Implementing Output Based CPD

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Audit Training of Trainers

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Agenda

» Discuss Lifelong Learning & CPD

» Highlight a few common CPD Challenges

» Provide examples of emerging output based measures

» Tips for PAOs and other stakeholders implementing output based CPD

Lifelong Learning & CPD

Continuing Professional Development (CPD)

» Continuing education follows IPD and qualification

» CPD includes learning and development undertaken over the course of a career to maintain:

  » technical competencies,

  » professional skills, and

  » professional values, ethics and attitudes

ACCOUNTANCY EDUCATION

General Education

Audit Partners

Professional Education

INITIAL EDUCATION

CONTINUING EDUCATION

ASSESSMENT

Professional Accountants

Practical Experience

Why is CPD relevant?

» IESBA Code of Ethics requires all Professional Accountants, irrespective of their role, sector or industry, to maintain their professional competence;

» Keep pace with accountancy changes and innovations;

» Quality of work to remain at high levels;

» Strengthens public trust in the competence of profession.

What types of activities are considered CPD?

Structured

- Studying for a suitable qualification
- Attending training, workshop or seminar
- e-learning or an online test
- Delivering training to others (where not normally part of an individual's role)
- Mentoring and coaching
- Writing/researching a report

Unstructured

- Attending a networking event / exhibition where no participation is required or measure of knowledge developed is available
- Reviewing professional literature

What IES prescribe CPD requirements?

» IES 7 *Continuing Professional Development* (2014): extends to all professional accountants engaged in practice and in business, irrespective of role, industry sector, or organization they work for.

» IES 8, *Professional Competence for Engagement Partners for Audits of Financial Statements* (2016), prescribes separate professional competences that audit partners are required to develop and maintain, given the significance of this role to the public interest.

Proposed revisions to IES 7

» 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 focus 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.

Measuring CPD

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

» **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).

» **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. Under this approach, evidence of achievement can be taken from various sources including workplace assessments validated by a suitably qualified supervisor, or undertaking a form of periodic assessment of competence achieved through CPD.

Input vs Output Measurement

» Input based activities:
  - » Easy and quantifiable method of measuring CPD activity,
  - » Verified in a straightforward manner,
  - » Cost effective;
  - » However, many question whether simply recording the time spent on CPD is an indication of genuine learning?
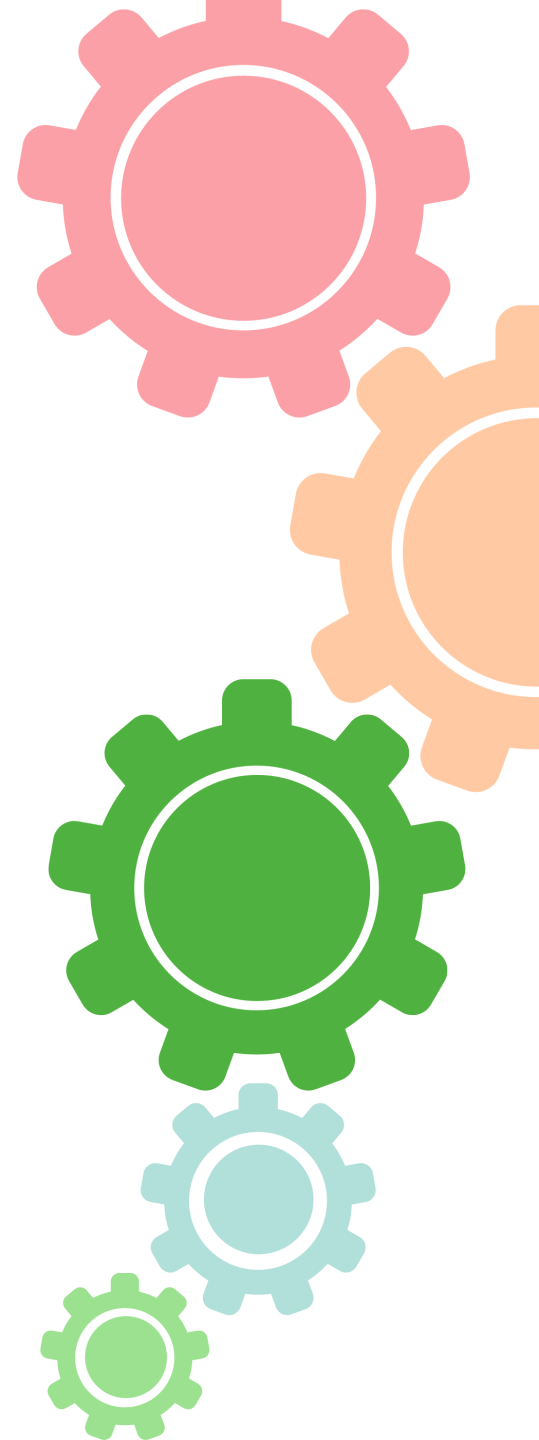
» Output based activities:
  - » More complicated and sophisticated,
  - » Requires more time and resources than an input based scheme;
  - » Implementation challenges (e.g. resistance from professionals who feel they are being "tested");
  - » However, provides a clearer focus on results and improvement!

CPD Challenges

CPD Challenges

» CPD programs and requirements are in place and there is good coverage of accounting and auditing topics within CPD programs

» Modernizing and improving the CPD systems are a major challenge for many PAOs:

» It is not the quantity but the quality of CPD that often presents an issue

» Flexibility with delivery methods

» More "soft skills" topics

» Sourcing good trainers and educators

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ACCOUNTANCY EDUCATION
BENCHMARKING STUDY

Albania, Bosnia and Herzegovina, Kosovo, Macedonia FYR, Montenegro and Serbia

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ACCOUNTANCY EDUCATION
A COLLECTION OF GOOD PRACTICES

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Benchmarking study findings relating to CPD

» Modernizing CPD delivery is both a challenge and opportunity for many PAOs

Tips & Ideas

- Periodically **assessing competences** developed through CPD and introduce **output-based** measurement systems;
- Resolving capacity constraints by **outsourcing CPD** delivery to international network accounting firms and international experts;
- Introducing **minimum ethics** content in annual CPD;
- Introduce a variety of **options** for CPD activities and **modern methods of delivery**;
- Develop **more frequent and focused CPD** training offerings, including activities to develop professional skills, as well as professional values, ethics and attitudes;
- Introduce an **accreditation system** of CPD providers.

Examples: Emerging Output Based Measures
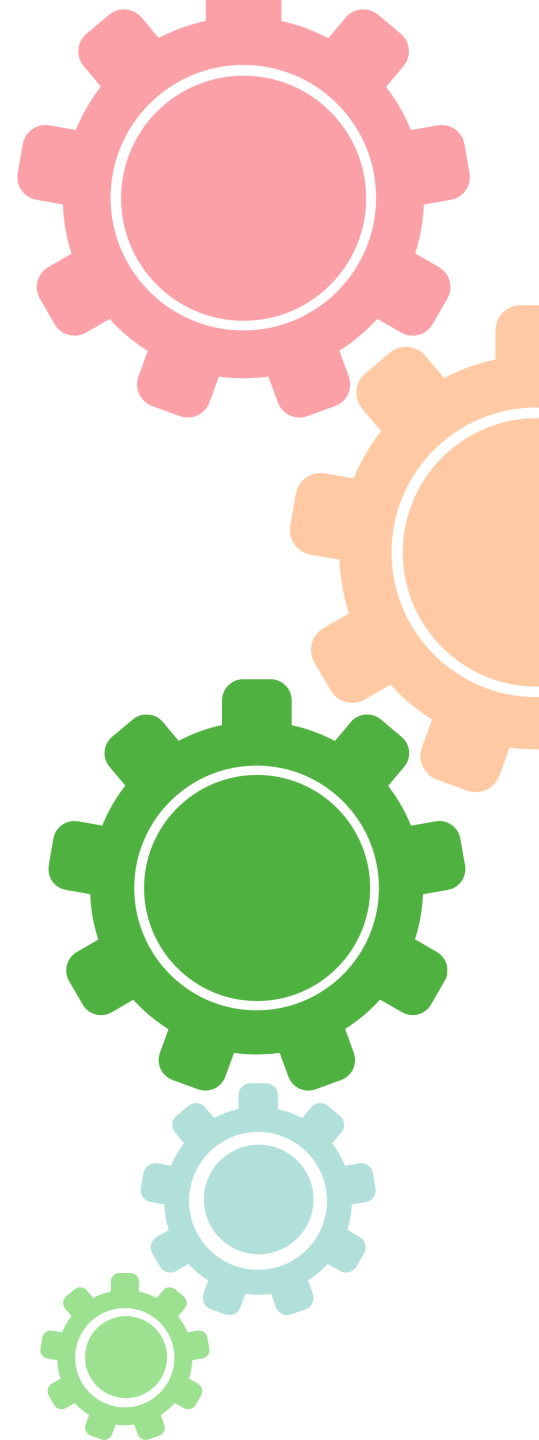
Example #1: Periodic tests of knowledge mandated by law

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 tested and must pass a written exam administered by IACA.

» Members who do not pass the test within two years are removed from the register of accountants and authorized accountants and are subject to a three year cooling off period before reinstatement can be initiated.

Example #2: 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.

» SCAAK 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.

# Example #3: 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 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.

Tips
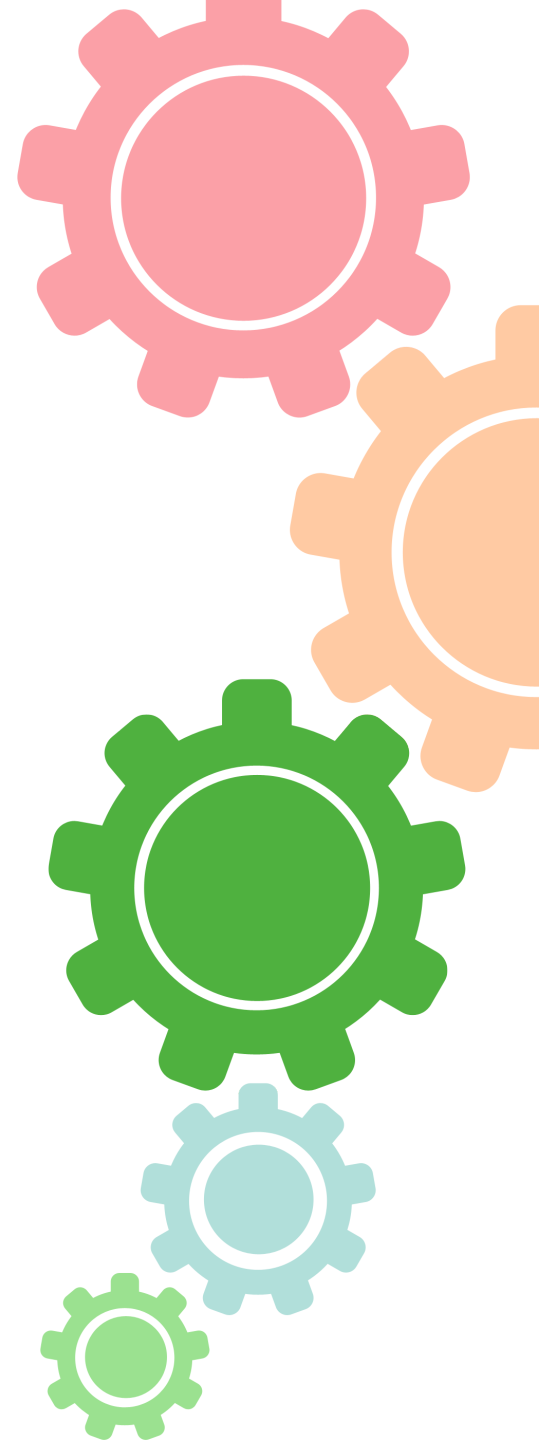
5 Tips

Tips for PAOs and Other Stakeholders Implementing Output Based CPD

1 Approach CPD as a cyclical process

2 Learning outcomes are at the core of output based CPD

3 Supporting a learner centered approach

4 Develop verifiable output based measures for CPD

5 Supporting members to plan and reflect on their 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.

» The most effective schemes approach CPD as a sequence of related activities, often with 4 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 help their further development.

"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

» Output based approaches focus on demonstrating achievement of learning outcomes as a genuine measure of learning and improvement.

» IES 8 prescribes the base case learning outcomes for technical competences, professional skills, and professional values, ethics, and attitudes for audit partners.

» For other professional roles:

  » PAOs can develop learning outcomes covering a range of relevant professional competences;

  » May rely on professional accountants to describe their personal learning outcomes for the next CPD cycle; and

  » 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.

Tip # 3: Supporting a learner centered approach

» 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.

» 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.

The Audit ToT approach

» Community of Practice that is highly interactive

» 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.
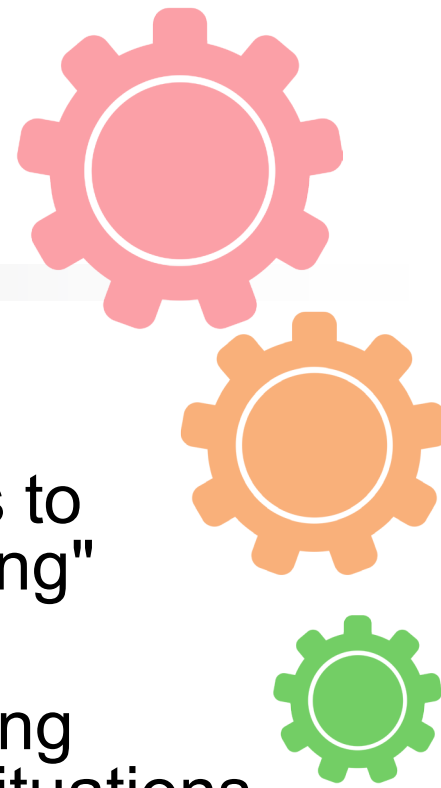
Audit ToT Group challenges and exercises
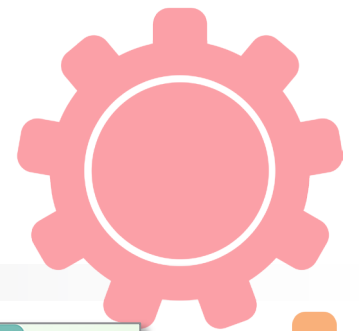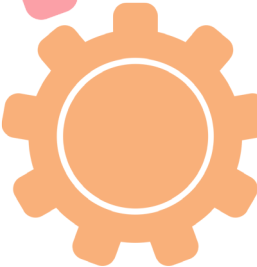
Tip # 4: Develop verifiable output based measures for CPD

» Range of methods between:
  » Self-assessments where members are asked to self-evaluate if a learning outcome has been achieved or not,
  » Evidence based verifiable evaluation of qualitative improvements such as testing to measure changes in knowledge.

» 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.)

» Combination of several sources and a variety of verifiable evidence should be considered in some instances (e.g. "softer" learning outcomes or smaller practices)

Tip # 5: Supporting members to plan and reflect on their CPD

» PAOs can support members to optimize learning opportunities and provide **different tools and resources** to help them record, plan, and reflect on CPD. For example, learning often takes place "on the job" but the individual may not recognize it as a learning experience.

» 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.

» 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.

Questions?