

Go Beyond Physical Barriers to Meet CPD Hours

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**CPD - Our Life
Long Commitment
to the Profession**

CPD and Accountancy Profession

The level of professionalism, knowledge and skills expected from a chartered accountant - is very high. The Institute is aware of such expectations recognizes it justifiable in view of the level of public interest attached to the profession. Accordingly, one of the five fundamental principles underlined in the Code of Ethics for Chartered Accountants, prescribed by the Institute, requires from a chartered accountant to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques.

It is believed that learning process of a true professional accountant does not end with the achievement of qualification. Essentially, the responsibility of an individual in respect of professional development becomes more critical in terms of serving the public interest after obtaining chartered accountancy qualification. The minimum benchmark to ensure compliance of the requirement of the Code of Ethics by members of the Institute is prescribed through implementation of International Standard that provides guidelines towards Continuing Professional Development (CPD).

CPD refers to learning activities that develop and maintain capabilities which enable professional accountants to perform competently within their professional environments. Despite the fact that CPD, on its own, does not provide assurance that all members will provide high quality professional service all the time, a CPD requirement is important in preserving the standard of the profession and in maintaining public confidence.

IFAC's International Education Standard - 7 of IFAC

IFAC places great value to CPD and its pronouncements IES-7, deals exclusively with the requirements and guidance on CPD. IES-7 recognizes three different approaches to be adopted by a professional body to ensure its members continuing development:

- In-put based approaches – A professional body establishes a set amount of learning activity, generally measured in CPD hours or credits that are considered appropriate to develop and maintain competence.

Usually, these credit hours are gained by attending seminars, workshops where the learning outcomes are not assessed by any independent body.

- Out-put based approaches – A professional body requires professional accountants to demonstrate, by way of outcomes, that they develop and maintain professional competence. The outcome could be a reliable assessment by a member that he or she reflects on the needs, plans activities and takes measures, and finally assesses the results on performance. The members comply with the requirement by ensuring that required learning outcomes are achieved and are assessed by the reliable independent evaluators. Attending a learning activity and obtaining successful assessment criteria is one of the examples of output approach.
- Combination approaches – A professional body effectively and efficiently combines elements of the input and output based approaches, setting the amount of learning activity required and measuring the outcomes achieved.

Generally members go for input approach. ICAP has adopted a combination approach before moving towards a comprehensive output-based system.

Recent initiatives

The Institute is keen to bring forward new endeavors and initiatives to provide more avenues for professional development of its members.

Collaboration with management training institutes:

In its endeavor to facilitate members and students get benefit from renowned management training institutes and accelerate the development of the skills of members ICAP has made arrangements with reputable management training institutes, like IBA, which now offer special discounts to ICAP members on their open enrolment programs.

Collaboration with PICG for Certified Director Course:

CPD Committee also primed a deal with PICG to offer a Certified Director Course to ICAP members stretched over 3.5 days, instead of original course program of 4.5 days. As against the normal registration fee charged by PICG of Rs.225,000 the registration fee of the program organized in collaboration with PICG would be only Rs.125,000/- per

participant. The first program was held from May 28 to 31, 2012 where 17 participants attended. Arrangements are being made to organize same program in Lahore and Islamabad. List of members who have so far attended such courses is placed on ICAP website.

CFO Conferences:

The Professional Accountants in Business Committee (PAIB) of ICAP has introduced the concept of CFO Conference. The First CFO Conference was organized in March 11, 2010. So far the PAIB committee is credited with organizing six such CFO Conferences. The learning resources developed and videos of the CFO Conferences are now placed on the website of the ICAP at <http://www.youtube.com/icappakistan>

PERN II:

The Institute for its members and students acquired the connectivity of the Pakistan Educational Research Network II of HEC. This facility provides access to a wide range of research papers and other learning resources. Over 1000 members and students have already registered for the facility. Members and students are encouraged to take more benefit from this arrangement. For guidance, Mr. Fahim Siddiqui, IT Head can be contacted.

Organization of CPD activities at ICAP

Although the avenues to gain CPD credit are not limited to ICAP, the Institute takes upon itself to provide a forum for learning to its members. Organizing CPD activities has been one of the prime assignments of the Regional Committees of the Institute since 1995, when the council entrusted Regional Committees with the task to conduct CPD activities, however the overall directions and policy formulation remained with the CPD Committee formed by the Council. Additionally, the overseas chapters of ICAP members are now also gearing up to provide CPD opportunities to overseas members.

The activities undertaken by each Regional Committee are as follows:

Southern Regional Committee	(SRC)	14 programs
Northern Regional Committee	(NRC)	36 programs
ICAP Chapter Kingdom of Saudi Arabia		7 programs

NRC which covers quite a number of cities establishes city CPD committees to undertake these activities more efficiently.

Going beyond physical barriers to meet CPD hours

A common misconception exists that to earn CPD credit one must attend seminars, workshops or training of ICAP or any management training organizations, which is far from the truth! The Institute recognizes a broad range of activities that contribute towards the desired professional development of a member. The CPD Directive provides a comprehensive list of such activities which is as follows:

Activity	CPD Credit Hours
Watching videos of the ICAP CPD programs	Half of the actual duration Maximum of 20 hours
Reading journal articles, newspaper reports, subscriptions etc	Actual reading time, subject to maximum of 2 hours per article subject to the maximum of 10 hours per annum
Visit to ICAP libraries	Actual time spent in the library
Teaching	One and half the actual time of the session subject to maximum of 20 hours per annum.
Presenter, participant or session chairman in short courses, seminars, conferences, trainings and media including interviews in print media.	Twice the actual time of the presentation.
Research paper published in a peer reviewed journal	8 hours
Contributing article in ICAP's, or other, local or international publications	4 hours
Registered and evidence-based E-learning courses from recognized content providers.	Actual time
Completing degree courses and studying relevant professional certifications.	5 times of the examination hours or 40 hours, whichever is lower, in a CPD year.
Participation in council, committees, working groups of ICAP and other regulatory bodies	Actual time of the meeting
Writing of books on professional interest, technical and reference manuals including study pack	1 hour per page of technical content. Maximum 40 hours per release.

The Revised CPD Directive

The International Federation of Accountants (IFAC) has made it mandatory for its member bodies to design and implement a CPD mechanism in such a way that it becomes a component of continued membership for the professional accountants.

The Institute has recently revised its CPD Directive 8.01 which will improve the effectiveness of the professional development process of the members.

According to the adopted combination approach of CPD, under the revised Directive, ICAP requires from its member to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period subject to a minimum 20 hours in each year. **Out of the 120 hours 60 hours or equivalent learning units should be verifiable.** The first rolling period of all existing members would start on July 1, 2012 and would end on June 30, 2015.

A 'Verifiable CPD Activity' undertaken by the member must be supported by documentary evidences required to be maintained by the member provided under paragraph 13(a) and 13(j) and 13(l) for one year after the close of rolling period.

A 'Non verifiable CPD Activity' is an activity where a member is unable to prove that the CPD learning activity has taken place. Ordinarily, non-verifiable CPD does not have a defined learning outcome and is not designed to address a specific learning need. General reading,

as defined in paragraph 13(k), is an example of non-verifiable CPD.

Non-compliance of the CPD requirements is contrary to the professional behavior expected from a chartered accountant and same may be referred to the Council for necessary action.

General trend of CPD program attendance

At present the Institute experiences serious lack of reporting of CPD activities by its members resulting in a disturbing state of affairs in terms of compliance by members. However there are instances where members achieving more than the minimum requirements per year. The high achievers names are published in our monthly newsletter.

CPD Reprieve

The Council of the Institute has decided to allow a onetime amnesty to all members at the commencement of first rolling period under revised Directive 8.01 whereby the CPD record of all members would start with a past compliant status. The first rolling period of three years would commence on July 1, 2012 with zero balance in deficient member's CPD account maintained at ICAP. **Members who have excess credits hours would be awarded carry forward onto the rolling period.** However, members are required to complete minimum 20 hours in each year irrespective of their credit balances.

Periodic reporting and record keeping

Under the revised Directive the responsibility of keeping evidences would rest with the members. The Institute would maintain the account on the basis of periodic declaration of the members made on prescribed form. However, the Institute may require the evidences of verifiable activities on test basis.

FAQ *

Q.1 What is rolling period?

Rolling Period: The process of professional development of a member requires appropriate career planning. It is globally accepted practice that such planning should cover three year period being reasonable term to assess the outcome and make corrective actions. This concept forms the basis of three year rolling period, which has been introduced by IES 7 and Directive 8.01 for undertaknig the CPD activities by a member. The member is required to plan and undertake minimum 120 CPD hours within each three year period.

Q.2 What about excess credits available in member's account?

Credits more than 120 hours: A member may plan more than 120 hours in a rolling period based on the competence required for the professional role that is to be performed by the member. These excess hours, therefore, should not affect the minimum expectation from a member by the Institute, that is, 120 credits within each rolling period. Effectively, at the start of each rolling

period the member will not be able to claim any excess in his/her account pertaining to last rolling period.

Q3. When will the first rolling period of existing member start?

First rolling period: The Council has decided to specify July 1, 2012 as the first day of the first rolling period of every existing member. Accordingly, all the existing members would be required to complete 120 CPD hours during July 1, 2012 to June 30, 2015. Any excess as at June 30, 2012 in the account of members will be carried forward to the first rolling period and will be offered against the requirement of 120 hours in the first three year rolling period.

Q4. How will deficiencies at the start of the rolling period be dealt?

Deficiencies at the commencement of the first rolling period: In the light of the decision of specifying July 1, 2012 to June 30, 2015 as first rolling period, the Council condoned the sanctions applicable on members who will not be able to report or complete their required CPD credits before July 1, 2012.

Q5. What change has been brought towards reporting?

The member will periodically, at least once in a year, submit details of CPD activities. While evidences of the CPD activities will not be submitted to the Institute unless specifically required by the Institute. Keeping in view the global practices, it is expected that the members may prefer to file the details of CPD activities at the time of annual renewal of their membership.

* FAQ are developed by Mr. Omair Jamal, Director CPD - ICAP

How to contact?

Want to ask a question, share your opinion we are listening!

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