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Commitment to Lifelong Learning: Guide for Implementing Output Based CPD

Continuing Professional Development (CPD) is essential for all professional accountants, irrespective of their role or sector. Traditional CPD systems focus on recording and measuring inputs, such as time spent on CPD activities, but fail to capture whether actual learning has occurred. This publication provides guidance intended for Professional Accountancy Organizations (PAOs) and other stakeholders seeking to implement output based CPD systems as a more genuine measure of learning and professional improvement.

Who is this guide for?

This guide was developed to be used by any institution involved in the establishment, delivery and/or implementation of CPD requirements for professional accountants. The guide aligns with the content of International Education Standard™ (IES™) 7, ***Continuing Professional Development***, which is issued by the

Why should all professional accountants undertake CPD?

In a constantly changing world, CPD ensures professional accountants maintain and develop their competencies, strengthening public trust and confidence in their work. CPD activities allow professional accountants to learn throughout their career, maintaining and upgrading their skills so the quality of their work remains high and keeps pace with accountancy changes and innovations.

The fundamental principle of professional competence and due care of the Code of Ethics for Professional Accountants[1] requires that all professional accountants maintain their knowledge, skills, and competence to ensure they carry out their duties appropriately in client, employment, and other relationships.

[1] Introduction and Fundamental Principles, IESBA Handbook of the Code of Ethics for Professional Accountants – 2016 Edition.

International Accounting Education Standards Board™ (IAESB™). It is intended not only for Professional Accountancy Organizations (PAOs), including International Federation of Accountants® (IFAC®) member organizations, universities and education providers, but also for employers, regulators, government authorities, accountants, and prospective accountants.

The IAESB defines a professional accountant as an individual who achieves, demonstrates, and further develops professional competence to perform a role in the accountancy profession and who is required to comply with a code of ethics as directed by a PAO or licensing authority. When a PAO is not a licensing authority, the IES serve as a benchmark of good practice. Any licensing authority or other interested stakeholder is encouraged to make use of this guide to develop and maintain the competence of professional accountants in their jurisdictions. Furthermore, PAOs are strongly encouraged to promote and support the use of this guide with licensing authorities and other interested stakeholders within their jurisdictions.

What activities contribute to lifelong learning?

Lifelong learning is a process by which professionals enhance their knowledge, acquire new skills, and build on existing ones throughout their career. Professional accountants are required to undertake learning to develop and maintain their professional competence relevant to the role they perform and the professional responsibilities they undertake.

CPD includes learning and development activities to maintain technical competencies, professional skills, and professional values, ethics, and attitudes, over the course of a career following Initial Professional Development (IPD) and qualification.

Structured activities such as education, training, practical experience, mentoring and coaching, and conducting research all contribute to CPD. It also includes unstructured forms of acquiring knowledge, such as attending networking events or reviewing professional literature, where there is no reflection on the knowledge developed.

Are CPD requirements the same for all professional roles?

The CPD requirements extend to all professional accountants engaged in practice and in business, irrespective of role, industry sector, or organization they work for.

PAOs may require and prescribe specific or additional CPD requirements for professional accountants who work in specialist areas or who undertake roles in areas with higher risk. For example, IES 8, ***Professional Competence for Engagement Partners for Audits of Financial Statements*** (2016), prescribes additional learning outcomes for professional competence areas that audit partners are required to develop and maintain, given the significance of this role to the public interest.

How can learning and development be measured?

PAOs can implement input based, output based, or both approaches to measure the achievement of practical experience and CPD by its members.

An input-based approach measures CPD activity in terms of time spent (e.g. hours of learning within a specified period of time) or equivalent learning units (e.g. number of points or credits accrued by way of attendance at CPD events). Input based activities can be measured and verified in a straightforward manner, for example reviewing course outlines and teaching materials, or confirmation of participation in a learning activity by a provider, employer, mentor, or independent source verifying that a learning activity has been completed successfully.

In an output based approach, the focus is on whether a specific competence has been developed or maintained as a result of CPD, and is demonstrated by achieving certain learning outcomes. The ***IAESB Glossary of Terms*** defines a learning outcome as "The content and the depth of knowledge, understanding, and application required for a specified competence area". Under this approach, evidence of achievement can be taken from various

Proposed revisions to IES 7, *Continuing Professional Development* (Revised)

In June 2017, the International Accounting Education Standards Board (IAESB) proposed an **Exposure Draft, *IES 7 Continuing Professional Development (Revised)*** requesting comments from member bodies and other interested stakeholders by September 5, 2017. The revisions to IES 7 are to be implemented with a view to improving the consistency, quality, and relevance of CPD undertaken by professional accountants. It is expected that the new standard will become effective by 2019.

At the core of these revisions is the need for greater emphasis on actual learning and development relevant to the professional accountant's responsibilities, rather than focused on the number of hours undertaken in learning activities or the number of CPD units achieved. PAOs are encouraged to develop relevant CPD systems that include measurement, monitoring, and enforcement processes to ensure professional accountants maintain their professional competence to deliver high quality services for their clients, employers, and other stakeholders.

sources including workplace assessments validated by a suitably qualified supervisor, or undertaking a form of periodic assessment of competence achieved through CPD. Methods of measuring output based learning currently range from self-assessments where members are asked to self-evaluate if a learning outcome has been achieved or not, to verifiable evaluation of qualitative improvements such as testing to measure changes in knowledge.

Input based schemes are regarded as simple and cost effective, and provide an easily quantifiable method of measuring CPD activity (e.g. attendance at lectures, conferences, and workshops). However, more recently, policy makers, regulators, standard setters, and professional bodies have begun to question whether simply recording the time spent on CPD is an indication of genuine learning and whether it sufficiently encourages professional improvement.

Producing output based measures may be more complicated and sophisticated. Common barriers include the time, effort, and cost in developing output based measures and adapting CPD methodologies and training schemes. There may also be resistance to implementation from professionals who feel they are being "tested". Despite the implementation challenges, many feel the transition to output based CPD to be achievable and worth the effort. CPD cycles of various PAO's already include elements of output based measures.

Examples: Emerging Output Based CPD Measures

Periodic tests of knowledge mandated by law

Institute of Authorized Chartered Auditors of Albania (IEKA)

IEKA's Managing Council is mandated by law to assess the professional competence of its members by means of periodic testing of knowledge gained during CPD. These assessments are performed on a cyclical basis of between three and five years. IEKA is required to make the results of the assessment public and to file a copy with the audit regulator. IEKA recently added an enhanced requirement for the periodic testing of members recording significant proportions of unstructured CPD.

Macedonian Institute of Accountants and Certified Accountants (IACA)

On completion of the required input based CPD, members of IACA are required to be tested and must pass a written exam administered by IACA. Members who do not pass the test within two years should be removed from the register of accountants and authorized accountants and be subject to a three year cooling off period before reinstatement can be initiated.

Voluntary assessment of effectiveness of learning experiences

Society of Certified Accountants and Auditors of Kosovo (SCAAK)

SCAAK is piloting a voluntary assessment of the effectiveness of certain lectures and CPD sessions by asking members who attended to take a written test. Feedback is provided to members on their level of achievement and the results are used to measure the effectiveness of the learning experience and suggest improvements. The PAO has reported that CPD sessions subject to these voluntary assessments have become more interactive and often generate lots of professional discussions, interest, and questions from the audience.

Leveraging Quality Assurance as a CPD Tool

Institute of Certified Auditors of the Republic of Macedonia (ICARM)

ICARM have developed a quality assurance review system integrated with the CPD system, so it can be used as a tool to improve the CPD annual program. For example:

- Frequent findings and assessment methodologies are shared with members. CPD annual sessions are tailored to cover areas where most findings are noted;
- Quality assurance reviews identify individual requirements for specific or additional CPD with supplementary targeted CPD made available to those practitioners; and
- Professionals auditing public interest entities are subject to more rigorous monitoring of CPD requirements during quality assurance reviews.

5 Tips for PAOs and Other Stakeholders Implementing Output Based CPD

Tip # 1

Approach CPD as a cyclical process

The impact of CPD may be reduced if activities are undertaken in isolation, outside of a defined plan and structure of directed learning. The most effective schemes approach CPD as a sequence of related activities, often with four connected phases (the "CPD cycle"):

- **Planning:** determining suitable CPD activities for short and long term professional development needs and setting goals to be achieved through the CPD learning;
- **Action/implementation of the learning plan:** completing a variety of structured and unstructured development and learning activities;
- **Results/evaluation of learning:** training evaluation, learner satisfaction feedback and surveys, self-assessments, examinations, performance evaluations, and other measurement activities;
- **Reflection:** an essential part of the CPD cycle that allows professionals to think about their learning, what they have achieved, and how will this further help their further development and practice. The reflection phase has an important role to play in informing the next cycle of CPD and help professional accountants plan their future CPD activities.

"Approaches to CPD Measurement, PARN", Research Paper Undertaken for the International Accounting Education Standards Board™ (IAESB™).

Tip # 2

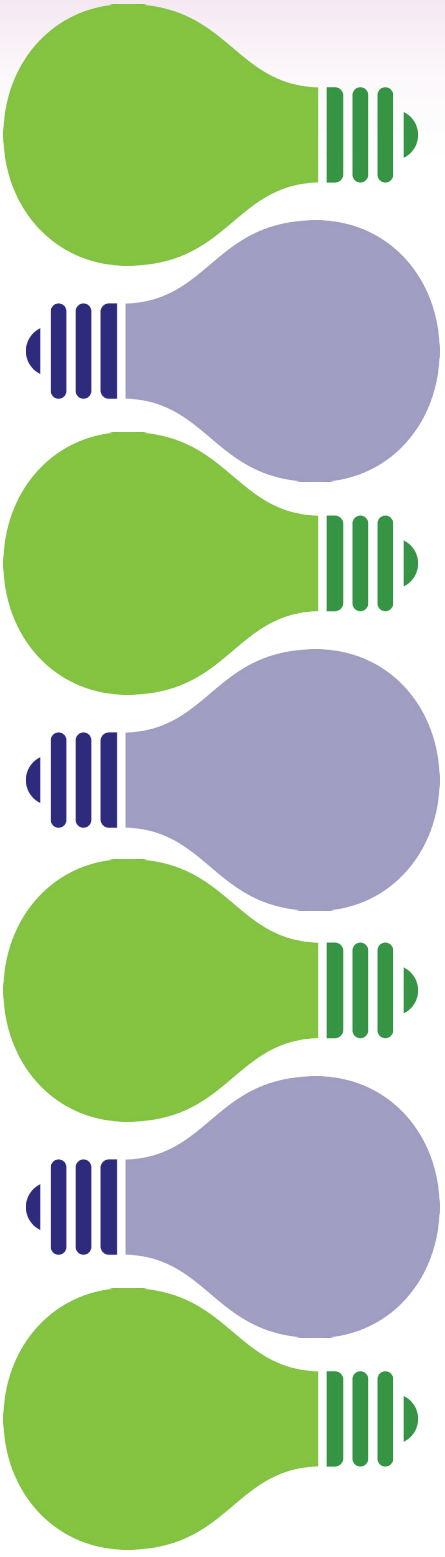
Learning outcomes are at the core of output based CPD

Learning outcomes are what professional accountants are expected to demonstrate in terms of knowledge, skills, and attitudes upon completion of a learning experience. Output based approaches focus on demonstrating achievement of learning outcomes as a genuine measure of learning and improvement.

IES 8, ***Professional Competence for Engagement Partners for Audits of Financial Statements*** (2016), prescribes learning outcomes that build on learning outcomes identified in IESs 2, 3, and 4 for technical competences, professional skills, and professional values, ethics, and attitudes for audit partners. For other professional roles, PAOs who are implementing output-based CPD measurement approaches can develop learning outcomes covering a range of relevant professional competences or may rely on professional accountants to describe their personal learning outcomes for the next CPD cycle. Where possible they could also draw on employer performance assessment processes that determine the competences that professional accountants need to be able to perform for their role.

Professional competence is a much wider concept than simple knowledge of facts, standards, and principles. The IAESB considers professional competence to be the integration and application of learning outcomes for:

- "**Technical competences** — The ability to apply professional knowledge to perform a role to a defined standard;
- **Professional skills** — Intellectual, interpersonal and communication, personal, and organizational skills that a professional accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence; and
- **Professional values, ethics, and attitudes** — The characteristics that identify professional accountants as members of a profession. They include the principles of conduct (e.g., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of, professional behavior."[2]



[2] IAESB Glossary of Terms (2015), Handbook of International Education Pronouncements, 2017 Edition.

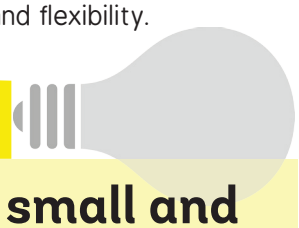
Tip # 3

Supporting a learner centered approach

In implementing both input and output based approaches, CPD providers need to address how CPD activities are designed, delivered, and disseminated. It is believed that traditional and long-established CPD activities, such as conferences, lectures, and roundtables, have a limited effect on improving professional's competence and performance. In contrast, interactive CPD activities are more effective learning experiences, as they encourage reflection on practice, provide opportunities to use skills, and involve simulating real life situations that are focused on outcomes.

Using learning outcomes requires training courses that are learner centered. These differ from traditional classroom lecturing because they involve the active participation of the learners by asking them to do something in order to learn about it. More learner centered approaches can also be achieved by incorporating sufficient CPD activities such as on the job-learning, coaching, mentoring, and similar activities which are not often associated with CPD in an input approach.

Irrespective of the CPD approach, approaching CPD in an innovative manner is necessary to change the focus from a compliance mentality to a lifelong learning philosophy. Professionals need to be stimulated by debates on current issues, more sophisticated CPD approaches across roles and sectors, and modern methods of delivery. Online tools and modern methods of delivery enhance the learning experience and provide more options, greater frequency for professional networking and experience exchange (e.g. social media), and flexibility.



Modernizing the profession's skills to serve small and medium enterprises (SMEs)

The **EU-REPARIS Audit Training of Trainers Program**, implemented by the World Bank Center for Financial Reporting Reform (CFRR), brings together Small and Medium Practitioners (SMPs) and PAO educators from eleven professional bodies across Europe and Asia to engage in a peer-to-peer learning and knowledge exchange process facilitated by a regional Community of Practice. While focusing on enhancing the lifelong learning and continuous education systems for professional accountants, this Community of Practice explores ways to modernize the skills of the profession in order to provide effective financial reporting support to SMEs and private sector enterprises.

The learning that takes place in this Community of Practice is highly interactive and includes simulating genuine business situations, enabling participants to tackle and solve real life problems through a "learning-by-doing" educational approach. Participants work in smaller groups on a practical case, sharing experiences and reflecting on how they might act in certain situations but also learning from other colleagues how they would handle similar situations elsewhere. The Community of Practice learning and its many practical cases and simulations offers opportunities for participants to reflect on learning. This helps change CPD teaching formats from a compliance mentality focus to a lifelong learning philosophy.

The Community of Practice also aims to raise awareness of the transformational changes many SMPs globally are undergoing in their practice models in order to adjust to technological advancements, the evolving needs of their SME clients, and the changing business environment. The Audit Training of Trainers program provides both educational and practical resources to develop the wide-ranging set of soft skills essential for the modern practitioner, including competencies in selling, negotiating, communicating, and performing other business functions. The knowledge, educational resources, and practical tools developed at the regional level are then transferred locally through country replication training events delivered under the CPD systems of the national professional bodies.

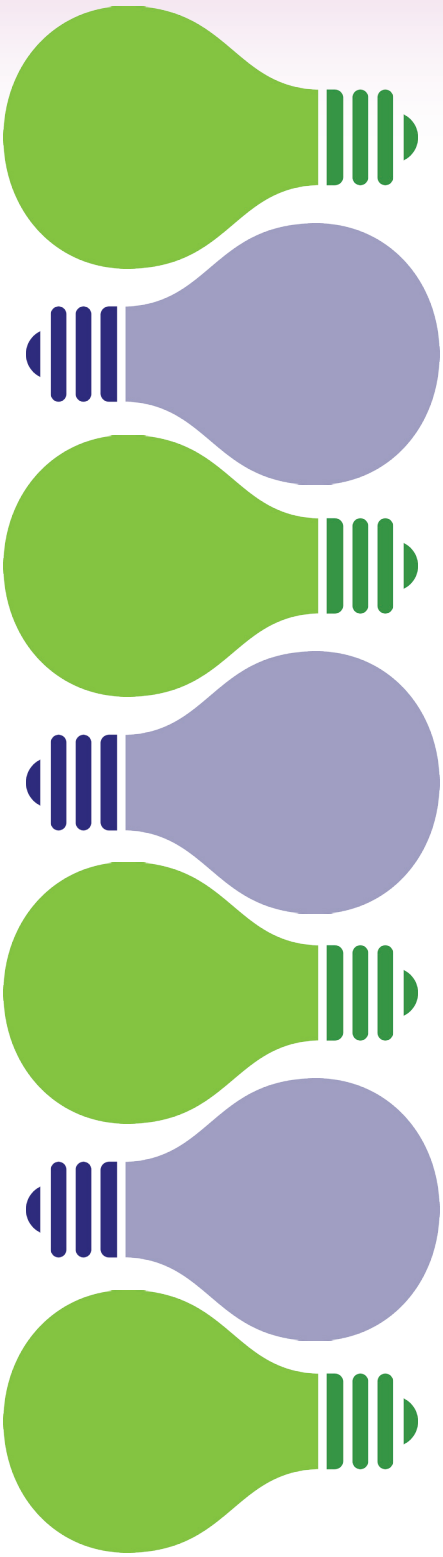
Tip # 4

Develop verifiable measures for CPD

Verifiable evidence to demonstrate that learning outcomes have been achieved can be obtained from a variety of sources, including:

- Examination results and knowledge tests;
- Periodic assessments of learning outcomes achieved;
- Assessing learning through techniques such as role play, learning games, simulations;
- Achievement of specialist or other qualifications;
- Records of work performed (work logs) verified against a competency map;
- Evaluations or assessments of written or published material by a reviewer, publication of professional articles, or of the results of research projects;
- Information collected from internal and external quality control reviews;
- Surveys and evaluations (e.g. performance evaluations, self and peer assessments, client satisfaction surveys, etc.)

Obtaining verifiable evidence to demonstrate that some learning outcomes have been achieved in an output based measurement system can be complex and/or time consuming, and often will be a combination of several sources. Knowledge tests, for example, are an effective tool to measure the achievement of some learning outcomes (e.g. requirements of new standards and developments) but are less effective to assess other "softer" learning outcomes, such as interpersonal, communication, or personal skills. In such cases, client surveys, workplace assessments, or peer assessments may be required. In the context of smaller practices such assessments may lack objectivity (or be unfeasible in the case of a sole practitioner) and a combination of sources and a variety of verifiable evidence should be considered instead.



Tip # 5

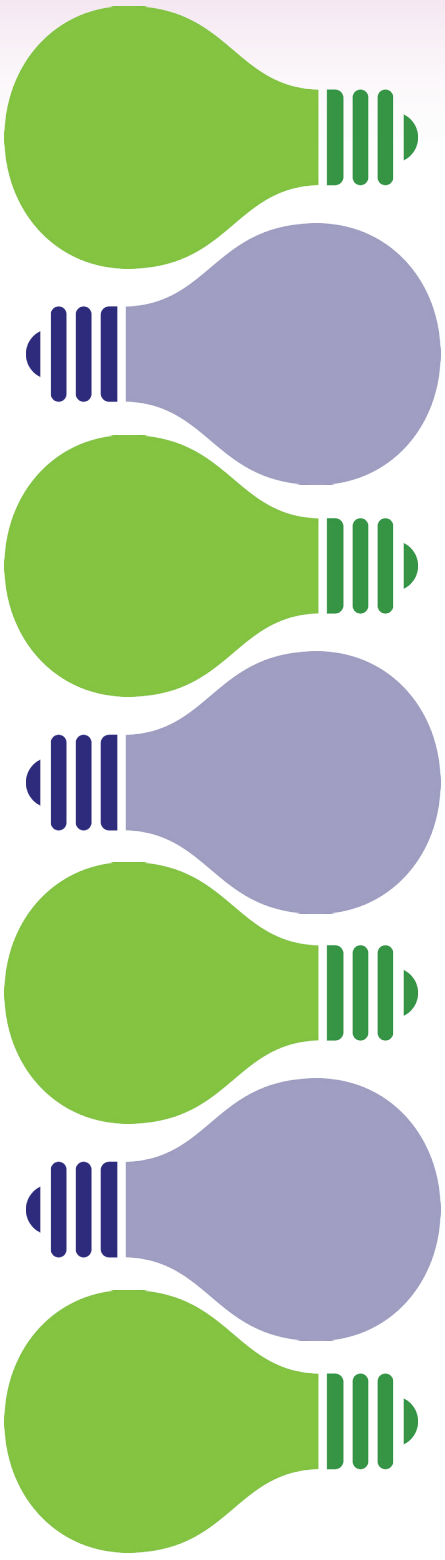
Supporting members to plan and reflect on their CPD

The planning and reflection phases of the CPD cycle have a fundamental role in the output based system because greater responsibility is placed on the professionals to set out their CPD requirement (plan) and demonstrate how their CPD has improved their professional performance (reflect).

Documenting learning activities can be time consuming and difficult for members without support and guidance. Learning often takes place "on the job" but the individual may not recognize it as a learning experience. PAOs can support members to optimize learning opportunities and provide different tools and resources to help them record, plan, and reflect on CPD.

Output based CPD models more explicitly recognize that different professionals have different development needs. By setting competence frameworks, PAOs assist professionals to set specific learning goals based on those competences. Further, competency maps are a good way for members, who are looking for promotion or moving from practice to business (or vice versa), to identify "competency gaps" in their learning. Learning plan templates can also help members capture "competency gaps" and include other desired learning when planning CPD activity.

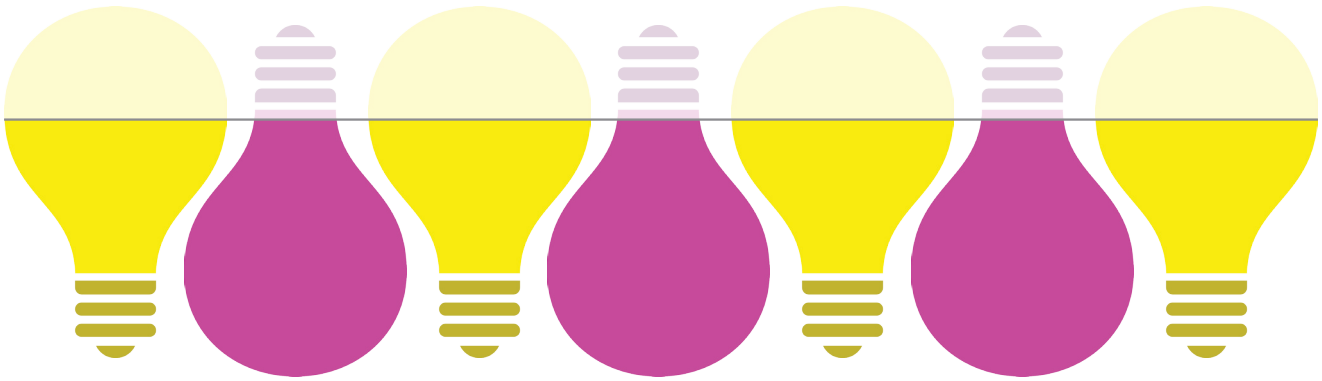
Reflection helps individuals to contemplate what they have learned and how this is relevant in practice and to identify personal areas for improvement within defined competence frameworks. PAOs can encourage this process by asking members to submit a series of reflective statements on their CPD.



RECOGNITION

Listed below, in order of country, are the participating universities and Professional Accountancy Organizations of the EU REPARIS Education Community of Practice (EduCop):

- University of Tirana, Faculty of Economics
- Institute of Authorized Chartered Auditors of Albania (IEKA)
- Albanian Institute of Chartered Accountants
- University of Sarajevo, School of Economics and Business Sarajevo (SEBS)
- Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina (SRRF-FBH)
- University of Banja Luka, Faculty of Economics
- Association of Accountants and Auditors of Republic Srpska (AAARS)
- University of Pristina, Faculty of Economics
- Society of Certified Accountants and Auditors of Kosovo (SCAAK)
- Ss Cyril and Methodius University in Skopje, Faculty of Economics - Skopje
- Institute of Certified Auditors of the Republic of Macedonia (ICARM)
- Macedonian Institute of Accountants and Certified Accountants (IACA)
- University of Montenegro, Faculty of Economics
- Institute of Certified Accountants of Montenegro (ICAM)
- University of Belgrade, Faculty of Economics
- Serbian Association of Accountants and Auditors (SAAA)
- Serbian Chamber of Authorized Auditors (CAA)



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