | Online Application

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1b. The Modules – The toolkit is divided into modules, each corresponding to a key component of CPD systems. To provide background, the purpose of each module is explained including explanatory guidance and key technical references. Each module is then broken into key topics. Aspects of each topic are discussed under separate tabs.

> "The toolkit is very comprehensive and covers all the significant areas for managing CPD."
> **– Philippine Institute of Certified Public Accountants**

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Module 1: Market Assessment

Purpose

The promotion of CPD is an important responsibility of PAOs that want to achieve international comparability and recognition. In order to develop their CPD systems PAOs need to understand the regulatory environment in which they operate and need to consider their market strategy. Module 1 covers factors that influence CPD policy and delivery within the market of the PAO. The influence of the legal system on CPD is considered, as well as the position of the PAO and the present regulation of CPD. Specific attention is given to the development of a market strategy and the potential influence of local market conditions. Examples are given from countries with different legal systems and economic background. The module will assist PAOs to adapt their CPD strategy to the regulatory environment and market conditions they operate in.

Guidance

According to IES 7 it is the responsibility of the professional accountant to develop and maintain professional competence by undertaking relevant CPD activities. The role of PAOs is threefold:

• foster a commitment to lifelong learning
• facilitate access to CPD opportunities and resources, and
• adopt requirements for CPD.

Countries around the world have different systems of CPD. In SMO 2 IFAC makes a distinction between a PAO that is responsible for CPD, and a PAO that is not responsible. In the first case compliance with IES 7 is required; in the second case the PAO should use its best endeavours to ensure compliance. In the CPD Toolkit all requirements of IES 7 and other applicable regulation, whether at present mandatory or not, whether under the responsibility of the PAO or not, are treated as equally relevant. The reason is that in global financial systems comparability of the professional competence of accountants and auditors has become increasingly important. IES 7 on CPD provides all PAOs with an internationally accepted benchmark.

The objective of *MOSAIC, the PAO Global Development Report*, is to increase the capacity of PAOs. Ten key areas of focus for PAO development are identified. Area 5, Develop PAO Education and Certification Capacity, includes CPD and is of specific interest for the toolkit. Legal and/or market recognition is an important characteristic of any PAO that wants to consider and develop its CPD system. Levels of maturity are defined in the *CAPA Maturity Model for the Development of Professional Accountancy Organizations*. In the toolkit they are used as benchmarks to identify the present position of the PAO and targets for the development of its CPD strategy.

References

IAESB, IES 7, Continuing Professional Development
IFAC, Statements of Membership Obligations, SMO 2, International Education Standards
CAPA Maturity Model for the Development of Professional Accountancy Organizations
MOSAIC, PAO Global Development Report

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Module Topics
› Key Topic 1: Regulatory Environment
› Key Topic 2: Strategic Analysis
› Evaluation
  › Current Maturity Level
  › Planned Maturity Level
  › Priorities and Timelines
› Case Studies & Templates

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Module 1: Market Assessment

Key Topic 1: Regulatory Environment

The main function according to MOSAIC of all professional organizations, whether they represent the medical, engineering or accountancy fields, is to further the knowledge, skills, and abilities of aspiring professionals and to ensure up-to-date knowledge among those currently in practice. One of the Key Areas of Focus for MOSAIC is to develop PAO education and certification capacity, of which CPD is an important element. The CAPA CPD Toolkit addresses development of capacity for CPD. Scope of and possibilities for CPD activities of a PAO are influenced or maybe even determined by the regulatory environment in which the PAO operates.

Throughout the toolkit case studies are made available of PAOs from countries with different legal traditions and economic background. The objective of the case studies is to illustrate how selected PAOs have dealt with the subject. To enhance comparability each case study starts with a brief country fact file and with information about the accounting and audit profession. Information of the country includes economic position, legal system, business language and country affiliations. PAO information includes recognition of the PAO as a regulatory and a disciplinary body, applicable CPD regulation, IFAC membership and affiliations.

Aspects for the regulatory environment that are considered in Module 1 of the toolkit are:

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  › Priorities and Timelines
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PAO characteristics | PAO regulation | CPD requirements

HOW: THE ONLINE CPD SYSTEMS TOOLKIT

STEP 2: ASSESS AND EVALUATE

2a. Current Evaluation Table – Building on the background provided, the toolkit includes evaluation tables to allow the PAO to assess their current CPD activities across each key topic and aspect.

Identify a current level of practice

STEP 3: TAKE ACTION

3a. Improvement Action Plans – The toolkit includes a template to support PAOs as they draft comprehensive and detailed action plans. The appendix to this guide includes some examples of actions that emerged from the implementation of the toolkit at PAOs in Mongolia, the Philippines and Vietnam.

> " When developing PICPA's action plans we recognised the importance of giving a deadline for each of our action steps to help us monitor progress. "
> – Philippine Institute of Certified Public Accountants

2b. Planned Evaluation Table – Allows the PAO to consider the desired or planned level of maturity.

Identify a planned level of practice

2c. Priority and Timeline Allocation – Once the current and planned maturity levels are assigned, the PAO then determines whether it is high, medium or low priority to address each specific matter and also identifies a time frame for action. After completing this step, click on the "Detailed Activity" icon in the final column to proceed to Step 3.

Assign a priority   **Identify a timeline**

HOW: THE ONLINE CPD SYSTEMS TOOLKIT

3b. Case Studies and Templates – The toolkit includes case studies and templates in each module. The case studies illustrate good practice examples from a range of PAOs globally and the templates are designed to assist in the implementation of agreed actions.

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Module 5: Operational Model

Case Studies & Templates

Case Study Business Management:

- Association of Chartered Certified Accountants (ACCA) (Global)
- Mongolian Institute of Certified Public Accountants (MonICPA)
- Philippines Institute of Certified Public Accountants (PICPA)
- Royal Nederlandse Beroepsorganisatie van Accountants (NBA) (Netherlands)
- Vietnam Association of Certified Public Accountants (VACPA)

Case Study Perfomance Management:

- Association of Chartered Certified Accountants (ACCA) (Global)
- Mongolian Institute of Certified Public Accountants (MonICPA)
- Philippines Institute of Certified Public Accountants (PICPA)
- Royal Nederlandse Beroepsorganisatie van Accountants (NBA) (Netherlands)
- Vietnam Association of Certified Public Accountants (VACPA)

Case Study Administration:

- Association of Chartered Certified Accountants (ACCA) (Global)
- Mongolian Institute of Certified Public Accountants (MonICPA)
- Philippines Institute of Certified Public Accountants (PICPA)
- Royal Nederlandse Beroepsorganisatie van Accountants (NBA) (Netherlands)
- Vietnam Association of Certified Public Accountants (VACPA)

Templates:

- ACCA Appraisal Template
- Administration Questionnaire
- Business Management Questionnaire
- Performance Management Questionnaire
- Administration Questionnaire

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Module Topics

- › Key Topic 1: Business Management
- › Key Topic 2: Performance Management
- › Key Topic 3: Administration
- › Evaluation
  - › Current Maturity Level
  - › Planned Maturity Level
  - › Priorities and Timelines
- › Case Studies & Templates

📄 **Save this module**

This is an example of a case study extracted from the toolkit.

PDF

	MonICPA Case Study Module 2, Key Topic1
Governance Structure for CPD	**The Mongolian Institute of CPAs (MonICPA)** • The Law of Mongolia on Auditing does not specify CPD requirements but does require auditors to maintain their CPA designation. Therefore, MonICPA Council approved CPD Governance Guide for CPAs at Meeting held 21st June 2012. This Guide set out the MonICPA's CPD Requirements which are compliant with IFAC's International Education Standard (IES 7). • Final responsibility for CPD rests with MonICPA Council, whereas the operational responsibility for CPD is delegated to the Training Committee and two of its three subcommittees which are responsible for Training Programs and Training Organization (The third subcommittee is responsible for Examinations). • MonICPA has a branch office in each of the 21 Provinces, as well as in the Capital City of Ulaanbaatar. Members are required to submit an annual CPD report to their Provincial Office.

This is an example of a template extracted from the toolkit.

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Institute of Chartered Accountants of India (ICAI)
Mission, Objectives and Legal Requirements for CPE

Mission of the Continuing Professional Education Committee of ICAI (CPEC)

To ensure through all possible means that the members of the Institute of Chartered Accountants of India remain continuously updated with respect to developments in existing and emerging disciplines and subject specific areas directly or indirectly related to the profession of Chartered Accountancy and to help impart necessary skills to the members so that knowledge thus garnered by them gets translated into practice.

Objectives of the CPEC

- To adopt, execute and implement such measures - using whatever technology of learning considered appropriate - as may provide sufficient opportunity to all Members of the Institute to (a) keep abreast of all current knowledge in their core areas of competence, (b) familiarize themselves with new and emergent subject areas related to Professional Development and (c) becoming aware of developments in related fields.
- To visualize the future needs of the society and gear up the profession to cater to those needs.
- To help members to meet the evolving expectations of the society as far as the technical and professional skills are concerned.

❝ We found the toolkit very useful and now have the means to manage and plan our activities to improve the CPD program for the future. ❞
– Vietnam Association of Certified Public Accountants

❝ Following implementation of the toolkit, we have recently created a CPD team aligned to our training committee and started to implement our action plans. ❞
– Mongolian Institute of Certified Public Accountants

Refer to Appendix 1 for examples of Action Plans

REAL-LIFE ACTION PLAN EXAMPLES

Actions that emerged from the implementation of the CPD Systems Toolkit at the PAOs in Mongolia, the Philippines and Vietnam are provided here as examples.

Action Plan Examples for Module 1

Regulatory Environment
- Become recognised by the public as fulfilling a key societal role; meet with MOF to agree the action plan to transfer the CPD monitoring function from MOF to PAO; members understand clearly revised CPD requirement policy and comply with this policy
- Actively continue working with state agencies and other peer organisations to extend areas of cooperation
- Pass resolution mandating CPD as a requirement in renewing CPD license, regardless of the sectorial affiliation

Strategic Analysis
- Finalise competency framework for each level of professional practice; ensure learning activities are available; get feedback from participants and industry representatives
- Promote PAO as an important brand for employers; require CPD upon membership renewal; form MOUs with private sectoral organisations
- Develop clear and flexible policy for CPD which fits the real needs of members
- Develop more strategic approach to achieve PAO's ambitions to move towards best practice

Action Plan Examples for Module 2

Governance Structure
- Establish CPD unit within the existing training committee, with detailed TOR and a more comprehensive policy document
- Ensure online membership database in place, capturing information to enable segmentation of CPD
- Introduce most appropriate CPD support to the different categories of membership
- Establish service-oriented one-stop centre for CPD needs of members and non-members
- Develop effective and complete governance documentation

Policy and Compliance Framework
- Put in place dedicated staff with clear responsibility matrix and clearly allocated committee-member responsibilities
- Monitor CPD policy regularly; refer to action plan in monitoring and enforcement
- Reflect CPD requirement in code of ethics through a revision; monitor CPD through the annual ethics declaration by members
- Assure CPD council follows transitioning process to ensure continuity of programs

Action Plan Examples for Module 3

CPD Requirements
- Ensure CPD recognised as requirement for ongoing membership for accountants; all members and staff understand CPD requirement and monitoring process
- Criteria for distinction between verifiable and non-verifiable CPD to be introduced; ensure approval criteria recognised by members
- Assure professional regulatory authority and PAO work together to ensure CPD is mandatory, monitored and declared by members
- Render CPD requirements more flexible and workable; establish conditions for waiver policy

Measurement of CPD
- Professional Regulatory Authority and PAO will work together to outline a plan for moving towards a combination approach to measurement of CPD
- Conduct research on the various types of methodology used for measuring CPD; study best practices internationally; select most suitable method

Monitoring and Enforcement
- Establish criteria for enforcement of CPD; review current criteria set out by MOF; identify criteria that need to be amended or supplemented (waive for retired members); inform members and provide internal training
- Proactively support continuous improvement in monitoring of CPD using automated online members' database management system
- Ensure professional regulatory authority makes sure training providers consistently adhere to accreditation requirements
- Establish effective and complete documentation of CPD with individual evidence records; pre- and post-CPD course reports to MOF to be recorded in both hard copy and soft copy

Action Plan Examples for Module 4

Training-Needs Analysis
- Develop clear plan to study IES and revise CPD requirement; ensure that when developing the program, due consideration is given to IES 2, 3 and 7 and PAO members meet the competences outlined in the IESs
- Ensure registered auditor members meet the requirements set out in IES 8 (engagement partner)
- Assure that member training-needs are considered regularly and reflected in member services
- Establish flexible CPD declaration and recognised mechanism that is more convenient for members

Content Development
- Regularly evaluate and monitor quality of CPD training
- Establish systematic and clear process to develop and review content of CPD training
- Assure providers offer courses with appropriate, peer-reviewed content

Content Delivery
- Identify pool of trainers for each CPD program; assess speakers through the use of an appraisal form
- Work with partners to extend the range of CPD offered
- Embed accreditation (or recognition) of employers in CPD guidance; make it easier for members to meet CPD requirements
- Develop the criteria to accredit employers based on the existing regulation of MOF; inform all audit firms; create list of accredited employers with clear reviewing process

Action Plan Examples for Module 5

Business Management
- Maintain and enhance PAO's reputation as a high-quality CPD provider to members and non-members
- Deliver CPD together with external partners; establish clear working mechanism between PAO, venue providers and external trainers
- Establish regular and structured communication of policy; ensure members know about CPD policy, CPD declaration timeline and CPD program
- Use multiple marketing channels; ensure CPD program is uploaded on PAO website; send invitation to all members and audit firms via email
- Monitor budget to meet with targets established at beginning of the year.

Performance Management
- Allocate performance outcome and resources and monitor monthly
- Charge course fees; create distinction between members and non-members; make course fee public and inform all members and employers
- Set up clear criteria for measuring performance

Administration
- Create active online administrative systems that are convenient and efficient; use IT systems to run CPD processes; create active online administrative system that updates members' CPD records
- Align reward systems with administrative systems; issue comprehensive guidelines for conducting seminars; conduct surprise visits to determine compliance with these guidelines
- Conduct internal audit, an important process in PAO governance
- Conduct gap analysis between current level of facilities and desired level

APPENDIX 2

REFERENCE MATERIAL

The following materials has been used in preparation of this publication.

1. Maturity Model for the Development of Professional Accountancy Organisations, Confederation of Asian and Pacific Accountants (CAPA), February 2014

2. Handbook of International Education Pronouncements, International Accounting Education Standards Board (IAESB), 2015
   • International Education Standard (IES) 2, Initial Professional Development - Technical Competence (2015)
   • International Education Standard (IES) 3, Initial Professional Development - Professional Skills (2015)
   • International Education Standard (IES) 4, Initial Professional Development - Professional Values, Ethics and Attitudes (2015)
   • International Education Standard (IES) 7, Continuing Professional Development (2014)
   • International Education Standard (IES) 8, Competence Requirements for Audit Professionals (2008)

3. Code of Ethics for Professional Accountants, International Ethics Board for Accountants (IESBA), 2015

4. Approaches to Continuing Professional Development (CPD) Measurement (IES 7 Support Material), International Federation of Accountants (IFAC), May 2008

5. Statements of Membership Obligations (SMOs), International Federation of Accountants (IFAC), November 2012

6. Good Practice Guide, Part 1 – Establishing and Developing a Professional Accountancy Body, International Federation of Accountants (IFAC), January 2011

7. Good Practice Guide, Part 2 – Tools and Resources to Support the Development of the Accounting Profession, International Federation of Accountants (IFAC), January 2011

8. Tools and Resources to Support the Development of the Accounting Profession, International Federation of Accountants (IFAC), December 2010

9. PAO Global Development Report, MOSAIC (Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration), December 2013

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