



CA
PAKISTAN

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Directive 8.01 (Revised 2022)

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) DIRECTIVE 8.01 (Revised 2022)

Table of Contents	Page #
Preamble	3
Effective Date	3
CPD Approach	3
Organization	4
Requirement	4
Measurement of CPD Credit Hours	5
Exemption to CPD	7
Verification	7
Recording and Monitoring	7
CPD Declaration	8
Non-compliance	8
Annexures	9

CONTINUING PROFESSIONAL DEVELOPMENT

Preamble

1. The International Federation of Accountants (IFAC) has made it mandatory for its member bodies to design and implement a Continuing Professional Development (CPD) mechanism in such a way that it becomes a component of continued membership for the professional accountants.
2. CPD provides continuing development of the (a) professional knowledge (b) professional skills (c) professional values, ethics and attitudes, and (d) competence achieved during Initial Professional Development (IPD), refined appropriately for the professional activities and responsibilities of the professional accountant.
3. 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 reflective activities and (d) the self-development activities.
4. The objective of this directive is to have chartered accountants develop and maintain professional competence subsequent to IPD through the undertaking of relevant CPD that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers and other stakeholders.
5. This directive prescribes that members to:
 - a. demonstrate a commitment to CPD and maintain professional competence; and
 - b. undertake and record relevant CPD to contribute to the development and maintenance of professional competence that is necessary to perform their role as a professional accountant.

6. Effective date

This directive is effective from **05 January, 2023**.

CPD Approach

7. The IES-7 states that CPD can be achieved by at least three different approaches:
 - a. Input based approach – by requiring professional accountants to develop and maintain professional competence demonstrated by completing a specified amount of learning and development activity relevant to performing their role as a professional accountant.
 - b. Output based approach – by requiring professional accountants to develop and maintain professional competence demonstrated, by achieving way of learning outcomes, relevant to performing their role as a professional accountant.

- c. Combination approach – by effectively and efficiently combining elements of the input and output based approaches, setting the amount of learning activity required and measuring the outcomes achieved.
8. The Institute has adopted a combination approach before moving towards a comprehensive output-based system.

Organization

9. The CPD Committee of the Institute has the responsibility of adopting prescribed CPD requirements relating to development and implementation of appropriate measurement monitoring and compliance procedures, promoting the importance of and commitment to lifelong learning and facilitating access to CPD opportunities and resources.
10. Regional Committees are responsible to hold the CPD activities and should update the CPD Central Committee with progress.

Requirement

11. Every member is required to:
- a. complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent learning units should be verifiable;
 - b. complete at least 20 hours or equivalent learning units in each year; and
 - c. measure and record learning activities to meet the above requirements.

Explanation: “Rolling Periods” under this directive are periods of three year each, of which first commences from July 1, 2012 till the June of 2015, and so forth:

- i. On July 1, 2022¹ the short fall in the CPD account maintained at the Institute shall be deemed zero.
- ii. For all other members, proportionate rolling period will commence on first day of the month following the date of admission of a member and will complete on its scheduled date explained in this paragraph. The CPD requirement will be prorated on the basis of 120 hours for three-year period.
- iii. At the end of the rolling period, only 30 hours out of the total shortfall hours will be carried forward to the next rolling period. Members will be required to complete their shortfall hours to avoid any sanctions, as prescribed by the Council. However, the excess hours will not be completely nullified, rather the excess hours accumulated/reported in the last year of the rolling period will be carried forward to the next rolling period not exceeding more than 30 hours.

¹ First amendments approved by the Council in its 234th meeting held on June 15 & 16, 2012 and later amendments approved by the Council in its 362nd meeting held on October 28-29, 2022

Measurement of CPD Credit Hours

12. The CPD credit hours are to be measured as follows:

S. #	Activity	Evidence to be kept	CPD Credit Hours
a.	Participation in short courses, seminars, conferences, lectures* and trainings relevant to the roles of professional accountant *Excluding classes of degree courses. ²	Certificates of attendance/course contents in case it is a non-ICAP course	Actual classroom time. For a full day session, a credit of 8 hours and for a half-day session 4 hours, subject to maximum 120 hours in a rolling period. ³
b.	Completing degree courses and studying professional certifications	Degree/ Certification	<p><u>Professional Qualifications</u> Members bodies of IFAC, CISA, CIA 5 times of the examination hours, subject to a maximum of 120 hours in a rolling period.</p> <p><u>Degree Courses</u> As accredited by the HEC approved or Foreign Institute/ University. On completion of a certification/course, 1/3 of actual contact hours. ⁴However, the maximum CPD hours that can be given under this head shall be subject to maximum of 120 hours in a rolling period.</p>
c.	Relevant research paper/article (at least 4000 words) published in a peer reviewed journal including ICAP's publication	Original copy of journal/publication	08 hours per article/paper Should not exceed more than 72 hours in a rolling period.
d.	Self-development and Virtual Learning (includes E-learning Courses, webinars/watching videos/CDs of ICAP CPD programs, videos on ICAP DLH) Professional Ethics App ICAP, Mentoring, providing feedback (including reviewing international sponsorship applications) etc.	Self-Certification, Computer generated Certificate, Any other third-party evidence, Attendance / topic(s) to be communicated to the CPD Directorate within 2 weeks of watching CD/Videos	Actual hours determined by Service providers, subject to maximum of 120 hours in a rolling period.
e.	Presenter or session chairman/moderator in short courses, seminars, conferences, trainings and media including interviews in print media.	To be declared on the Reporting Form	Twice the actual time of the presentation, subject to maximum of 120 hours in a rolling period.

² Amendments approved by the Council in its 269th Meeting held on October 14 2015

³ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

⁴ Amendments approved by the Council in its 269th Meeting held on October 14 2015

S. #	Activity	Evidence to be kept	CPD Credit Hours
f.	Preparation for teaching relevant professional or degree courses including reading, developing presentations, developing teaching notes and workbooks ⁵ .	To be declared on the Reporting Form	Actual time consumed in preparation, subject to a maximum of 120 hours in a rolling period.
g.	Participation in Council, Committees, working groups of ICAP/other regulatory bodies, participation as Non-Executive Director in Board and Board Committee of listed companies, ⁶ professional groups, technical committees, sector activities, communities of practice, information network.	To be declared on the Reporting Form	Actual time of the meeting, subject to a maximum of 120 hours in a rolling period.
h.	Writing of books on professional interest, technical and reference manuals including study pack	Copy of the publication	3 hours per page of technical content. Maximum 60 hours per release, subject to maximum of 120 hours in a rolling period.
i.	General/Self certified readings (relevant to current or future development needs) e.g. journal articles, reports, subscriptions, etc., including visit to ICAP Libraries for such readings.	Reasonable details to be kept	Actual reading time, subject to maximum of 30 hours per rolling period.
j.	On Job learning ⁷ Assignments and new initiatives that provide new learning for professionals while on job.	Confirmation of employer and details of learning outcomes.	Half of the actual hours spent on the assignments and initiatives, subject to maximum of 60 credit hours in three year rolling period.
k.	Specific learning for Engagement partners ⁸	Certificates of attendance	<p>Option A Atleast 30 hours in each rolling period in the area of Audit, Financial reporting and Accounting, Governance & Risk, Ethics, Corporate Laws, ISA & IFRS.</p> <p>Option B In compliance with IES 8, specific learning outcomes for Engagement Partners to be covered as mentioned in Table A, Refer Annexure B, page 10</p>

⁵ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

⁶ Amendments approved by the Council in its 269th Meeting held on October 14 2015

⁷ Amendments approved by the Council in its 269th Meeting held on October 14 2015

⁸ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

Exemption to CPD

13. This directive does not apply to the members who fall in following categories:

- a. Ill or incapacitated so that he/she cannot perform normal work, however if they do hold the practice license or MRS status then they need to surrender the same before asking for CPD waiver;
- b. Retired from whole time business also life time members;
- c. Career breaks;
- d. Members holding public offices such as Federal Ministers, Provincial Ministers, Advisors to Ministers, Senators, MNAs, MPAs etc., during the currency of their offices; or
- e. For any other which is considered justifiable by the CPD Committee, for the reasons duly recorded. The exemption is only based for the period mentioned, it cannot be given on perpetual basis.

Verification

A “Verifiable CPD Activity” undertaken by the member must be supported by documentary evidences required to be maintained by the member for one year after the close of rolling period.

A “Non-verifiable CPD Activity” is an activity where a member is unable to prove that the CPD learning activity has taken place. Ordinarily, non-verifiable CPD does not have a defined learning outcome and is not designed to address a specific learning need.

General reading, as defined in paragraph 12(i), is an example of non-verifiable CPD.

Recording and Monitoring

14. Each member is responsible for maintaining and retaining his CPD records and related evidences. A member may update member’s record maintained by the Institute online or he may keep the information through any other medium. The records maintained by the member should demonstrate that the member understands and complies with the Regulations. Additionally, CPD Directorate will maintain CPD records only of CPD activities organized by the Institute.

- i. Any Committee within maximum of two weeks of holding the activity, will send the attendance sheet, to the CPD department.

The CPD Directorate will only be responsible for maintaining and uploading record in respect of:

- members participating in CPD activities arranged by Institute;
- member’s participation in Institute’s Standing and other committees; and
- uploading such CPD data on the website for members to review.

CPD Declaration

- i. A member shall be required to submit annually to the Institute a declaration in a specified format online, confirming member's compliance with this Directive. When requested by the Institute, provide such evidence of compliance as required by the Institute.
- ii. In addition, Engagement Partners will be required to submit the annual declaration of achievements of the Learning Outcome's specified by them confirming their compliance with this Directive.⁹ Refer Annexure B, Table A, page 10
- iii. Sample audit will be carried out therefore members are responsible for retaining appropriate records and supporting documents related to their CPD activities¹⁰.

Non-compliance

15. On non-compliance with the CPD requirement at the end of each year and at the end of three-year rolling period the members will sign a declaration form of non-compliance with a firm commitment to make up the deficit within 120 days¹¹.

16. Sanctions

On failure to comply with the requirements of this Directive, the CPD Committee may recommend appropriate sanctions to the Council against the noncompliant members.¹²

(234th meeting of the Council held on June 15 and 16, 2012)

(269th meeting of the Council held on October 14, 2015)

(362nd meeting of the Council held on October 28-29, 2022)

⁹ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

¹⁰ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

¹¹ Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

¹² Amendments approved by the Council in its 362nd Meeting held on October 28-29, 2022

Annexure A**Annual Continuing Professional Development (CPD) Declaration**

Member Name	
Member Number	
Rolling Period	

Declaration:

I declare that I comply with the CPD requirements. I have completed a total of _____ hours for the rolling period ____ to _____. I understand that it is my responsibility to maintain professional competence and my record may be called in for review for which I will provide the requested information.

*Name*_____
*Signature*_____
Date (MM/DD/YY)

Annexure B

Table A: Learning Outcomes for the Professional Competence of an Engagement Partner as per IES 8

Competence Area (IES 8)	Learning Outcomes
(a) Audit	<ul style="list-style-type: none"> (i) Lead the audit through active involvement during all phases of the audit engagement. (ii) Lead the identification and assessment of the risks of material misstatement. (iii) Develop an audit plan that responds to the risks of material misstatement identified. (iv) Evaluate responses to the risks of material misstatement. (v) Conclude on the appropriateness and sufficiency of all relevant audit evidence, including contradictory evidence, to support the audit opinion. (vi) Evaluate whether the audit was performed in accordance with International Standards on Auditing or other relevant auditing standards, laws, and regulations applicable to an audit of the financial statements. (vii) Develop an appropriate audit opinion and related auditor's report, including a description of key audit matters as applicable.
(b) Financial accounting and reporting	<ul style="list-style-type: none"> (i) Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements. (ii) Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements. (iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management. (iv) Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.
(c) Governance and risk management	<ul style="list-style-type: none"> (i) Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.
(d) Business environment	<ul style="list-style-type: none"> (i) Analyze relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market, competition, product technology, and environmental requirements.
(e) Taxation	<ul style="list-style-type: none"> (i) Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.
(f) Information and communication technologies	<ul style="list-style-type: none"> (i) Evaluate the information and communication technologies (ICT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.
(g) Business laws and regulations	<ul style="list-style-type: none"> (i) Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.

Competence Area (IES 8)	Learning Outcomes
(h) Finance and financial management	<ul style="list-style-type: none"> (i) Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy. (ii) Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.
(i) Interpersonal and communication	<ul style="list-style-type: none"> (i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity. (ii) Evaluate the potential impact of cultural and language differences on the performance of the audit. (iii) Resolve audit issues through effective consultation when necessary.
(j) Personal	<ul style="list-style-type: none"> (i) Promote lifelong learning. (ii) Act as a role model to the engagement team. (iii) Act in a mentoring or coaching capacity to the engagement team. (iv) Promote reflective activity.
(k) Organizational	<ul style="list-style-type: none"> (i) Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit. (ii) Manage audit engagements by providing leadership and project management of engagement teams.
(l) Commitment to the public interest	<ul style="list-style-type: none"> (i) Promote audit quality in all activities with a focus on protecting the public interest.
(m) Professional skepticism and professional judgment	<ul style="list-style-type: none"> (i) Apply professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion. (ii) Promote the importance of the application of professional skepticism during all phases of the audit engagement. (iii) Apply professional skepticism to critically assess audit evidence obtained during the course of an audit and reach well-reasoned conclusions. (iv) Evaluate the impact of individual and organizational bias on the ability to apply professional skepticism. (v) Apply professional judgment to evaluate management's assertions and representations. (vi) Resolve audit issues using critical thinking to consider alternatives and analyze outcomes.
(n) Ethical principles	<ul style="list-style-type: none"> (i) Promote the importance of compliance with the fundamental principles of ethics.¹³ (ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit.

¹³ The Fundamental Principles, IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition, Section 110.