

Statement 1.500
Revised December 2010; April 2012; April 2013; July 2014; October 2019

Effective for CPD reporting periods
beginning on or after 1 December 2019

Statement 1.500

Continuing Professional Development



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

COPYRIGHT

© Copyright 2019 Hong Kong Institute of Certified Public Accountants

The Hong Kong Statement 1.500 is based on *International Education Standard (IES) 7: Continuing Professional Development (Revised)* of the International Accounting Education Standards Board (IAESB) published by the International Federation of Accountants (IFAC) in December 2018 and is used with permission of IFAC.

IES 7: Continuing Professional Development (Revised) © December 2018 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 authorization 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 2019)

CONTENTS

	Paragraphs
Introduction	
Scope of this Standard	1–6
Effective Date	7
Objective	8
Requirements	
Mandatory CPD for all Members	9–13
Maintaining CPD Records	14
Monitoring and Enforcement	15–16
Explanatory Material	
Scope of this Standard.....	A1–A7
Access to CPD	A8–A11
Mandatory CPD for all Members	A12–A17
Exemption from Compliance	A18–A19
Maintaining CPD Records	A20
Monitoring and Enforcement	A21–A26
Appendix: Guidance on Exemptions	

Introduction

Scope of this Standard (Ref: Para. A1–A7)

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 and/or issuance of a Practising Certificate in accordance with Sections 28(2)(c) and 30(8) 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 also prescribes the CPD requirements with which a former member of the Institute must comply if the Council of the Institute imposes such conditions on his or her application for restoration of membership or issuance of a Practising Certificate under Sections 39(2) and 30(8) of the Professional Accountants Ordinance. Under such circumstances, references to "member"/ "members" in this Statement apply to the former member.
3. This Statement prescribes the 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 accountancy profession.
4. The Institute is committed to help members develop and maintain the professional competence necessary to protect the public interest through:
 - (a) Adopting prescribed CPD requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures;
 - (b) Promoting the importance of, and a commitment to, lifelong learning among members; and
 - (c) Facilitating access to CPD opportunities and resources for members.
5. Initial Professional Development (IPD) is 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 includes learning and development activities that are relevant to the roles of members, such as: (a) education, (b) training, (c) practical experience, (d) mentoring and coaching, (e) networking, (f) observation, feedback, and reflective activities, and (g) self-development activities.
6. Professional competence requirements may change as members take on new roles during their careers. CPD that includes many of the same elements as IPD also develops the additional breadth and depth of professional competence which may be necessary when moving into new roles.

Effective Date

7. This Statement is effective for CPD reporting periods beginning on or after 1 December 2019.

Objective (Ref: Para. A8–A11)

8. The objective of a member in relation to CPD is to undertake relevant CPD to develop and maintain professional competence necessary to perform his or her role as a professional accountant.

Requirements

Mandatory CPD for all Members (Ref: Para. A12–A19)

9. All members are required to undertake and record relevant CPD that develops and maintains professional competence necessary to perform their role as a professional accountant.
10. 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.
11. 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.
 12. The reporting period for each year commences from 1 December.
 13. Where a former member applies for restoration of membership or issuance of a Practising Certificate after a period of not being registered as a member with the Institute, Council may require him or her to undertake, within a period of time, additional relevant CPD over and above that required in this Statement in order to refresh and update his or her knowledge.

Maintaining CPD Records (Ref: Para. A20)

14. 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. A21–A26)

15. 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.
16. 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 14 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 (Revised) "Continuing Professional Development" issued in December 2018 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 relevant CPD to develop and maintain professional competence necessary to perform their role as a professional accountant serves several purposes. It helps protect the public interest, supports the performance of high quality services for clients, employers, and other stakeholders, and promotes the credibility of the accountancy profession.
- A3. Under paragraph R113.1 in Chapter A of the Institute's Code of Ethics for Professional Accountants ("Code"), a professional accountant shall comply with the principle of professional competence and due care, which requires an accountant to:
- (a) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and
 - (b) Act diligently and in accordance with applicable technical and professional standards.
- A4. Professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of learning outcomes for: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A5. 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.
- A6. Undertaking CPD does not, guarantee that all members will develop and maintain professional competence necessary to provide high-quality professional services. However, CPD plays an important part in strengthening public confidence and trust by enabling members to develop and maintain professional competence that is relevant to their role.
- A7. Lifelong learning represents the on-going pursuit of technical competence; professional skills; and professional values, ethics, and attitudes. Lifelong learning is critical if members are to meet public interest expectations.

Access to CPD (Ref: Para. 8)

- A8. CPD that is relevant facilitates effective learning and development for members. CPD is relevant where it is closely aligned with the responsibilities of a member's role and helps to develop and maintain the professional competence necessary to perform that role.
- A9. Given the significance of the audit engagement partner role to the public interest, International Education Standard 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2016) prescribes the professional competence that members are required to develop and maintain as part of a specified role.
- A10. 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.
- A11. The following represent examples of planned and unplanned learning and development activities that may be undertaken as CPD:

- (a) Undertaking educational programs or training events, such as in-person learning courses (delivered live or virtually), e-learning courses, conferences, and seminars;
- (b) Reflecting on practical experiences and developing personal development plans through self-assessment activities;
- (c) Participating in, and working on, professional boards, technical committees, sector activities, information networks, communities of practice, or other similar groups;
- (d) Designing, developing, reviewing, or teaching in-person learning courses (delivered live or virtually), e-learning courses, conferences, seminars, or other educational programs and training events;
- (e) Writing articles, papers, or books of a technical, professional, or academic nature;
- (f) Researching subject matter, including reading professional literature and journals, for application in the member's role;
- (g) Studying for professional exams, re-examination, or other formal testing;
- (h) Providing on-the-job training, performance feedback, or professional development guidance as a mentor or coach; and
- (i) Receiving on-the-job training, performance feedback, or professional development guidance from a mentor or coach.

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

Mandatory CPD for all Members (Ref: Para. 9–13)

A12. CPD is necessary for all members, regardless of sector or size of the organization in which they operate, because:

- (a) All members have an obligation of professional competence and due care to their clients, employing organizations, and relevant stakeholders, and are expected to perform competently within their professional environment;
- (b) Members in all sectors are subject to public scrutiny and contribute to the maintenance of public trust;
- (c) The public is likely to rely on the designation and professional standing of the member. Lack of competence of a member has the potential to damage the reputation and standing of the member, the employer, the Institute and the accountancy profession as a whole;
- (d) Rapidly changing environments drive the need to develop new areas of professional competence; and
- (e) Employers recruiting members may rely on the professional designation as evidence of professional competence.

A13. 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:
 - Chartered Professional Accountants Canada (CPA Canada);
 - Chartered Accountants Australia and New Zealand (CA ANZ);
 - The Institute of Chartered Accountants in England and Wales (ICAEW);
 - Chartered Accountants Ireland (CAI);
 - The Institute of Chartered Accountants of Scotland (ICAS); and
 - The South African Institute of Chartered Accountants (SAICA).

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 10(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.

- A14. The Council recognizes 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.
- A15. Accordingly, for the purpose of this Statement, the learning activities shall be measured in terms of time spent on an hourly basis.
- A16. This Statement is based on the concept that the Institute expects a portion of learning activities that members undertake to be verifiable. Some learning activities, for example on-the-job training; reading; or coaching and mentoring, may be measurable, but may not be easily verified. These activities also contribute relevant CPD because they provide for 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. Learning activities that are not able to be verified may still be evidenced and documented, such as, through self-assessment activities and reflective activity.
- A17. The following examples represent verifiable evidence that could be used to demonstrate that the specified number of hours of learning and development activity has been undertaken:
- (a) Course outlines, teaching materials, storyboards (for virtual training);
 - (b) Confirmation that a learning and development activity has been completed (including number of hours) 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);
 - (c) Transcript, examination result slips;
 - (d) Independent assessments that a learning activity has occurred;
 - (e) Confirmation by organizers of participation in activities where learning outcomes have been achieved;
 - (f) Confirmation by organizers of seminar/talks in which one was engaged as a speaker;
 - (g) Meeting agenda objectives and meeting minutes that verify the relevance of the content; and
 - (h) Publication of a professional article or of the results of a research project.

Exemption from Compliance (Ref: Para. 9–14)

- A18. 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. 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.
- A19. 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. 14)

- A20. 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/file/media/section4_cpd/Continuing Professional Development/record-form.doc](http://www.hkicpa.org.hk/file/media/section4_cpd/Continuing%20Professional%20Development/record-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. 15–16)

- A21. CPD records of employees of Practice Units may be subject to review and assessment in practice inspection programmes.
- A22. 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.
- A23. 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.
- A24. 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.
- A25. A member's willful failure to develop and maintain professional competence in compliance with the requirements in this Statement may result in disciplinary action and diminish the member's ability to act in the public interest.
- A26. 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 29 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 A18 – A19 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:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Financial accounting • External financial reporting • Auditing or assurance • Internal auditing • Financial management • Management accounting • Management financial reporting • Information management • Corporate insolvency • Forensic accounting | <ul style="list-style-type: none"> • Personal insolvency • Corporate taxation • Personal taxation • Business rescue or restructuring • Risk management • Corporate finance • Governance • Corporate investment • Investment advice • Business valuation |
|--|---|

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 for Professional Accountants ("Code") (paragraphs 110.1 A1 and R110.2 of Chapter A). One of these five principles relates to professional competence and due care, which requires an accountant to:
 - (a) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and
 - (b) Act diligently and in accordance with applicable technical and professional standards (paragraph R113.1 of Chapter A in the Code).

In keeping with the Code, where a member resumes accountancy or accountancy related duties after a 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.