



INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

Pronouncement 7 Continuing Professional Development

October 2021

OVERVIEW

- Why has Pronouncement 7 CPD changed
- When do the changes become effective
- Who is affected – which members
- What are the main changes
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- How will IPA help members

Pronouncement 7 can be found on the IPA website, [here](#)

WHY HAS PRONOUNCEMENT 7 CHANGED

- There have been significant developments in CPD across the accounting profession led globally by the International Federation of Accountants (IFAC) and the independent standard setters including the International Accounting Education Standards Board (IAESB)
- IAESB issued the Handbook of International Education Pronouncements, *IES 7 Continuing Professional Development (2020)* which clarifies the principles and requirements for how professional accountancy organizations measure, monitor, and enforce their CPD systems. It makes it clear that all professional accountants must develop and maintain professional competence to perform their role
- As a member of IFAC, IPA must adhere to these standards set by IAESB
- In addition, there is increasing scrutiny on the accounting and finance profession by govt, regulators and the public in Australia and overseas, with more pressure to be and be seen to be ethical and trustworthy (ongoing scandals don't help)

WHY
CONT

The revised IES 7 places greater emphasis on learning and development needed for professional accountants' roles and responsibilities rather than focusing on a minimum number of hours. Significant revisions include:

- Requiring professional accountants to record relevant CPD;
- Clarifying the output-based measurement approach, which requires professional accountants to demonstrate competence;
- Clarifying the input-based measurement approach, which requires professional accountants to demonstrate competence by completing a specified amount of learning and development;
- Promoting the use of a CPD framework to provide an example structure and guidance to help professional accountants identify, undertake, and record relevant development; and
- Providing CPD measurement approaches with examples of related verifiable evidence to improve adoption

WHY CONT

- IAESB Handbook of International Education Pronouncements promotes a more holistic CPD program which includes technical competence, professional skills, professional values, ethics and attitudes
- These are considered essential in the public interest and for consumer protection
- There is also an emphasis on outcomes-based learning with the appropriate levels of assessment
- This holistic approach follows the legal, financial advice and other professions, which have established categories of CPD to ensure a balanced approach to life-long learning

WHEN DO THE CHANGES BECOME EFFECTIVE

- Revised Pronouncement 7 CPD became effective from 01 July 2021
- However, it will **not** be enforced until after the end of the next 3yr CPD cycle, which ends on 30 June 2024
- In the meantime, IPA will start implementing the changes over the next 3 yrs

WHICH MEMBERS ARE REQUIRED TO COMPLETE CPD

- Associate IPA (AIPA)
- Graduate Associate (AIPA)
- Member IPA (MIPA)
- Fellow IPA (FIPA)
- Joint members
- Academic members

The following members are **not** required to complete CPD pursuant to Pronouncement 7:

- Retired members
- Honorary members
- Life members
- Student members

WHAT ARE THE MAIN CHANGES TO CPD REQUIREMENTS

The revised Pronouncement 7 introduces three competency areas, which are:

- **Technical and Product Knowledge** ie technical knowledge of core accounting areas;
- **Management and Professional Skills** ie develop and manage the productivity, behaviour and operations of accountants in their environment; and
- **Professional and Ethical Standards** ie understand and apply the professional and ethical standards in the public interest to promote the professionalism and value of the accounting profession

EXAMPLES OF CPD ACTIVITIES FOR EACH COMPETENCY AREA

Competency Area 1: Technical and Product Knowledge

- Financial and management accounting
- Financial reporting
- Taxation
- Auditing and assurance
- Integrated, sustainability, environmental reporting
- Business law and regulation
- Governance
- Business strategy
- Superannuation, SMSFs, retirement planning
- Public sector accounting
- Charities and not-for-profits
- Financial advice

Competency Area 2: Management and Professional Skills

- Interpersonal and communication skills
- Personal development skills
- Practice management, negotiation and leadership skills
- Cyber security and technology
- Problem solving and decision-making
- Mental health training
- Productivity and business processes
- Corporate Social Responsibility

Competency Area 3: Professional and Ethical Standards

- Knowledge and application of the APES 110 Code of Ethics
- Knowledge and application of all relevant Standards, Guidance and Pronouncements issued by the Accounting Professional and Ethical Standards Board
- Knowledge and application of other relevant Codes of Ethics or Codes of Professional Conduct required pursuant to a statutory registration
- How to approach and solve an ethical dilemma
- Professional judgement and skepticism
- The value of an accountant to the community and the role they hold in assisting others

CPD HOURS REQUIRED

- Members must complete a minimum of 120 hours CPD over each 3 yr CPD period (based on financial years of 1 July to 30 June)
- Members must complete at least 20 hours of CPD in each financial year
- Members are not permitted to carry forward CPD hours from one 3 yr CPD period into the next 3 yr CPD period
- Members must complete a minimum of 20 hours CPD in each of the three competency areas over each 3 yr CPD period
- The balance of CPD hours may be allocated to any of the three competency areas at the discretion of the member
- Members must ensure they meet the CPD requirements mandated by regulators and in accordance with any statutory registrations they hold (tax agent, financial adviser, credit provider, liquidator, auditor etc)

VERIFIED CPD ACTIVITIES

These activities have:

- An outline of the content to be covered;
- Designated learning outcomes;
- A timeframe allocated to complete the activity; and
- Documentary evidence is available to prove the event has taken place

Members must complete a minimum of 90 hours CPD (out of 120 hours) as verified activities for each 3 yr CPD period

EXAMPLES OF VERIFIED CPD ACTIVITIES

- IPA National and State conferences
- IPA CPD seminars and workshops
- IPA online CPD, including webinars (live or recorded) and podcasts
- Units completed as part of the IPA Program
- Lectures, presentations, tutorials and studies delivered at a tertiary level by an IPA recognized education provider
- Discussion Groups and Divisional Advisory Council meetings
- Formal in-house training
- Participation as a Mentor for the IPA Mentor Experience Program (limited to 40 hours for each 3 yr CPD period)
- Research, writing and presentation of technical papers (limited to 30 hours for each 3 yr CPD period)
- Serving on a technical committee or working group (limited to 15 hours for each 3 yr CPD period)

UNVERIFIED CPD ACTIVITIES AND EXAMPLES

- These activities are informal learning tasks that are initiated through reading or self study that does not have a defined learning outcome or timeframe for the activity to be completed
- Members are permitted to complete a maximum of 25% or 30 hours CPD as unverified CPD activities for each 3 yr CPD period

Examples of unverified activities are:

- Self-paced learning with no assessment
- Technical and professional reading

If in doubt, ask the IPA for guidance

HOW WILL IPA HELP MEMBERS

- IPA will allocate all CPD to one *or more* of the three competency areas – members are not expected to do this for IPA CPD
- IPA has started bundling CPD so all three competency areas are covered, making it easier for members to comply
- More CPD will be offered free of charge to meet the competency areas, especially ethics
- Overall, the cost of attending CPD will not change
- There is essentially a 3 yr transition period
- If you have any questions or concerns, please ask the IPA for help or guidance