Session 2: CPD Program Strategy and Structure

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Key questions to be addressed by this session:

- What strategic decisions need to be made to set up a CPD program?
- What factors impact strategy?
- What considerations are there for organizational structure?

Learning Outcomes for this session:

1. Summarize the process of strategic decision-making for CPD
2. Determine key strategic decisions and the factors that influence those decisions
3. Evaluate elements of organizational maturity using the CAPA Maturity Model
4. Evaluate the impact of strategic decisions on organizational structure

Agenda
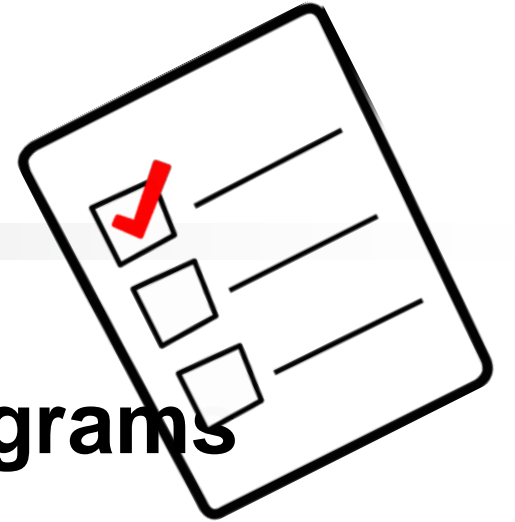
2 – 1 Strategic decision-making for CPD programs

2 – 2 Organizational maturity

2 – 3 Developing policies

2 – 4   Considerations for organizational structure

2 – 1:

Strategic decision-making for CPD Programs

Strategic decision-making for CPD programs

For any organization setting up a CPD or other training program:
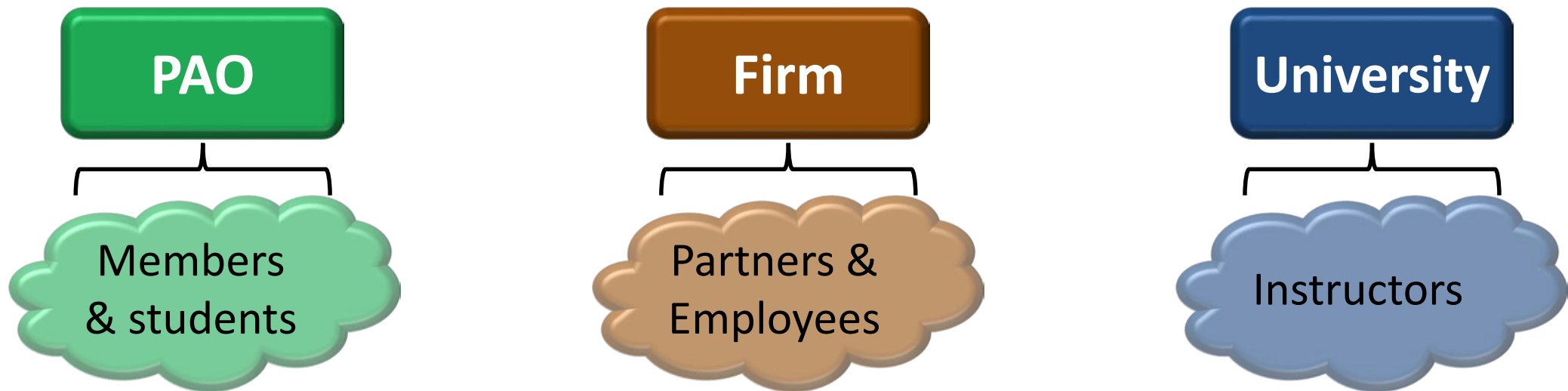
Strategic decision-making for CPD programs

Strategic cycle

Determine authority & obligations

Define roles for oversight & accountability

Determine strategy

Develop policies

Adjust governance & operational structure

Determine authority and obligations

Organization's first step is to assess regulatory environment:

» What are the organization's obligations for CPD?

» What is its authority/jurisdiction to implement and enforce CPD policies?

» What cooperative agreements are needed?

Determine authority and obligations

Session 1

What if the PAO doesn't have sole authority to require CPD?

» In some jurisdictions, the responsibility and authority for requiring CPD may be split between the PAO and the government.

» In these situations, the PAO is required to use best efforts to achieve compliance.

» Strong dialogue and collaboration are needed between the PAO and the relevant agencies to achieve good practice.

Define roles for oversight and accountability

Establish governance structure and roles based on authority:

» Establish roles of Board, management, other stakeholders to embed responsibility for CPD policy in the overall governance structure of the PAO

» Determine who to include in strategic planning

» Use strategic planning to **make decisi**on**it decisions** periodically as organization
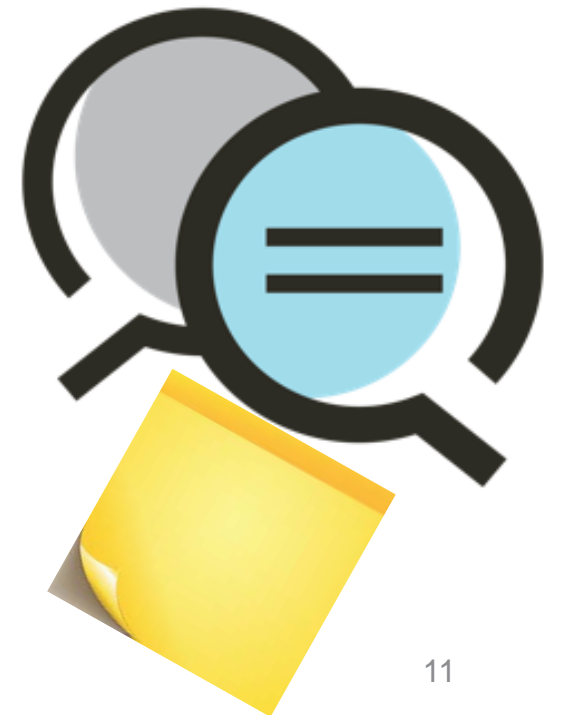
Determine strategy - ACTIVITY

Part A:

What **strategic decisions** does the Board (or equivalent) have to make with respect to CPD?

1. Write a strategic decision question on each sticky note
2. Stick each note on the wall
3. Try to group decision questions on the wall together where similar

Strategic decisions re: CPD

1. **Standards and requirements to comply with**

    » IES 7 – minimal compliance or go beyond?

    » IES 8 – minimal compliance or go beyond?

    » Other standards? (e.g., EU Audit Directive for statutory auditors)

    » Internal requirements? (e.g., Firm and university policies for education and training of professional members)

Strategic decisions re: CPD

2. **Measurement approach and basic requirements**

   » Input-based, output-based, or combination of both approaches?

   » Specific requirements? (need to be based on approach chosen)

   » Do we allow any exemptions from CPD requirements? (e.g., retirement, family leave)

Strategic decisions re: CPD

3. **Additional requirements stipulated**

  » Any mandatory competency areas (e.g., ethics, auditing, tax)?

  » Additional requirements for "specialist" roles (e.g., for auditors, tax advisors, engagement partners)?

Strategic decisions re: CPD

4. **Role of PAO/Organization – "Provider" or "Access facilitator"**

» Provide CPD directly?

» Facilitate access to CPD provided by others?

» Partnering between stakeholders to facilitate compliance with standards and requirements?

» Profit centre, break-even, free service, subsidized service?

Strategic decisions re: CPD

5. Flexibility allowed

» Allow other learning activities (e.g., acting as mentor/mentee, new job responsibilities, etc.)?

» Allow CPD from other sources to qualify, or only allow organization's CPD?

Strategic decisions re: CPD

6. Accountability

» Structure for reporting (e.g., paper-based or online? How much detail?)

» How to monitor compliance? (e.g., auditing sample)

» Appropriate sanctions for non-compliance? (e.g., administrative issue or ethics matter, fines, removal from membership)

Determine strategy - ACTIVITY

Part B:

What **factors** should the Board (or equivalent) consider when making these decisions?

1. Write a factors relevant to each question on a sticky note
2. Stick each note on the wall under the most related question
3. Try to group factors on the wall together where similar

Strategic decisions re: CPD

1. **Standards and requirements to comply with (IES 7, I 8...)**

Factors to consider:

Session 1

- » What standards are mandatory?
- » Current/desired IFAC membership status
- » Market recognition needs
- » Pressure/opportunity for global partnerships/collaboration etc.

Strategic decisions re: CPD

2. **Measurement approach (input/output) and basic requirements**

Factors to consider:

» Decision re: input/output-based will drive requirements (e.g., Input-based = minimum 120 hours over 3 years…)

» Current competence of members (actual and perceived)

» Commitment of members to maintaining competence and familiarity with requirements (more difficult to understand and evaluate compliance with output-based approach if unfamiliar with concepts)

» Ability of organization to assess competence directly (e.g., by periodic testing of members, practice review results, etc.)

Strategic decisions re: CPD

3. **Additional requirements stipulated (mandatory areas, additional requirements for specialists)**

Factors to consider:

» Competence gaps based on research, member input, discipline cases

» Public perception (e.g., does organization need to be seen as more committed to ethics?)

» Decisions re: IES 8 compliance

» Relative "power" of organization versus members – will there be resistance and can it be managed?

Strategic decisions re: CPD

4. **Role of PAO/Organization – "Provider" or "Access facilit**

Factors to consider:

» Members' perception of CPD – valuable activity or rule to be complied with? (are they willing to pay for quality CPD?)

» Are there other reputable sources available?

» Can the quality of CPD provided by others be controlled by the organization?

» Is there a market from non-members?

» If intended to be a money-maker, are there also low-cost/free options?

Session 3

Strategic decisions re: CPD

5. Flexibility allowed (other activities, other sources)

Factors to consider:

» Decision made re input- or output-based? (e.g., acting as mentor/mentee, new job responsibilities, etc. are easy to include in output-based)

» Extent to which organization needs to control supply (based on quality concerns or finances)

Strategic decisions re: CPD

6. **Accountability (reporting, monitoring compliance, and sanctions)**

Factors to consider:

» Resources available for online/flexible reporting

» Audit sample size needed based on risk

» Authority for issuing sanctions

Session 6

2 – 2:
Organizational Maturity

Organizational maturity

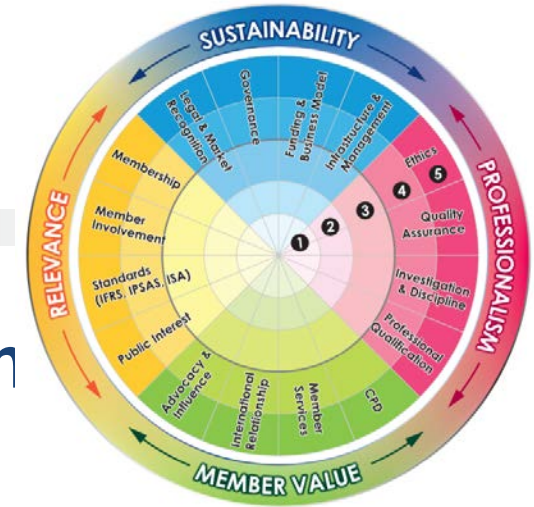**Factors to consider are often tied to "maturity" of organization:**

» Recognition by public/government (e.g., authority)

» Financial stability/autonomy

» Robustness of infrastructure

» Experience

» Human resources available
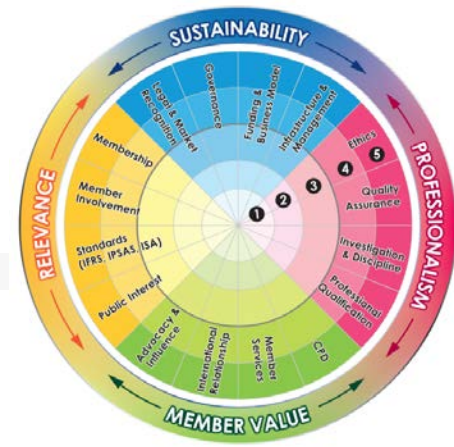
» Capacity

» Public perception

Organizational maturity

The Confederation of Asian and Pacific Accoun (CAPA) Maturity Model in Action:

» A support tool that allows PAOs to be systematic about organisational development, at their own pace

» Open approach and user-friendly interface

» Helps PAOs to track progress on their commitment to excellence

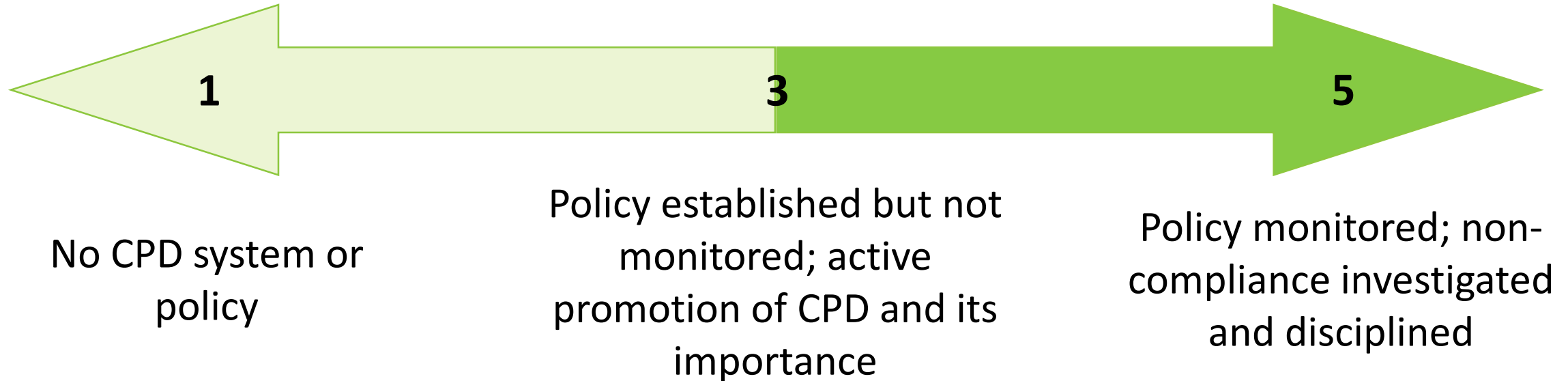» Provides a holistic, proven and easy-to-scale framework that PAOs can interpret within their own context

Find it at: http://www.capa.com.my/maturity-model-guidance-series-cpd/

CAPA Maturity attributes for CPD

Policy:

1	3	5
No CPD system or policy	Policy established but not monitored; active promotion of CPD and its importance	Policy monitored; non-compliance investigated and disciplined

Find it at: http://www.capa.com.my/maturity-model-guidance-series-cpd/

CAPA Maturity attributes for CPD

Staffing and oversight:

1

3

5

Volunteers

Specific staff focus (but no dedicated staff)

Dedicated staff with Comprehensive reporting to board/council

Find it at: http://www.capa.com.my/maturity-model-guidance-series-cpd/
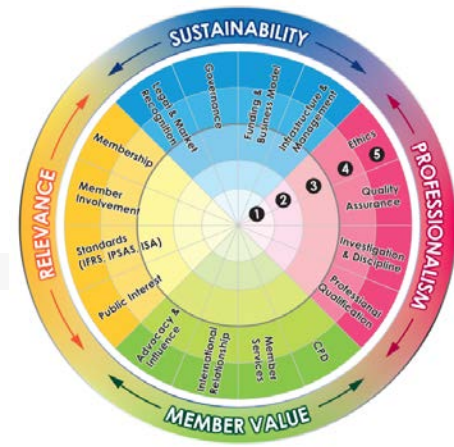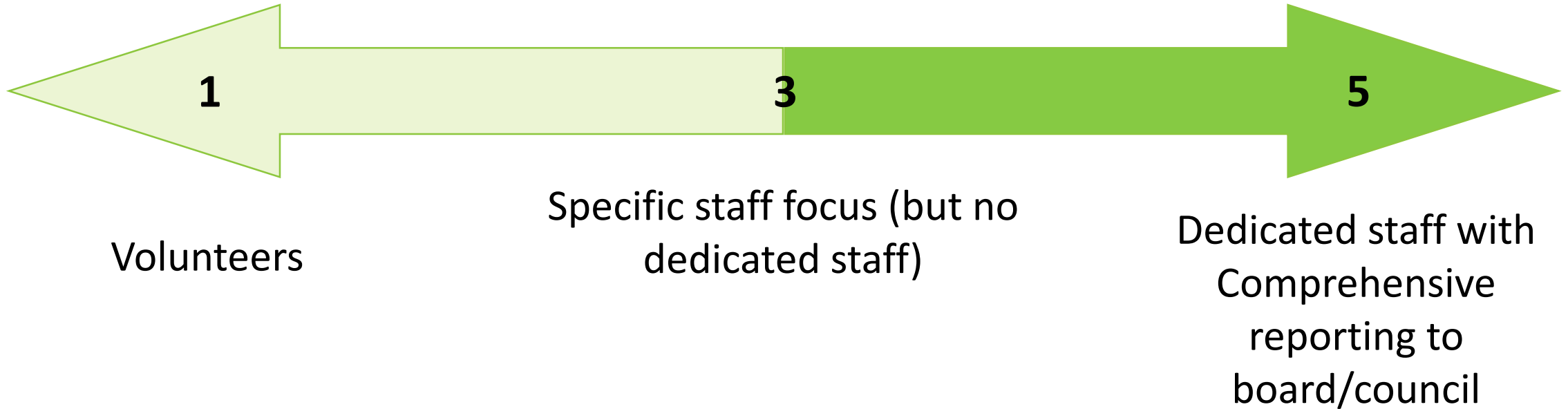
CAPA Maturity attributes for CPD
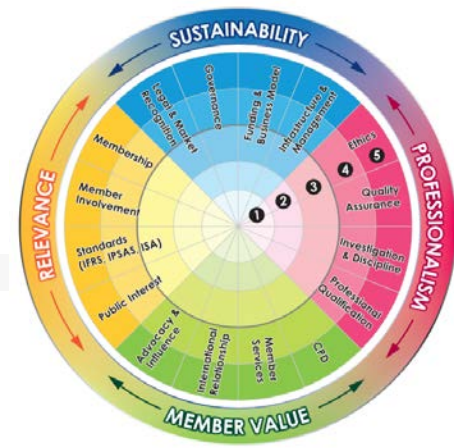
Programs and delivery:

1

3

5

Volunteer trainers; limited, ad-hoc courses

Reasonable training program; Links with universities/other training suppliers; Some regular, competent presenters; Fees generally charged

Dynamic program: topics evaluated/prioritised Trainers accredited; Online CPD options; Learning outcomes verified and measured

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CAPA Maturity attributes for CPD
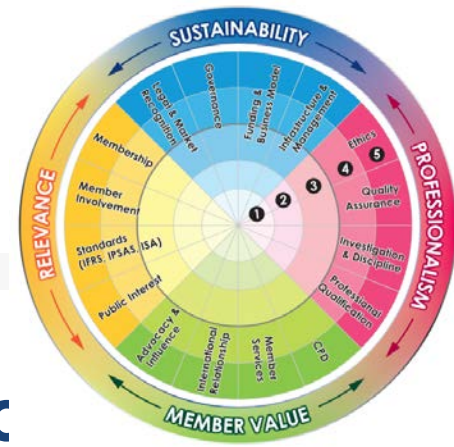
Compliance with IFAC Statement of Member Obligatio

1	3	5
Not active	Defined plan to comply with SMO 2	Ongoing commitment to continuous improvement in addressing requirements of SMO 2

Find it at: http://www.capa.com.my/maturity-model-guidance-series-cpd/

2 – 3:

Developing policies

Developing policies

Policies to align with and support strategy

» Management sets policies with Board approval

» Policies need to align with strategic decisions, but may require iterations to get there (if short-term and long-term strategies differ)

» Policies need to be set for all of the key strategic decisions

» Policies are the bridge to operationalizing the program

Developing policies

The "Eat your vegetables" problem

» PAOs are obligated to set CPD requirements, but members may not see the benefit/value

» PAO needs to educate members and provide as much value as possible, but recognize that the PAO's obligation is to ensure members act in the public interest
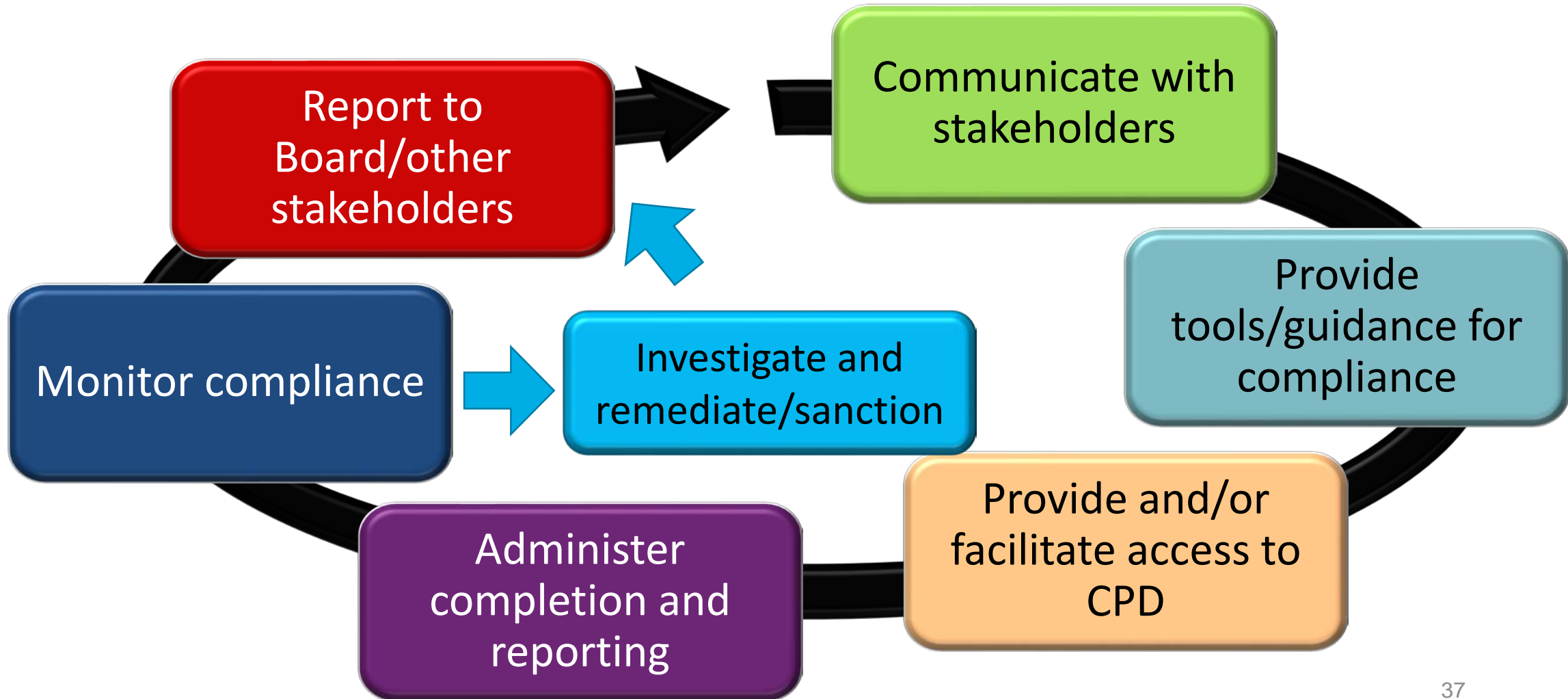
» Member wishes should (or must) be secondary

2 – 4:

Considerations for organizational
structure

Organizational structure

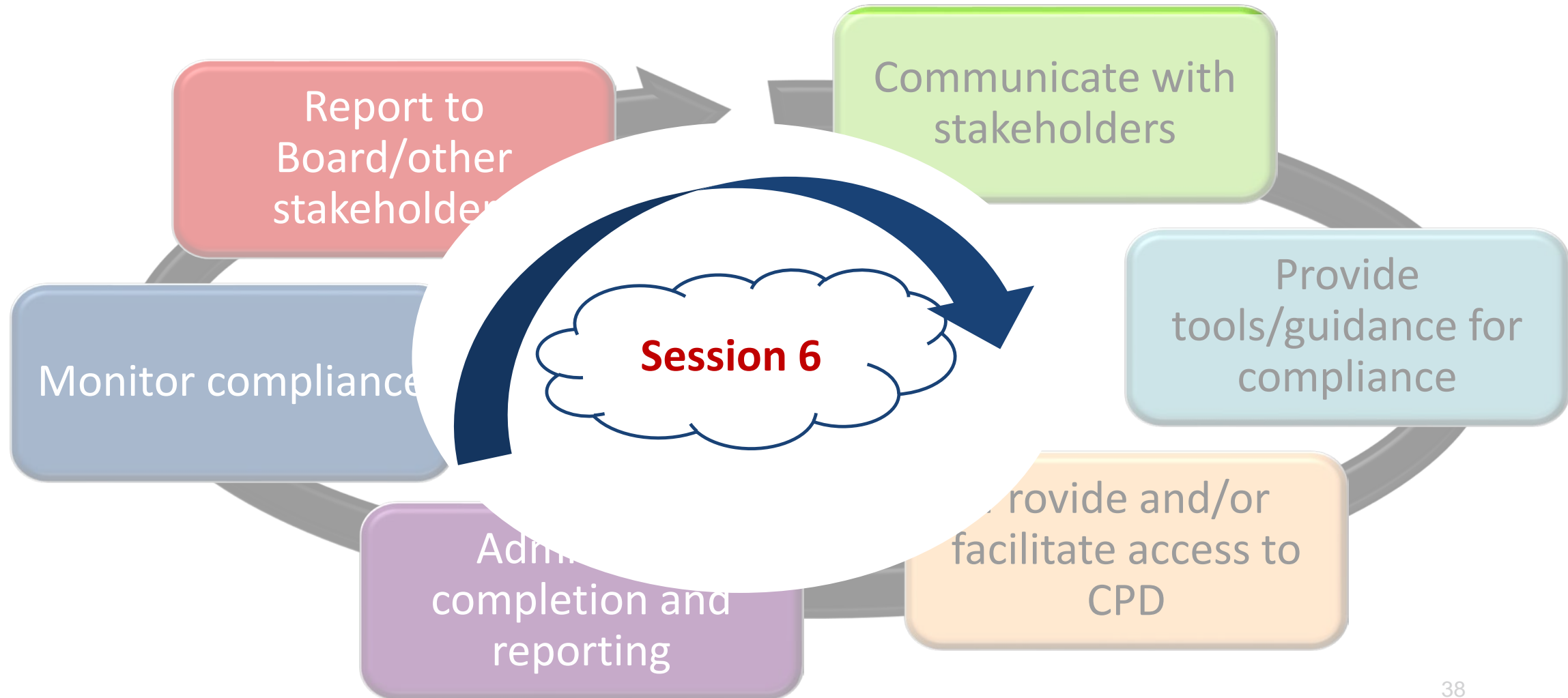**Based on strategic decisions and policies established:**

» Any changes needed to Board mandate or committees?

» Ensure clear definitions of Board/committee/staff roles

» Ensure staff has been dedicated to support policies throughout operational cycle (see next slide)

» Formalize cross-department linkages as needed

» Ensure adequate training

» Formalize reporting to Board

Operational cycle – based on strategy and policies

Report to Board/other stakeholders

Communicate with stakeholders

Monitor compliance

Investigate and remediate/sanction

Provide tools/guidance for compliance

Administer completion and reporting

Provide and/or facilitate access to CPD

37

Operational cycle – based on strategy and policies

Report to Board/other stakeholders

Communicate with stakeholders

Monitor compliance

Session 6

Provide tools/guidance for compliance

Admin completion and reporting

Provide and/or facilitate access to CPD

Organizational structure

Administering and maintaining the CPD program involves many roles/departments:

» CPD administration

» Communications (with members and public)

» IT systems and support

» Member services

» Investigations, ethics, and discipline

» Practice review

» Facilitating partnerships or approvals of third party providers

Grab your clickers!

Assessment question (for points)

Which of the following statements is TRUE with respect to the strategic cycle?

1. Providing tools and checklists is a key part of determining strategy

2. After the key strategic decisions have been made, it is important to determine the organization's authority level.

3. Once CPD strategy is set, decisions should not be revisited unless the organization's level of authority changes.

4. Once decisions and polies are made, adjustments may be needed to the governance or operational structure to ensure that CPD roles are adequately supported.

Assessment question (for points)

Assume an organization has decided to follow an output-based approach to measuring CPD. Which of the following statements is MOST LIKELY to be TRUE?

1. Members will be required to complete at least 120 hours of CPD in a three-year period.

2. Policies will recognize a broad range of activities such as mentoring, changing job roles, committee service, and so on as being relevant to CPD.

3. There will be no need for the CPD department to coordinate with other departments such as communications or discipline.

4. Monitoring compliance will require a smaller audit sample than if an input-based approach were used.

Assessment question (for points)

A mature organization is likely to have which of the following characteristics? Select ALL that apply.

1. Policies are carried out by volunteers

2. A dedicated CPD department is in place

3. Trainers are accredited based on qualifications

4. Strategic decisions are made by management, independent of the Board

5. Online CPD offerings are available

Learning Outcomes Revisited

Learning Outcomes for this session:

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