

# CONTINUING PROFESSIONAL DEVELOPMENT – A CONCEPT AND REQUIERMENT FOR PROFESSIONAL ACCOUNTANTS

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*IES 7 IFAC Standard prescribes that member bodies implement a continuing professional development (CPD) requirement as an integral component of a professional accountant's continued membership. Such a requirement contributes to the profession's objective of providing high-quality services to meet the needs of the public (including clients and employers).*

*This Standard introduces the concepts of continuing professional development as relevant, verifiable and measurable learning activities and outcomes.*

*Key words: continuing professional development, International Education Standards, professional accountants*

Financial scandals that culminated with ENRON and WORLDCOM firms' bankruptcy provoked in USA the providing of some measures concerning the accountancy and audit. Sarbanes-Oxley law, published in July 2002, introduced public surveillance mechanisms of accountancy and audit firms, together with other measures due to assure an increased protection of investors by improving the honesty and safety of information published by the quoted companies.

On this basis, the international organism of professional accountants initiated a series of measures that have as main purpose the regaining of public's trust in the quality of services provided by its members.

Among these measures those initiated by The Committee for Education and finalized by publishing of International Education Standards for Professional Accountants (IES) may be found.

In October 2003, IFAC published the first six education standards (IES 1-6), whose stipulation foreseen, in essence, the following: the establishing of a conceptual frame of international standards for education; access requires in a professional education program ( IES 1); the content of professional accountancy education syllabus (IES 2); professional skills (IES 3); the values concerning the ethics and professional behavior (IES 4); practical experience requires ( IES 5 ); the professional capacities and competences assessment (IES 6).

In May 2004 followed the publication of International Standard of Education 7 (IES 7) entitled Continuing professional development: a permanent education program and continuous development of professional competence. The purpose of this standard is to offer references to member organisms in order for these to adopt an engagement concerning the organization of permanent compulsory education for professional accountants, as well of the resources of these programs, to establish for its members the development and maintenance conditions for professional competence, necessary for public interest protection and to monitor and assure the continuous development and maintenance of professional competence of professional accountants members.

The stipulations of this standard are based on the principle of professional individual accountant's responsibility for maintaining and development of professional competences necessary for providing high quality professional services to its clients, employees or other interested persons.

The attendance of the programs implemented by professional organisms concerning the continuous professional development constitutes an integrated part of the requires necessary for maintaining the member quality of each professional accountant.

We have proposed to present and comment upon some of this standard's settlements.

The member organisms should promote the importance of continuous professional competence improvement and should assume the obligation of continuous preparation for all professional member accountants.

Also, all professional accountants have the obligation to maintain and to develop the professional competence according to the nature of their missions and to the professional responsibility that it is presumed. This obligation concerns altogether all professional accountants, no matter whether they are involved in traditional missions of accountancy nature or in other missions.

The permanent education process starts early, in the same time with the general education, it continues with the study program designated to obtaining of the professional qualification and afterwards it is a part from each individual's professional carrier. The continuous professional training program is an expansion of education process that leads to qualification as a professional accountant. The professional knowledge, the abilities, the professional values, ethics and behavior are obtained on the basis of continuous training and are improved according to professional activities and responsibilities of each professional.

The professional organisms should facilitate their members the access to opportunities and resources concerning the continuous professional training and to assist the professionals during these activities.

Also, the professional organisms should require all the professionals the maintenance and development of relevant professional competence for missions that are exerted and in according to professional responsibilities that are engaged.

The continuous professional training program is applied to all professionals, no matter the activity sector where they work and the size of the business, because all professionals have professional ethics obligations, both for clients and for partners of professional cabinets of other interested persons, and have to prove their capacities of engaging the responsibilities in a competent manner. Also it has to be taken into consideration the involvement of all professional accountants, from all activity sectors, in the process of financial reporting, their assuming of responsibility for public and the maintenance of public's trust in professional services. The public is relying on the good reputation of professional accountants.

More than that, all professional accountants should be aware of the fact that any lacking in competence or digression from professional ethics supposes a consequence upon their reputation and profession's importance, no matter the activity sector or the position where it works.

It should be brought under discussion the fact that all economy sectors met quick environment changes and, in consequence, have to adapt strategic business plans appealing to specific competences of professional accountants.

Professional accountants should evaluate the professional training activities and its results according to continuous professional training program' requires of the organism from where is a part. The continuous training activity may be measured in terms of effort or time, or by other recognized methods that evaluates the competences acquired or developed.

This standard is also based on the principle that a certain part of the preparation activities may be checked. This supposes that the professional training may be checked in an objective manner by a competent source. The other activities of the professional may be evaluated but not necessary verified. For this, the professionals are obliged to keep all the files and documents concerning the continuous professional training, hereby, at professional organisms' request, to be able to provide sufficient elements in order to prove the conformity to the professional organism requires.

The aim of the continuing professional development is to assist the professional accountants in developing the professional competence with the purpose of providing high quality services with the purpose of satisfying the public interest. The achieving of this aim and the fulfillment of the continuous professional training's requires may be made by three different procedures:

- The intercession based on entries, by establishing a specific number of activities as being adequate with the maintenance and developing of professional competence.

This intercession supposes that the professional organisms to solicit to their members to respect the following preparation rigors:

- To attend at least 120 hours or its equivalent during the professional training activity for each three years period, from which 60 hours of its equivalent in preparation units, to be ascertainable;
- To attend at least 20 hours or its equivalent each year;
- The training activities' evaluation procedures and methods should satisfy the above mentioned requires.

The trials that the professionals may use for checking procedure are the following:

- Courses decks, technique materials;
  - Attendance dossiers, enrollment papers or confirmation papers from the organizers of the continuous professional training activity;
  - The independent evaluation of the attended training activity;
  - The confirmation from a lecturer or program organizer;
  - The confirmation for a partner of cabinet about the attendance to internal professional training program.
- The intercession based on exits, with the require that the professional accountant to prove, by the procedures that he/she followed, that the professional competence was maintained and developed.

This supposes that the professional organisms would require from the professionals to prove the maintenance and development of the necessary competence by periodic presenting of proves, concerning:

- That have made the object of a checking form a competent source ;
- That a recognized evaluation method was used.

Concerning this intercession, the following may be considered as proves:

- Verification of the obtained training or of the resulted performance;
- Evaluation on the basis of papers or materials published or reviewed;
- Publishing of articles as result of research programs;
- Periodical reexamination;
- Obtained professional qualifications (specializations or other qualifications);
- Activity consigned by objective verification, with reference to external qualification route;
- Qualification routes applied by professional organisms, others than the self-assessment and evidence supply;
- Evaluation objectives that should certify the preparation procedures from the partners of professional cabinets or of the organizers of training programs.
- The combined intercession, which is realized by the effective and efficient combination of the two above mentioned intercessions, establishing a number of compulsory activities and the evaluation method of the obtained competences by other procedures.

The professional organisms should establish systematic procedures to monitor the manner in which the professional accountants fulfill the professional continuous training requires and to establish corresponding sanctions for the digressions from these requires, including for reporting mistakes and for flows in maintaining and developing their competence.

In composition of monitor procedures, the professional organisms should take into consideration the members that have increased responsibilities against the public and to establish more rigorous procedures for them.

The monitor procedures may require that the professional accountant to satisfy periodically the following requires:

- To transmit a declaration concerning the manner in which they respected the ethical obligation concerning the maintenance of knowledge and abilities necessary to be competent;
- To hand in a declaration concerning the manner in which they respected the requires of continuous professional training; and/or
- To provide an evidence of professional training activities or of verification of competence maintenance and development.

Other monitor procedures may include:

- The audit of a sample among the professionals for verification of the conformity with the requires of continuous professional training;

- It may include the reviewing and evaluation of training plans or documents by means of practice inspection procedures; and/or
- To solicit to the partners of professional cabinets to include continuous professional training plans and systems to monitor it in their own programs of quality assurance.

In order to realize the maintenance and development requires of professional competence, the professionals may train themselves by different methods, such as:

- Courses, conferences, seminaries attendance;
- Self-training modules or training programs in the frame of the cabinet ;
- Publishing of papers in professional or university environment;
- The attendance at the technique committees;
- Teaching at courses or sessions of continuous professional training;
- The elaboration of official studies concerning the professional responsibilities;
- Active attendance to conferences, sessions, work groups;
- Writing articles, books on this field;
- Research activity, including the study of professional literature of specialty press, in order to put in practice the knowledge.

Concerning these activities it should be mentioned that a single repetitive activity cannot assure the requires of continuous professional training.

It also should be mentioned the aspect that the measure unit used in evaluation activity of performances is hour. As an alternative, the course hour may be used or its equivalent. In evaluation procedures, the time used for an activity, the units allocated to an activity by an organizer of continuous professional training or the units prescribed by a professional organism may also be taken under consideration.

## **BIBLIOGRAPHY**

1. IES 1-6, [www.ifac.org](http://www.ifac.org)
2. IES 7, [www.ifac.org](http://www.ifac.org)