

MEMBERS' HANDBOOK

Update No. 57

(Issued November 2008)

<i>Document Reference and Title</i>	<i>Instructions</i>	<i>Explanations</i>
VOLUME I		
Contents of Volume I	Replace contents page i with revised contents page i.	Revised contents page
CONTINUING PROFESSIONAL DEVELOPMENT		
Statement 1.500 Continuing Professional Development	Replace cover page, pages 2 - 3 and pages 6 - 7 with the revised cover page, pages 2 - 3 and pages 6 - 7. Insert page 7A after page 7.	Revised Statement - Note 1 and Note 2
Statement 1.500A Continuing Professional Development (issued August 2005)	Discard existing Statement 1.500A.	Statement withdrawn

Notes:

- Statement 1.500 has been revised to recognise the Continuing Professional Development (CPD) requirements of the Global Accounting Alliance (GAA) Institutes. Institute members who are also members of one of the eight Global Accounting Alliance (GAA) Institutes may choose to satisfy the Institute's CPD requirements by satisfying the CPD requirements of the GAA Institute concerned. The GAA Institutes are listed in paragraph 34 of Statement 1.500 (Revised October 2008). The Institute's Practising Certificate holders must continue to satisfy the Institute's own CPD requirements. This revision is applicable to CPD reporting periods beginning on or after 1 December 2005 and replaces the existing Statement 1.500.
- Statement 1.500 has been revised to allow, provided certain criteria are met, member practices or organisations which keep training records that demonstrate the compliance of their staff with the Institute's CPD requirements to make a block declaration to the Institute of their staff's CPD compliance. This revision is applicable to CPD reporting periods beginning on or after 1 December 2007 and replaces the existing Statement 1.500.



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(Updated to November 2008)

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Statement 1.500
Revised November 2007 October 2008

Effective for CPD reporting periods
beginning on or after 1 December 2007

Statement 1.500

Continuing Professional Development



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

STATEMENT 1.500**CONTINUING PROFESSIONAL DEVELOPMENT**

(Effective for CPD reporting periods beginning on or after 1 December 2007)

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Purpose and Scope

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. It draws on the CPD requirements as prescribed in the International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.
3. This Statement is based on the principle that it is the responsibility of the individual member to develop and maintain professional competence necessary to provide high-quality services to clients, employers and other stakeholders.

Introduction

4. Since 1973 the accounting profession in Hong Kong has been granted the privilege of self-regulation under the Professional Accountants Ordinance. This privilege carries a corresponding responsibility, namely, that the profession accepts the duty of ensuring the quality of services provided by its members to serve the public interest. 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.
5. A fundamental principle of the Institute's Code of Ethics for Professional Accountants, Section 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 develops and maintains the capabilities that enable a professional accountant to perform competently within the professional environments."
6. The Institute is committed to:
 - (a) fostering a commitment to lifelong learning amongst Certified Public Accountants (CPAs);
 - (b) facilitating access to continuing professional development opportunities and resources for its members;
 - (c) establishing for members benchmarks for developing and maintaining the professional competence necessary to protect the public interest; and
 - (d) monitoring and enforcing the continuing development and maintenance of the professional competence of its members.
7. The profession has a responsibility to ensure that CPAs continue to develop and maintain the competence demanded by their professional roles and the users of their services. As a statutory body regulating the accounting profession, the Institute actively promotes to its members, stakeholders and the public, the benefits of CPD highlighting the importance of continuous improvement of competence and a commitment to lifelong learning.

Effective Date

8. The requirements in this Statement are applicable to members' compliance with the CPD requirements for CPD reporting periods beginning on or after 1 December 2007. ~~The Statement may be adopted for CPD reporting period ending on 30 November 2007~~

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

Verification

28. A certain portion of the learning activities members engage in are verifiable. This means that the learning is able to be objectively verified by a competent source. Some learning activities may be measured but not verified.
29. Members are responsible for retaining appropriate records and documents related to their CPD and, upon request by the Institute, provide sufficient evidence to demonstrate their compliance with its requirements.

CPD Requirements

30. **All members, except those being exempted from complying with the CPD requirements, are required to:**
- (a) **complete at least 120 hours of relevant CPD activities in each rolling three-year period, of which 60 hours should be verifiable;**
 - (b) **complete at least 20 hours (of the 120 hours required in (a) above) in each year; and**
 - (c) **track and measure learning activities to meet the above requirements.**
31. Learning activities that are measurable but not able to be verified would not be considered to form part of the 60 hours of verifiable CPD in the rolling three-year period.
32. **The reporting period for each year commences from 1 December. The first rolling three-year period runs from 1 December 2005 to 30 November 2008.**
33. Although the start of the rolling three-year period is before the commencement of Statement 1.500 (revised October 2008), it conforms to the dates set by the replaced 1.500 (issued September 2004).
34. Except for a member who holds a Practising Certificate, where a member is a current member of one or more of the following Global Accounting Alliance (GAA) institutes:
- The Hong Kong Institute of Certified Public Accountants;
 - American Institute of Certified Public Accountants;
 - Canadian Institute of Chartered Accountants;
 - The Institute of Chartered Accountants in Australia;
 - New Zealand Institute of Chartered Accountants (members of the College of Chartered Accountants);
 - The Institute of Chartered Accountants in England and Wales;
 - The Institute of Chartered Accountants in Ireland;
 - The Institute of Chartered Accountants of Scotland; and
 - The South African Institute of Chartered Accountants;
- that member may choose, from those 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 30(a) and (b) for the year or period concerned.

Exemption from Compliance

3435. 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, such as career breaks, serious illness and retirement from full time employment. The Council has also delegated to the CPD Committee this authority to grant extensions and exemptions to members for compliance with the CPD requirements.
3536. No exemption will be granted to members holding practising certificates or directorship of listed companies.
3637. 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.
38. Exemptions of other GAA bodies from CPD compliance are not recognized by the Institute.

Maintaining CPD Records

3739. **All members, except those being exempted 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.**
3840. 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 (see Appendix) 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

3941. **All members, except those being exempted 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.** 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 fulfil this requirement.
4042. The Council has also delegated to the Registrar of the Institute the authority to carry out an annual audit of members' compliance with the CPD requirements.
4143. **Members selected for audit by a random sample and/or risk-based process are required to submit to the Institute their CPD records of the relevant reporting CPD year with documentation to support attendance or completion of the CPD activities as stated in their CPD records.**

4244. The Registrar or his/her delegate is empowered to investigate 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.
- 4345. CPD records of employees of Practice Units may be subject to review and assessment in practice inspection programmes.**
4446. HKSQC 1 paragraphs 38 and 77 refer to the need to maintain the capability and competence of CPAs through CPD and for Practice Units to monitor the CPD activities of CPAs to ensure firm policies are effective and applied in practice.
- 4547. Compliance with the CPD requirements in this Statement is a condition for renewal of registration and/or renewal of a PC 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.**

Guidance on CPD Activities

4648. Guidance for members regarding the form of CPD activities is provided in the Appendix to this Statement.

Conformity and Compliance with International Education Standards for Professional Accountants

4749. This Statement conforms with the International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.