

Gearing up to meet the **CPD Challenge**

ICAEW CPD Changes: What do they mean for your practice?

The vast majority of accountants have always taken the need to stay up to date and knowledgeable extremely seriously. But with new rules being introduced by ICAEW, the need to take a more systematic, practice-wide approach to the completion, monitoring and recording of CPD is paramount.



What Is CPD and How Is It Changing?

CPD (Continuing Professional Development) is the process of ongoing learning that continues throughout a professional's career. It enables individuals to stay up to date, remain relevant and prepare to meet the challenges of the future. Each of the UK's accountancy bodies has a CPD scheme. They are required to by their membership of IFAC, the global organisation for the accountancy profession, and by the Financial Reporting Council. The FRC delegates its regulatory responsibilities to four Recognised Supervisory Bodies (RSBs): ACCA, CAI, ICAEW and ICAS, and so has the right to lay down conditions, such as an effective CPD policy.

These CPD schemes are defined either by the "inputs" – how many hours you are required to spend doing CPD, or by the "outputs" – the things you have decided you need to achieve to remain relevant, up to date and ready for the challenges of tomorrow.

Proponents of inputs-based systems point to the ease of measurement and the fact that it is much harder to misrepresent whether you have done your CPD. On the other hand, proponents of outputs-based systems say that they are more rigorous, and that measuring compliance in hours turns the process into a cynical tick-box exercise.





Personally, I have never agreed with that point of view. Hours based systems are only box-ticking if the individual in question chooses to engage with them in a cynical way. As Chair of ICAEW's Practice Assurance Committee, I certainly came across plenty of individuals who, when asked why they had not done any CPD, said: *"I reflected on my current role and learning needs and concluded that I had none."*

Outputs-based seem inherently more liable to abuse.

ACCA have always adopted the inputs-based approach. Their members are required to complete 40 hours of CPD, 21 of which must be verifiable – where the learning activity is relevant to your career, applied in the workplace, and provides evidence that you undertook the learning. ICAEW, ICAS, CIMA and AAT have always had an outputs-based policy.

Until now that is....

Under some pressure from the FRC, and after a consultation process with members, ICAEW have announced that all members will have to complete a minimum number of CPD hours each year. This will include a mandatory annual ethics CPD requirement, and an overall number of hours of CPD, depending on which category of risk their work places them in.





For those in practice, the risk categories are:

CATEGORY 1

This includes Public Interest Entity auditors, and members involved in audit regulation, monitoring or enforcement within the firm.

REQUIREMENT

40 hours CPD of which 30 must be verifiable.

CATEGORY 2

Responsible Individuals and members involved with large corporate audits, as defined in the Companies Act 2006, pension scheme audits and charity audits.

REQUIREMENT

30 hours CPD of which 20 must be verifiable.

CATEGORY 3

Members in practice as well as those involved with small entity audits.

REQUIREMENT

20 hours CPD of which 10 must be verifiable.

There will be similar risk categories for members in business, and they will be released in due course.

Under the ethics learning requirement, all members would be required to complete 4 hours of CPD aligned to the ICAEW Code of Ethics in year 1, and 1 hour of CPD in subsequent years. Critically, this requirement will extend to non-ICAEW members registered with ICAEW as Responsible Individuals, Key Audit Partners, and insolvency practitioners.





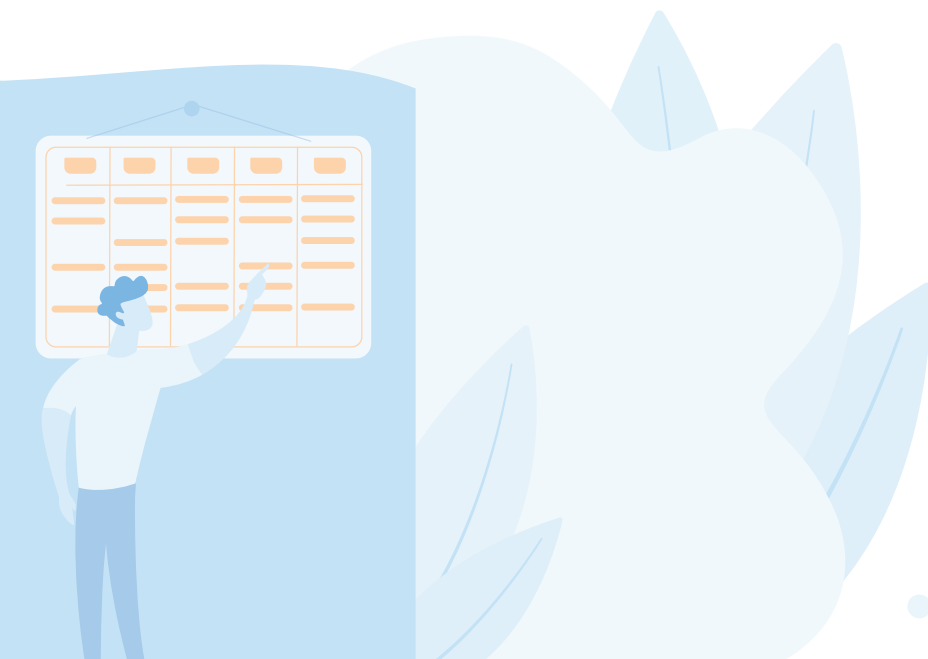
The Responsibility of the Practice

Practices have always been responsible for ensuring that the accountants in their team complete appropriate CPD. However, it has never been the primary focus of a QAD (Quality Assurance Department) visit, and it has been very difficult for the Practice Assurance Committee to penalise a firm that is lax.

All that is about to change. With the switch to an hours-based system, QAD will find it much easier to assess whether a Practice is taking CPD compliance seriously. So, when you receive the email from QAD, scheduling a visit, there will be one more set of records you need to produce.

If the CPD service you use doesn't give you easy access to those records, you will have the unenviable job of asking for, and chasing down, the CPD records of every accountant in your team. If it turns out they don't have the evidence, it may well be too late to sort the problem out.

So, you need to get organised with the right provider as soon as possible.





The Need for Quality

The quality of online CPD provision for accountants in practice has always been poor. Most providers have migrated from face-to-face provision, and while their technical credentials are strong, they are often not educational specialists. Add in the fact that what works in the classroom or lecture hall does not work well online, and you have a recipe for some pretty dreadful digital learning experiences.

This situation has been exacerbated by the pandemic, as smaller, often local providers found themselves unable to run face-to-face events and therefore without a source of income. Many quickly learnt how to run a webinar, adding to the plethora of poor learning experiences available.

All this encourages the feeling that CPD is an unhelpful additional burden instead of being a source of competitive advantage for a practice. Good online learning can be immersive and engaging. It can achieve great things, not only in terms of knowledge but also in the development of new skills and behaviours. And it can help a firm develop and retain great accountants who feel valued in their roles.





Benefits of Building a Learning Culture

While it is important for an accountant in practice to make sure they are up to date, it is also important to develop in other ways:



Business advisory	New areas of expertise, such as strategy, finance and performance management techniques that could help you develop business advisory income.
Personal effectiveness	Improve interpersonal skills, such as emotional intelligence, negotiation or managing conflict, to make you a more effective operator.
Practice management	Become an expert at maintaining excellent relationships with clients and acquiring new ones, as well as learning how to manage and expand the practice.
Career advancement	Prepare for your own career progression through developing your leadership skills.

If you can achieve all these goals, as well as remaining technically up to date, then no one could say your CPD was a box ticking exercise. And all of that is possible, if you find a provider with the right range.





Top Tips for Making the Most of Your CPD

Once you understand the new rules, you can treat them as an opportunity to transform your approach to developing your team. And to help you with that, here are our three top tips for making the most of your CPD....

01

Get organised

Don't leave this until the last minute. Find a provider that will be your partner, providing secure storage of records and easy administration for you.

02

Choose the best

Don't compromise on quality. Show the accountants in your firm that you appreciate their long hours and hard work by choosing the best CPD available.

03

Broaden your horizons

Take a broad view of the professional development needs of your team. As well as staying up to date, you should aim to develop them as fully rounded professionals.





This whitepaper is written by Alan Nelson. After studying economics, Alan began his career in accountancy before moving into senior management positions in the book trade. He founded Nelson Croom, the publisher of accountingcpd.net which he has run ever since. He is a member of IFA's Regulatory Committee and a past Chair of ICAEW's Practice Assurance Committee.



Nicola Dann manages the Strategic Client Relationships for accountingcpd who develop online CPD resources for accountants covering both technical and professional skills.

accountingcpd.net provides flexible, effective online CPD that is not just about ticking boxes. It is designed to equip accountants everywhere to succeed in this diverse, changing, and important role. We work with expert authors and leading professional bodies to develop CPD you can trust and that will help you grow.

Subscriptions are available for individuals and teams.

Find out more about team subscriptions:

 www.accountingcpd.net/licence  nicola.dann@accountingcpd.net  **020 7582 3309**