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DEBIT CREDIT

By Filbert Tsai

Understanding the new CPD

Certified Public Accountants ('CPAs') are now required effectively to comply with the new continuing professional development ('CPD') requirement to renew their licence. Many were shocked with the sudden increase from the previous 60-unit requirement to the 120-unit requirement prescribed by the Board of Accountancy ("BoA") Resolution 358-2016 as a result of Republic Act 10912 otherwise known as the Continuing Professional Development Act of 2016.

The requirement to comply with the 120-unit of CPD over a period of 3 years is a requirement of International Education Standard 7 ('IES 7'). As a member of the International Federation of Accountants ('IFAC'), the global accounting community, all Filipino CPAs are required to comply with this requirement. IES 7 prescribes for the

- a. Completion of 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) shall be verifiable;
- b. Completion of at least 20 hours (or equivalent learning units) of relevant professional development activity in each year; and
- c. Measurement of learning activities to meet the above requirements."

BoA Resolution 254-2017 provided additional clarification and information on the implication of this new CPD requirement. The highlights of this Resolution are:

1. The 120-hour CPD requirement is being rolled out over a period of three years with the following staggered adoption:

	Minimum CPD units in a 3-year compliance period	Maximum credit units for self-directed and/or lifelong learning
January – June 2017	60	24
July – December 2017	80	32
January – December 2018	100	40
January 2019 onwards	120	48

Basically, 40% of the total CPD requirements can be obtained from sources other than the CPD providers. These can be self-directed learning and/or lifelong learning which generally can be anything, the January to June 2017 cycle limits these to 20 flexible hours.

2. The CPD hours are generally flexible, except for 40 credit units which must be in the following CPD learning areas:

CPD Area	Number of units
A. Technical competence	30 units
B. Professional skills	5 units
C. Professional values, ethics and attitudes	5 units

Other than the above minimum 40 units which is required to be within the learning areas to be taken from accredited CPD providers, the remaining CPD units are considered flexible CPD units.

Section 7 of BoA Resolution 254-2017 provides that ‘ CPA may take learning programs other than those provided by accredited CPD provider. However, there is a caveat that these are subject to approval by the CPD Council. The fee to submit these requirements appear reasonable (i.e, Php1,000 for every 3-year rolling period as long as CPD claims are made one time).

I am for these CPD measures with a few reservations:

For self-directed learning, it is not clear how much is the required payment for the accreditation of CPD units (i.e., whether payment is one time or for each CPD course.). I believe that the cost is just Php1,000 for the 3 years provided that you list down in one accreditation application all the self-directed learning units that you are claiming.

CPD providers are sprouting like mushrooms everywhere. We need better quality control and pricing control to make sure that providers are not exploiting the market for this opportunity.

Pruning existing CPD providers matched with an increased barriers to entry for new CPD providers would be crucial to provide quality updates to our professionals. Further, the BoA has to do more work delivering thought leadership through free webinars and courses to ensure a consistent message is sent across the profession instead of relying too much on the Accredited Professional Organisation to deliver.

Earning the remaining 60% of the required CPD through CPD providers is considered a financially burdensome process for CPAs. While I recognise the potential opportunity for cost issues to diminish with quality online CPD providers, this will take time before contents are made available and for prices to become competitive.

These are interesting times with these recent developments in our CPD.

Filbert Tsai is a Filipino accounting advisor in the UK with global and public sector experience. He's key areas of interests are start-ups and MSMEs. His blog and page, Ask the Accounting Advisor, provide relevant insight for start-ups and MSMEs in the Philippines.

This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com.