Statement 1.500
Continuing Professional Development

Effective for CPD reporting periods beginning on or after 1 December 2013
COPYRIGHT

© Copyright 2014 Hong Kong Institute of Certified Public Accountants

The Hong Kong Statement 1.500 is based on *International Education Standard (IES) 7: Continuing Professional Development (Redrafted)* of the International Accounting Education Standards Board (IAESB) published by the International Federation of Accountants (IFAC) in July 2012 and is used with permission of IFAC.

*IES 7: Continuing Professional Development (Redrafted)* © July 2012 by the International Federation of Accountants.

This Statement 1.500 contains IFAC copyright material. Reproduction within Hong Kong in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgment of the source. Requests and inquiries concerning reproduction and rights for commercial purposes within Hong Kong should be addressed to the Director, Finance and Operations, Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

All rights in this material outside of Hong Kong are reserved by IFAC. Reproduction of this Statement 1.500 outside of Hong Kong in unaltered form (retaining this notice) is permitted for personal and non-commercial use only. Further information and requests for authorisation to reproduce for commercial purposes outside Hong Kong should be addressed to the IFAC at www.ifac.org.
# STATEMENT 1.500

CONTINUING PROFESSIONAL DEVELOPMENT

(Effective for CPD Reporting periods beginning on or after 1 December 2013)

## CONTENTS

<table>
<thead>
<tr>
<th>Paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
</tr>
<tr>
<td>Scope of this Standard ..................................................................................... 1–5</td>
</tr>
<tr>
<td>Effective Date ......................................................................................................... 6</td>
</tr>
<tr>
<td>Objective .................................................................................................................. 7</td>
</tr>
<tr>
<td>Requirements</td>
</tr>
<tr>
<td>Mandatory CPD for all Members ............................................................................... 8–11</td>
</tr>
<tr>
<td>Maintaining CPD Records ......................................................................................... 12</td>
</tr>
<tr>
<td>Monitoring and Enforcement ...................................................................................... 13–14</td>
</tr>
<tr>
<td>Explanatory Material</td>
</tr>
<tr>
<td>Scope of this Standard ............................................................................................ A1–A6</td>
</tr>
<tr>
<td>Access to CPD .......................................................................................................... A7–A8</td>
</tr>
<tr>
<td>Mandatory CPD for all Members ............................................................................... A9–A14</td>
</tr>
<tr>
<td>Exemption from Compliance ......................................................................................... A15–A16</td>
</tr>
<tr>
<td>Maintaining CPD Records ......................................................................................... A17</td>
</tr>
<tr>
<td>Monitoring and Enforcement ....................................................................................... A18–A23</td>
</tr>
<tr>
<td>Appendix: Guidance on Exemptions</td>
</tr>
</tbody>
</table>
Introduction

Scope of this Standard (Ref: Para. A1–A6)

1. This Statement is issued by the Council of the Hong Kong Institute of Certified Public Accountants (Institute) (hereafter referred to the Council) as a direction to prescribe the continuing professional development (CPD) requirements with which members of the Institute must comply for annual membership renewal in accordance with Section 28(2)(c) of the Professional Accountants Ordinance. Such requirements contribute to the profession’s objective of providing high-quality services to meet the needs of the public, including clients and employers.

2. This Statement prescribes the continuing professional development (CPD) required for members to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and thereby to strengthen public trust in the profession.

3. The Institute is committed to:
   (a) Fostering a commitment to lifelong learning among members;
   (b) Facilitating access to CPD opportunities and resources for members; and
   (c) Adopting prescribed requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures, so as to help members develop and maintain the professional competence necessary to protect the public interest.

4. CPD is a continuation of Initial Professional Development (IPD), the learning and development through which individuals first develop competence leading to performing the role of a member. CPD is learning and development that takes place after IPD, and that develops and maintains professional competence to enable members to continue to perform their roles competently. CPD provides continuing development of the (a) professional knowledge, (b) professional skills, (c) professional values, ethics, and attitudes, and (d) competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the member. In addition, members may take on new roles during their careers that require new competences. In such cases, CPD that includes many of the same elements as IPD may be necessary for roles that require additional breadth or depth of knowledge, skills, and values.

5. In addition to education, practical experience, and training, CPD also includes learning and development activities, such as (a) coaching and mentoring, (b) networking, (c) observation, feedback, and reflection, and the (d) self-directed and unstructured gaining of knowledge.

Effective Date

6. This Statement is effective for CPD reporting periods beginning on or after 1 December 2013.

Objective (Ref: Para. A7–A8)

7. The objective of a member in relation to CPD is to develop and maintain competence subsequent to IPD through the undertaking of CPD that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers, and other stakeholders.
Requirements

Mandatory CPD for all Members (Ref: Para. A9–A16)

8. All members are required to undertake CPD to contribute to the development and maintenance of professional competence that is appropriate to their work and professional responsibilities.

9. All members, except those exempt from complying with the CPD requirements, are required to:
   (a) Complete at least 120 hours of relevant professional development activity in each rolling three-year period, of which 60 hours shall be verifiable;
   (b) Complete at least 20 hours of relevant professional development activity in each year; and
   (c) Measure learning activities to meet the above requirements.

10. Members who are holders of a Specialist Designation awarded by the Institute are required to complete at least 5 verifiable CPD hours per year in the subject of the Specialist Designation, as part of the total requirement for 60 verifiable hours in each rolling three-year period.

11. The reporting period for each year commences from 1 December.

Maintaining CPD Records (Ref: Para. A17)

12. All members, except those exempt from complying with the CPD requirements, are required to maintain appropriate records of all CPD activities completed in each rolling three-year period. Members who have to comply with the CPD requirements are required to maintain records and documentary evidence sufficient to support their attendance or completion of CPD activities for a minimum of five years, and produce such records and documentary evidence when they are selected for an audit conducted by the Institute.

Monitoring and Enforcement (Ref: Para. A18–A23)

13. All members, except those exempt from complying with the CPD requirements, are required to file a declaration of CPD compliance with the Institute at the time of their annual membership renewal.

14. Members selected for audit by a random sample and/or risk-based process will be asked to submit to the Institute their CPD records of the relevant reporting CPD year(s) with documentation to support attendance or completion of the CPD activities as stated in their CPD records. Members are reminded of the guidance at paragraph 12 about maintaining records of CPD activities.
Explanatory Material

The explanatory material below provides additional explanation and guidance to the requirements. The material is intended to explain more fully what a requirement means, and may include examples of how to meet the requirements. The explanatory material does not in itself impose any additional requirements; its purpose is to assist in their application.

Scope of this Standard (Ref: Para. 1–6)

A1. This Statement draws on the CPD requirements as prescribed in the International Education Standard 7 "Continuing Professional Development" issued in 2012 by the International Accounting Education Standards Board of International Federation of Accountants. This Statement also addresses how members meet the obligation of ongoing competence.

A2. It is the Council's view that requiring members to undertake appropriate CPD activities will help to maintain high professional standards and enhance public confidence.

A3. A fundamental principle of the Institute's Code of Ethics for Professional Accountants, Paragraph 130.3 states "The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical, professional and business developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment."

A4. The knowledge needed to function effectively as a member continues to grow. Members face increased expectations to display professional competence. These pressures apply to members in all sectors. Continuing development and maintenance of professional competence and lifelong learning are critical if the member is to meet public expectations.

A5. Undertaking CPD does not, by itself, guarantee that all members will provide high-quality professional service at all times. The latter requires ethical behavior, professional judgment, an objective attitude, and an appropriate level of supervision. Further, not every member who participates in a CPD program will obtain the full benefits of that program. This will depend on the member's commitment and capacity to learn. However, CPD plays an important part in enabling members to develop and maintain professional competence that is relevant to their role. Therefore, despite some inherent limitations, CPD is an important element in maintaining public confidence and trust.

A6. Lifelong learning represents all learning and development activity, formal or informal, undertaken with the aim of enhancing knowledge, skills, values, ethics, and attitudes from personal, civic, social, and employment-related perspectives. Lifelong learning has relevance to all members, irrespective of whether they are involved in accounting fields or other areas.

Access to CPD (Ref: Para. 7)

A7. The Institute will provide relevant CPD programs for members and facilitate access to programs offered by others, including employers. Members are not restricted to the Institute's learning activities to meet their CPD requirements.

A8. The following are some examples of learning activities that may be undertaken as part of a planned program of CPD activity:

(a) Participation in courses (including e-learning courses), conferences, and seminars;
(b) Self-directed learning;
(c) On-the-job training;
(d) Participation in and work on committees of professional bodies;
(e) Developing or delivering a course or CPD session in an area related to professional responsibilities;
(f) Formal study related to professional responsibilities;
(g) Participation as a speaker in conferences, briefing sessions, or discussion groups;
(h) Writing articles, papers, or books of an technical, professional, or academic nature;
(i) Research, including reading professional literature or journals, for application in the member's professional role;
(j) Professional re-examination or formal testing;
(k) Providing professional development support as a mentor or coach; and
(l) Receiving professional development support from a mentor or coach.

One single, repetitive activity, for example, teaching introductory accounting to different audiences, should not constitute a member's total CPD activity.

Mandatory CPD for all Members (Ref: Para. 8–11)

A9. CPD applies to all members, regardless of sector or size of the organization in which they operate, because:

(a) All members have an obligation of due care to their clients, employers, and relevant stakeholders, and are expected to demonstrate their ability to competently discharge this responsibility;
(b) Members in all sectors are subject to public accountability and the maintenance of public trust;
(c) The public is likely to rely on the designation and professional standing of the member. Members carry a professional designation. Lack of competence of a member has the potential to damage the reputation and standing of the [member], the employer, and the profession as a whole;
(d) Rapidly changing environments may impact upon the relevance of a professional member's competence; and
(e) Employers recruiting members rely, to some extent, on the professional designation as proof of professional competence.

A10. Except for a member who holds a Practising Certificate, where a member is:

(a) a holder of an active license issued by a State Board of Accountancy ("State Board") of the United States of America; or
(b) a current member of one or more of the following Global Accounting Alliance (GAA) institutes:
   • Canadian Institute of Chartered Accountants including its provincial institutes;
   • The Institute of Chartered Accountants Australia;
   • New Zealand Institute of Chartered Accountants (members of the College of Chartered Accountants);
   • The Institute of Chartered Accountants in England and Wales;
   • Chartered Accountants Ireland;
   • The Institute of Chartered Accountants of Scotland; and
   • The South African Institute of Chartered Accountants;

that member may choose, from that State Board which issued the active license or from the above-mentioned GAA institutes of which he/she is a member, which CPD requirements/regulations to comply with. Such compliance is deemed as compliance with the requirements of paragraph 9(a) and (b) for the year or period concerned. Members who are holders of a Specialist Designation awarded by the Institute are not permitted to choose to comply with the CPD requirements of a State Board or of another GAA institute as regards any CPD requirements of the Institute relating to the Specialist Designation. The Institute's CPD requirements relating to the Specialist Designation must be complied with.

A11. The Council recognises that the effectiveness of CPD is best measured in terms of what has been learned and members are encouraged to evaluate CPD activities in terms of relevance to their work and the economic and environmental trends likely to have an impact on the work
environment of the accountancy profession. The Council has no intention to discourage the efforts of members to establish other measurement criteria regarding the adequacy of their CPD activities, but for the time being, considers CPD hours to be the measurement criterion, as it is most widely used and accepted.

A12. Accordingly, for the purpose of this Statement, the learning activities shall be measured in terms of time spent on an hourly basis.

A13. This Statement is based on the concept that the Institute expects a proportion of the learning activities that members undertake to be verifiable. Some learning activities, for example on-the-job training, may be measurable, but may not be able to be verified. These activities also contribute to the development and maintenance of professional competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.

A14. The following examples represent evidence that could be used for verification:

(a) Course outlines and teaching materials;
   Confirmation of participation by a provider, instructor, employer, mentor, or tutor (in the case of the Institute's e-Learning courses, the registration form or confirmation of registration);
(b) Transcript, examination result slips;
(c) Independent assessments that a learning activity has occurred;
(d) Confirmation by organizers of participation in activities where learning outcomes have been achieved;
(e) Confirmation by organizers of seminar/talks in which one was engaged as a speaker; and
(f) Publication of a professional article or of the results of a research project.

Exemption from Compliance (Ref: Para. 9–12)

A15. The Council has the discretion to grant exemptions and/or extension to members for compliance with the CPD requirements. Such extensions and exemptions will only be granted under special circumstances. Generally, no exemption will be granted to members holding practising certificates or specialist designations or directorship of any companies. Exemptions of a State Board or of the above-mentioned GAA institutes from CPD compliance are not recognized by the Institute.

A16. Application for exemption or extension supported by documentary evidence, if appropriate, should be made in writing to the Institute. All applications will be considered on a case by case basis. The exemption will be valid for the ensuing years unless there are changes in circumstances. Appendix provides information about the criteria which the Institute may take into account in considering applications by members for exemption from the Institute's CPD requirements.

Maintaining CPD Records (Ref: Para. 12)

A17. Appropriate records of CPD activities include details of the provider of the programme, the learning objectives, course outlines and timetables, agendas of technical committee meetings, instructional materials, case studies, certificates of completion etc. Members may use their discretion in determining the supporting documentation necessary to show that they have participated in a CPD activity. To assist members in maintaining appropriate records, the Institute provides a proforma CPD Record (http://www.hkicpa.org.hk/membership/cpd/mandatory/doc/CPD_Records_Form.doc) and an on-line record at "MyCPA". Members may choose to use their own forms for recording, but are advised to ensure that such forms include all the relevant information of the CPD activities undertaken.

Monitoring and Enforcement (Ref: Para. 13–14)

A18. Provided the employer or the member practice of a member has maintained records which demonstrate CPD compliance of that member, then a declaration made on behalf of the member by another member of the Institute, appointed for this purpose as an authorised
representative of the employer or member practice, and filed with the Institute, will be deemed to fulfill this requirement.

A19. CPD records of employees of Practice Units may be subject to review and assessment in practice inspection programmes.

A20. Compliance with the CPD requirements in this Statement is a condition for renewal of registration and/or renewal of a Practising Certificate by members under Sections 28(2)(c) and 30(8) of the Professional Accountants Ordinance. An application for renewal of registration as a CPA or renewal of Practising Certificate will not be granted if a member fails to meet the CPD requirements prescribed by the Council.

A21. The Council has delegated to the Registrar of the Institute the authority to carry out an annual audit of members’ compliance with the CPD requirements.

A22. The Registrar or his/her delegate is empowered to make suitable enquiries where members fail to (a) file their annual declarations of CPD compliance with the Institute, (b) comply with the minimum CPD requirements, or (c) provide the necessary information or documentary evidence within a reasonable period of time for the annual audit.

A23. The Hong Kong Standard on Quality Control 1 "Quality Control for Firms that perform Audits and Reviews of Financial Statements, and Other Assurance and related Services Engagements" paragraph 28 states that the firm (including a sole practitioner, partnership or corporation or other entity of professional accountants) shall establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the competence, capabilities, and commitment to ethical principles necessary to perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and enable the firm or engagement partners to issue reports that are appropriate in the circumstances.
APPENDIX

Guidance on Exemptions

This Appendix is for illustrative purposes only and does not form part of the Statement. The purpose of this Appendix is to illustrate the application of the Statement and to assist in clarifying its meaning.

This Appendix provides information about the criteria taken into account by the Institute in considering applications by members for exemption from the Institute's CPD requirements (paragraphs A15 – A16 of the Statement).

Members seeking exemption in respect of a reporting period ended on a 30 November are asked to apply to the Institute by the 15th of December immediately following that 30 November.

The Institute may grant exemption from CPD to a member who, at the time of application, is not carrying out any accountancy or accountancy related work, whether paid or unpaid, and does not plan to do so for a significant period of time.

For these purposes, accountancy or accountancy related work includes:

- Financial accounting
- Personal insolvency
- External financial reporting
- Corporate taxation
- Auditing or assurance
- Personal taxation
- Internal auditing
- Business rescue or restructuring
- Financial reporting
- Corporate taxation
- Management accounting
- Corporate finance
- Management financial reporting
- Risk management
- Information management
- Governance
- Corporate insolvency
- Corporate investment
- Internal auditing
- Business rescue or restructuring
- Financial management
- Financial management
- Management accounting
- Management financial reporting
- Information management
- Corporate insolvency
- Governance
- Information management
- Corporate insolvency

The above list is not exhaustive. There may be other work which is of an accountancy nature.

The following should be noted:

(i) The exemption granted will be valid for the ensuing years unless and until the member resumes accountancy or accountancy related work or there is a change in the circumstances that gave rise to the exemption. It is the member's responsibility to notify the Institute in those instances.

(ii) Members of the Institute are required to comply with the five fundamental principles of the Code of Ethics (paragraph 100.5). One of these five principles relates to professional competence and due care, stating that members are required:

"To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards."

In keeping with the Code of Ethics, where a member resumes accountancy or accountancy related duties after a significant period of not working or of CPD exemption, Council may require him or her to undertake, within a period of time, additional relevant CPD over and above that required in Statement 1.500 in order to refresh and update his or her knowledge.
Illustrations of exemptions

The following are illustrations of circumstances in which exemption may be granted subject to meeting the criteria in these guidelines:

1. Where a member has fully retired such that he or she no longer carries out any accountancy or accountancy related duties.

2. Where a member takes a complete break from work to look after family.

3. Where a member takes a complete break from work due to illness of that member.

In each of the above circumstances, if and when the member resumes accountancy or accountancy related work, then he or she will need to resume CPD and may be required by the Institute to undertake additional CPD (over and above that required in Statement 1.500) if the period of time away from accountancy or accountancy related work was significant.

The following are illustrations of circumstances in which exemption is unlikely to be granted:

1. Where a member is temporarily out of work. It is assumed that the member is actively seeking new work and therefore plans to resume accountancy or accountancy related work.

2. Where the period of time for which a member plans not to carry out any accountancy or accountancy related work is less than two years. A period of less than two years would normally be regarded as not significant in the context of the three-year rolling periods for undertaking CPD.