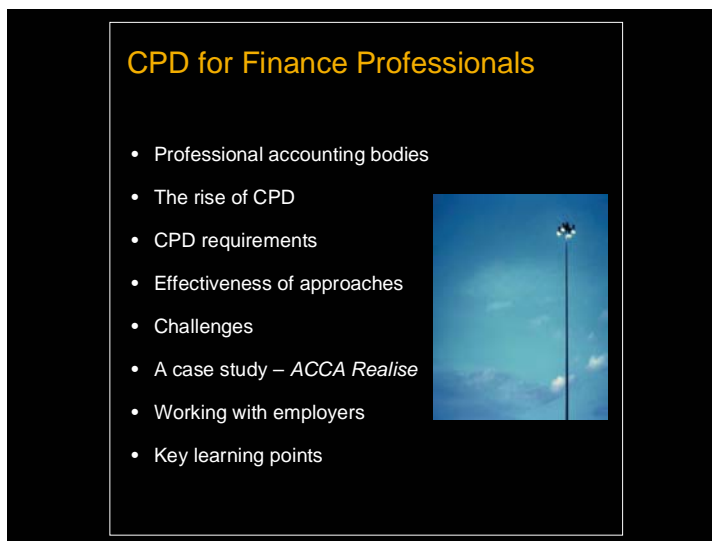


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The Future of CPD, IFAC's Requirements and How the Profession is Responding Allen Blewitt, Chief Executive, ACCA

Allen Blewitt's presentation at the Conference covered:



THE ROLE AND RESPONSIBILITIES OF PROFESSIONAL ACCOUNTING BODIES

I believe that all professional accounting bodies should adhere to 5 core values:

- Promoting high standards for our members
- Using our position as a voice for members, to speak out on matters of public interest
- Upholding ethical standards
- Striving to meet and, where possible, exceed public expectations
- And meeting our regulatory responsibilities.

In terms of reputation, however, the accounting profession has suffered. Recent corporate scandals such as Enron, WorldCom and Parmalat have damaged public confidence and have led to a re-evaluation of what it means to be a qualified accountant. As a result of these events, the profession now has to win back its reputation. One way of doing this is to recognise the importance of continuing education and training.

THE RISE OF CPD

What has been happening in the business arena lately is just one of the drivers in the move to mandatory CPD. Other drivers are detailed below.



The rise of CPD

- Practising certificate holders already completing CPD
- Corporate failure
- Employer and public expectation
- Employers introducing development schemes
- Expectation that all professionals stay up to date

- Practising certificate holders have been required to complete CPD for many years. Mandatory CPD for all members of professional bodies is a natural progression. This helps to ensure the effectiveness of all our members, no matter what area of business they are active in.
- Employers are more focused than ever on the need for staff to stay up to date. This focus has come about in the increasingly regulatory environment we are operating in, and in response to the public's high expectations.
- As employers become more aware of the public's expectations, they are investing more money and time into staff development. This has led to the implementation of training and development schemes within organisations. As well as reassuring the public, this is also a way of attracting top professionals to their organisations and identifying themselves as an employer of choice.
- Finally, it is not just the accounting profession which is focusing on CPD. All professionals are under increasing pressure to stay up to date. No matter whether we are talking about accountants, doctors, lawyers, or other professions, one thing is becoming clear across them all – qualifying on its own is no longer enough.

IFAC'S CPD REQUIREMENTS

In May 2004, IFAC published IES 7 – the CPD standard aimed at all professional accountants. The top level requirements which IFAC has put in place are.

- All professional accountants must complete CPD with effect from 1 January 2006.
- Professional accounting bodies must facilitate access to CPD opportunities.
- The requirement can be either input based, output based or a combined approach.
- It is the responsibility of the individual to ensure that they maintain the appropriate competence to carry out their role.
- Finally, IFAC requires monitoring to take place to ensure compliance.

CPD requirements - IFAC's CPD Standard

Continuing professional development refers to learning activities that develop and maintain capabilities to enable professional accountants to perform competently within their professional environments

THE DIFFERENT APPROACHES TO CPD – INPUT, OUTPUT, AND A COMBINED APPROACH

The input based approach is a traditional approach to CPD that has been used with some success in the past. It is based on the concept of hours spent on development. One of the issues IFAC has become aware of is that attendance of courses and seminars does not necessarily lead to learning. With an input based approach, there is a risk that the emphasis becomes focused on the attendance, instead of on its relevance to the individual.

The output based approach, on the other hand, involves evaluation to confirm that the relevant knowledge and skills are possessed by the individual. If, following evaluation, the competence is not evident then it becomes clear when there is need for development.

The combined approach brings together these input based and output based concepts.

THE CHALLENGES FACING PROFESSIONAL BODIES AND THEIR MEMBERS

Having looked at IFAC's CPD requirements, and the effectiveness of the different approaches to CPD, it is clear that the challenges for professional accounting bodies in developing an approach to CPD for their members are considerable:

- CPD has to be relevant to individual members
- there needs to be learning and development that is accessible and relevant to individuals irrespective of their location.
- it is of vital importance that members become engaged and meet the requirements
- and evidence requirements for CPD and monitoring arrangements need to be in place.

Some bodies are taking a principles based approach. By this we mean that organisations are trusting their members to keep up to date, learn and reflect on their own needs. Others are sticking to the traditional input based approach of counting hours spent on activities. Many bodies are broadening what can be recognised as CPD to reflect the wide range of roles that qualified accountants are involved in. The IFAC standard requires compliance by January 2006, so even at this stage, some bodies are still examining the approaches other bodies are taking, in order to learn from them.

There are also challenges to be faced by every individual finance professional:

- they must be pro-active in considering their learning needs
- they need to source relevant CPD opportunities, and carry out the CPD
- and they need to demonstrate compliance with their organisation's requirements.

HOW ACCA HAS RESPONDED TO THESE CHALLENGES

ACCA consulted members on what they were already doing to learn and develop, and what support they wanted to see.



ACCA took a comprehensive approach to consultation as we felt it paramount to gain feedback from members in all of our markets, to ensure that a global spread of responses and to understand the needs of members in different countries. We collected responses from over 10,000 members to an online survey and additionally held face to face workshops in over 30 countries around the world. Similarly we spent time consulting with employers and other stakeholders. Following this exercise, we refined our requirements and then put together our detailed policy proposals and began to develop the services to help our finance professionals meet the challenge of sourcing, undertaking, and recording relevant CPD.

Our members told us that many of them were already undertaking various forms of learning and development. They were learning in different ways – one approach does not fit all. They also wanted to keep the administration down and they didn't want things to be overcomplicated – the scheme could be simple and still effective. Finally, they wanted local support to meet the CPD requirement and recommended the sort of things we should introduce.

Three routes to CPD

ACCA has taken a flexible approach to CPD and it is possible to complete the requirement in one of three ways.

The Unit Scheme Route: ACCA members are required to complete 40 relevant units per year, 21 of which are verifiable. Verifiable CPD is where members can show proof of involvement in an activity but also where they can demonstrate the activity's relevance to them as an individual. They can carry forward to the next year a maximum of 21 verifiable units. They must submit a CPD return to ACCA each year, and they must keep evidence of their CPD activity for 3 years for monitoring purposes.

A case study: ACCA Realise Unit scheme route

- 40 relevant units to be completed per year
- 21 relevant units must be verifiable
- Carry forward of a maximum of 21 verifiable units allowed
- Submission of CPD on an annual basis
- Evidence of CPD to be held for 3 years



Approved CPD Employer route: ACCA is also very keen to work with employers to recognise members' work-based learning and employment at work and, as a result of this, we have developed the Approved CPD Employer relationship. Members who participate in an approved CPD employer's development scheme will automatically meet ACCA's CPD requirement. In order to sign up, employers must answer to 4 principles:

- Whether development needs are assessed
- Whether relevant opportunities are available
- If training is reviewed
- And if staff are appraised and training needs are re-assessed.

It should be noted that there are a number of challenges when working with employers. The offer of a relationship with an employer has to be finely tuned in order to gain that employer's support. The principles of such a relationship need to be rigorous, but employers do not want to see a process which take up their valuable time. Despite the importance of developing a relationship with employers, a professional body needs to be extremely careful not to overlook the existing relationship they have with their members. The member has to be the number one priority. And finally, the concept of monitoring an employer to ensure they meet the requirements of such a relationship requires a sensitive touch.

ACCA has so far met these challenges successfully. We already have over 230 employers signed up to this relationship on a global basis. Nearly 30 of these are in the Caribbean.

Through our work developing these new relationships with employers, we have learned some key lessons.

- Common objectives are key – if everyone is working towards the same goals, it creates more dynamic relationships.
- A process based approach provides a relationship with consistency.
- It is essential that the employer can see what's in a relationship for them. Creating value for the employer helps them to become interested.
- By requiring a CPD return from all members, even those following the Approved CPD Employer route, this helps ACCA to maintain a link to all our members and ensures that this relationship remains intact.

IFAC accounting body route - ACCA allows members who are also members of another IFAC accounting body to choose to follow that body's scheme. This is, of course, dependent on the body in question complying with the IFAC CPD Standard.



The development of support for members

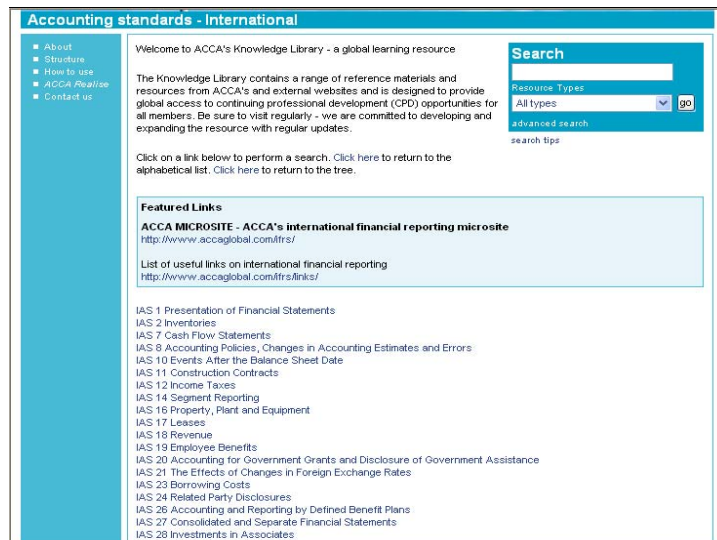
ACCA's CPD website has been developed specifically to assist members in meeting the CPD requirements. Members are signposted to a number of supporting areas and initiatives.



The *Professional Development Matrix* helps members to plan to ensure that the time they are investing is well spent. It is essential that members plan ahead when it comes to identifying their own development. Once they have identified their development needs, members can generate a Personal Development Plan which flags up for them the activity and time scales required. This helps members to focus on what results they want to achieve during the CPD year.

Professional Development Matrix provided by ACCA		
Mr David Queen 0636444 Date printed : 25 January 2005		
5 Your personal development plan		
Skill/knowledge priority	Start by	Finish by
Knowledge of organisations policies/ procedures.	Oct 2004	Jan 2005
How will I keep skills/knowledge up to date, or develop them?	How will I benefit from this development?	
On-going involvement in senior management team plans for the organisation	Provide leadership for my team as things change	
Skill/knowledge priority	Start by	Finish by
Finance Management and Management accounting skills and methodology	Oct 2004	Dec 2005
How will I keep skills/knowledge up to date, or develop them?	How will I benefit from this development?	
On-going reading/internet research eg ACCA Knowledge Library IFRS elearn programme booked for Nov	I stay on top of requirements, and the company finances have integrity	
Skill/knowledge priority	Start by	Finish by
Analytical and problem solving skills.	Mar 2005	Jun 2005

When asked during the consultation process about sourcing CPD opportunities, ACCA members strongly supported the development of a *Knowledge Library* to help them complete research, which will be accepted as CPD. ACCA, therefore, has developed a sophisticated online knowledge library pulling together a huge range of resources.



ACCA members wanted access to CPD opportunities anytime, any place. In answer to this, we have put together a range of *e-learning resources* in partnership with expert e-learning organisations. We also have plans to produce our own bespoke e-learning, to target subject areas our members have specifically asked for.

We have developed an *online evidence tool* for our members. This tool helps members to record what they have done. It encourages members to ask themselves the following key questions:

- Why did I choose this activity?
- When did this activity take place?
- What did I learn and how will I apply it?
- What supporting evidence do I need?

We have also developed an *online CPD submission form* for our members. This tool asks members to indicate how they followed the requirements, indicate if they are involved in the preparation and presentation of financial reports, and asks them to confirm that they have maintained their competence in relation to professional ethics.

LEARNING POINTS

- Continuing Professional Development is about so much more than just courses. People will always want knowledge and skills in the form of courses. However, it is very important that they accept that CPD is available in many different guises – be it through work, through reading and research, through presenting, through networking, and so on.
- When you look at CPD from this angle, you can see that finance professionals are already undertaking significant development and we should recognise that.
- We have learnt, from our members themselves through our consultation exercise, that CPD is widely believed to be beneficial and that our members on the whole – in fact, 98% of those we consulted - welcome this move to mandatory CPD.
- We know that people learn in different ways. We can recognise a wide range of development activity as CPD, and acknowledge it as such.
- We know that one size doesn't fit all – we need to help members to focus on the individual relevance, planning and reflecting processes.
- We know that it is important to balance the requirements with the value to the individual. Although CPD is of great importance in the current climate, and we expect high standards from our members, we also have to provide them with the assistance they need to reach those high standards.

CONCLUSION

In summary, the move to mandatory CPD should help to restore confidence in the profession as a whole.

It should enhance the reputation of members, and of the accountancy profession. CPD will help to distinguish between qualified and unqualified accountants.

It will demonstrate members' reliability and help to improve members' skills.

Finally, it will bring together and strengthen the relationships between professional bodies, members, and employers.

Moving Forward

- Restore confidence
- Enhance reputation
- Distinguish between qualified and unqualified accountants
- Demonstrate reliability
- Improve skills
- Bring together professional accounting bodies, members and employers

