

Effective January 1, 2018

## CONTINUING PROFESSIONAL DEVELOPMENT POLICY

### **Purpose:**

This policy should be interpreted in conjunction with CPA Nova Scotia Continuing Professional Development By-Laws 383-395.

CPA Nova Scotia's Continuing Professional Development Policy requirements are closely aligned with the national harmonized approach approved by the Council of Chief Executives of CPA Canada and the internationally accepted best practices of the International Federation of Accountants (IFAC).

“Continuing Professional Development” (CPD) is defined as learning that develops and maintains professional competence to enable members to continue to perform their professional roles.

The Continuing Professional Development Policy is outlined in the following sections:

1. Applicability
  2. Member requirements
  3. Inactive Member definition
  4. Inactive Member exemptions and reductions
  5. Verifiable and Unverifiable CPD
  6. Prescribed CPD
  7. New Members and Transferring Members
  8. Exemptions or Reduction Requests
  9. Price Reductions in CPD offered by CPA Nova Scotia
  10. Tracking and Reporting CPD
  11. Failure to Comply with CPD
- Appendix A - Sample Three Year Rolling Cycle  
Appendix B - Determination of CPD Exemption

### **1. Applicability:**

This policy is effective at proclamation of the *Chartered Professional Accountants Act*. The compliance report is due annually on March 31<sup>st</sup>, and the first report is due March 31, 2017. The three-year rolling cycle is based on the

calendar year; the first cycle begins in 2016 and ends in 2018. The second three-year rolling cycle will begin in 2017 ending in 2019.

To ease the transition for all members, any deficiencies in the 2016 year can be made up in the 2017 year (in addition to the 2017 requirements), as long as the three-year rolling cycle requirements ending in 2018 are met.

For an illustrative example, refer to Appendix A Sample Three Year Rolling Cycle.

## 2. Requirement for Members

The minimum amount of continuing professional development that a Member must complete unless they met exemption or reduction requirements, is as follows:

- 20 hours each calendar year, of which 10 hours are verifiable; and
- 120 hours in every rolling three-year calendar period, of which 60 hours are verifiable;
- Effective January 1, 2017, a minimum of 4 hours of verifiable CPD in professional ethics in each 3 rolling year-three calendar year. See prescribed CPD section.
- If the Member has a PAB license to perform audit engagements, they must undertake CPD related to public accounting and will be required to complete an annual self-assessment and declaration in accordance with national guidelines which have been established to address *IES 8 – Professional Competence for Engagement Partners Responsible for Audits of Financial Statements*. See prescribed CPD section.

## 3. Inactive Member Definition (Temporarily and Permanently)

“Inactive Members” are members who are no longer involved in any activity (paid or unpaid) where it is reasonable to believe that another party may be relying on the skills, knowledge, experience or competencies gained through the member’s professional training, education, development or experience.

Inactive members may or may not be fully or partially exempt from CPD.

It is reasonable to believe that another party may be relying on a member’s skills, knowledge, experience or competence where:

*Level I Risk:*

- The member is remunerated, directly or indirectly, for their service irrespective of whether they are involved in accounting fields or other professional areas; or
- The member serves on the board or similar governing body, or an audit, finance or similar governance committee of a public company, or of a large or prominent organization such as (but not limited to) large or prominent charities, foundations, associations, hospitals, health authorities, publicly funded educational institutions and social service agencies; or
- The member works in the practice of public accounting or other regulated services; or
- The member holds a license from the Public Accounting Board; or
- Any other situations where the risk to the public is high should the member not be competent.

Further, where a member does not perform any of the roles outlined above in Level I Risk, it is still reasonable to believe that another party may be relying on a member's skills, knowledge, experience or competence where:

*Level II Risk:*

- The member is filling a volunteer role which involves signing financial statements, information returns or other government filings, grant applications or similar documents for an organization; or
- The member volunteers on a finance, audit or similar governance committee of an organization; or
- The member volunteers as the Chair of the governing body of an organization; or
- The member is looked to for financial guidance from other members of the organization, such that the member may be held to a higher level of accountability by the organization and its stakeholders if something went wrong financially.

### *Temporarily Inactive Definition*

Inactive Members are considered “Temporarily Inactive Members” if they have a reasonable expectation of returning to the workforce or earning active income at some point in the future. Examples of Temporarily Inactive Members include:

- Maternity/Paternity leave; or
- Caring for a child or children; or
- Caring for a family member with a critical, terminal or chronic medical condition; or
- Personal medical illness or condition; or
- Special circumstances, as approved.

Temporarily Inactive Members who remain inactive for a period greater than 5 years must complete the minimum annual CPD requirements for one year (20 hours of CPD, of which at least 10 hours must be verifiable). This must be completed and approved by the end of the 5 years to retain Temporarily Inactive Members status.

If a Temporarily Inactive Member no longer meets the criteria, CPA NS should be notified within 30 days. Members who are Temporarily Inactive longer than two years will be required to submit a re-entry plan to CPA Nova Scotia for approval by the Professional Development Committee when returning to active employment.

Unemployed members seeking employment are not Inactive Members and therefore must comply with CPD requirements.

### *Permanently Inactive Members*

Inactive members are considered “Permanently Inactive Members” if they have no intention of returning to the workforce and do not earn active income (less than \$5000). Examples of Permanently Inactive Members include:

- Retired, no active income (less than \$5000); or

- Infirm, in cases where a member is permanently withdrawn from employment and other professional activity due to a long-term critical, terminal or chronic medical condition; or
- Special circumstances, as approved.

If a Permanently Inactive Member no longer meets the criteria, CPA NS should be notified within 30 days of the change in status. In rare circumstances, Members who plan to return to active employment will require a re-entry plan from CPA Nova Scotia approved by the Professional Development Committee.

An Inactive Member should review the section under exemptions and reduction requirements below and Appendix B - Determination of CPD Exemption to determine the extent, if any, they are entitled to a CPD exemption.

#### **4. Exemptions and Reductions of CPD Requirements for Inactive Members**

CPA Nova Scotia has adopted the nationally developed harmonized guidelines governing exemptions/reductions of CPD requirements as follows:

- a)* Inactive Members who serve in a capacity listed under Level I Risk must comply with CPD requirements as an active member under Section 2 Requirements for Members.
- b)* Temporarily Inactive Members who remain inactive for a period greater than 5 years are deemed to return to active status for CPD for at least one year and accordingly must complete at least the annual CPD requirements for one year (20 hours of CPD, of which at least 10 hours must be verifiable).
- c)* Members who are otherwise inactive and are not involved in any Level 1 Risk activities, however, are involved in Level II Risk activities, may be granted a reduction in CPD requirements of 50% of the annual and 3-year requirements (other than the professional ethics requirement where no reduction is granted). Accordingly, the minimum requirements are 10 hours annually, of which at least 5 hours must be verifiable; and 60 hours every 3-year rolling cycle, of which at least 30 hours must be verifiable, of which at least 4 hours must be professional ethics hours.

- d) Permanently Inactive Members who do not serve in a capacity listed under Level I Risk or Level II risk may be exempt from CPD requirements.
- e) Unemployed members seeking employment are not Inactive Members and therefore must comply with CPD requirements.

Note: that CPD exemptions are established as separate and distinct from fee waivers

For further clarification of the extent under which a member is entitled to a partial or full exemption of CPD requirement, please review Appendix B - Determination of CPD Exemption.

## 5. Verifiable and Unverifiable hours

Any learning and development that is relevant and appropriate to a member's work and professional responsibilities and growth as a CPA will qualify for CPD. CPD activity should develop new or existing competencies in areas that are relevant to a member's professional responsibilities and growth.

In accordance with national guidelines, CPA Nova Scotia has adopted the following definitions of Verifiable and Unverifiable CPD hours:

"Verifiable CPD" refers to learning activities that can be verified objectively. Verifiable CPD documentation should:

- Describe the learning activity;
- Identify the provider of the activity, where applicable;
- Connect the member to the activity;
- Identify when the activity took place; and
- Provide a basis for concluding that the number of reported hours is reasonable.

"Unverifiable CPD" refers to learning activities that cannot be verified objectively.

Additional Guidance:

- Volunteer or pro-bono work may only qualify as verifiable or unverifiable CPD to the extent it meets the above definitions of CPD.

- Members must maintain a log of their CPD activities and are required to provide, on request, documentation supporting the CPD reported.

## 6. Prescribed CPD

Appropriate learning activities are circumstance-specific, and each member is required to sustain their professional competencies. Therefore, the choice of relevant learning activities must be considered in the context of each member's own professional responsibilities.

As required under Rule 203 of the CPA Code of Professional Conduct, "A member shall sustain professional competence by keeping informed of, and complying with, developments in professional standards in all functions in which the member provides professional services or is relied upon because of the member's calling."

*4 hours CPD in professional ethics in each 3-year rolling cycle for all members  
[Effective January 1, 2017]*

Members, unless otherwise exempt, must complete a minimum of 4 hours of verifiable CPD in professional ethics in each 3-year rolling cycle. Professional Ethics may be obtained through CPA Canada, CPA Nova Scotia, or other external sources.

*Engagement partners responsible for the audits of financial statements*

There are no specific CPD policies pertaining to members who hold a public accounting license (engagement partners responsible for the audits of financial statements). However, such individuals will be required to complete an annual self-assessment and declaration in accordance with national guidelines which have been established to address international guidance embodied in *IES 8 – Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*.

The requirements of IES 8 will be monitored through the following processes by CPA Nova Scotia:

- Completion of an annual self-assessment & declaration by members performing the role of an engagement partner responsible for audits of financial statements, that they have undertaken sufficient relevant CPD

to develop and maintain professional competence as required by IES 8 (Revised);

- The above annual self-assessments & declarations are subject to review and quality checks on the relevance of CPD taken through the provincial CPD audit process; and
- The provincial Practice Inspection Program (PIP), which utilizes a risk-adjusted cycle to review competence areas and learning outcomes specified in IES 8 (Revised) as part of the inspection and assessment of adherence to standards and quality control for all members performing the role of an engagement partner responsible for audits of financial statements.

Such self-assessment and declarations will be incorporated into the annual PD reporting submission for any members who practice in this capacity.

## 7. New members

### *New members/Candidates*

New members joining CPA Nova Scotia through a Canadian certification program will be granted relief of CPD requirements for the calendar year in which they join as a member. Commencing January 1 on the year following acceptance to membership, the annual and three-year rolling CPD requirements will apply. For example, if a candidate member joins on June 12, 2016, they will only need to start reporting CPD hours for the year 2017 and the three-year rolling period would begin effective January 1, 2017.

### *New Members/Transfer or Affiliate members*

Members joining through affiliation or transfer to CPA Nova Scotia shall complete the minimum requirements consistent with the policy for all members. CPD hours completed in another province during the three-year rolling period and prior to the transfer/affiliation can be reported to CPA Nova Scotia.

## 8. Exemption Process

### *Initial Application*

An application for exemption must be completed in writing, and such application must be approved by the CPA Nova Scotia CPD Committee. Upon a change of status, such that a member no longer qualifies for an exemption, the member must notify CPA Nova Scotia within 30 days.

### *Members returning to the workforce*

Temporarily Inactive Members who return to the workforce after claiming an exemption from minimum CPD requirements for more than two years for any reason must prepare, submit for approval to CPA Nova Scotia CPD Committee, and execute in a timely manner a plan which will develop the current competencies necessary to support the member's reintegration into the workforce.

Permanently Inactive Members who return to the workforce after claiming an exemption from minimum CPD requirements for any reason must prepare, submit for approval to CPA Nova Scotia, and promptly execute a plan which will develop the current competencies necessary to support the member's reintegration into the workforce.

## 9. Price Reductions in CPD offered by CPA Nova Scotia

Members who have qualified for a full waiver of their membership dues shall be entitled up to a maximum of 21 hours in any calendar year of any CPD course offered by CPA Nova Scotia for an administrative fee of \$25 (plus HST) per course/day.

## 10. Reporting Requirements

In accordance with By-law 391, on or before March 31st of every year, all members, unless otherwise exempt, shall file a compliance report concerning the member's continuing professional development activities during the previous calendar year. Each member shall be responsible for identifying the continuing professional development hours that were completed and filing the prescribed form with CPA Nova Scotia.

NOTE: If a member is deficient in CPD hours, the annual report/declaration must still be filed to be in compliance with the reporting requirements.

Every active member shall retain documentation to support the verifiable learning activities that were reported on the member's detailed compliance report made either electronically or in paper form. Such documentation shall be retained for three years after the completion of any particular year and may include certificates of completion, transcripts, evidence of attendance at conferences and seminars, published work, presentations, reports or other such documentation or evidence of completion as may be available.

CPA Nova Scotia will provide members with an electronic log that can be used to track the required hours.

## 11. Non-Compliance with CPD Requirements

In the event of failure to submit a report, the following steps will be followed:

In accordance with By-law 392, if a member's properly completed continuing professional development report is not received on or before May 31 of any year, the Chief Executive Officer shall automatically suspend the member's registration and notify the member in writing and of the terms which must be met in order for the suspension to be lifted.

If a member fails to complete the minimum required hours of continuing professional development, the matter shall be referred to the Professional Development Committee (By-law 393), which may take one or more of the following actions:

- a) waive a portion or all of the continuing professional development requirement;
- b) stipulate the time frame and manner in which the member must complete any deficiency;
- c) file a complaint with the Complaints Committee; or
- d) advise the Chief Executive Officer that the member's registration should be suspended until certain action identified by the Professional Development Committee is taken by the member.

In accordance with the *Chartered Professional Accounting Act*, Section 25(3), any former member of a legacy body who did not fulfill the professional

development hours required under the legacy body's Act remains obligated to satisfy those requirements, and will be referred to the Professional Development Committee, which may take actions under By-Law 393.

Where a member fails to complete a plan approved pursuant to Subsection 393(b), the Professional Development Committee may exercise any of its powers under Section 393.

Events of non-compliance with the CPD requirements may be shared between provincial CPA institutes in compliance with nationally established guidelines.

## Appendix A - Sample 3-year rolling cycle

The below example illustrates a 3-year rolling cycle for Active Members including:

- 20 hours annually, of which must be 10 verifiable; and
- 120 hours in every rolling three-year period;

2016	2017	2018	2019	2020	2021	2022	2023
40hrs	40hrs	40hrs					
	↓	↓	50hrs				
		↓	↓	30hrs			
			↓	↓	40hrs		
				↓	↓	50hrs	
					↓	↓	30hrs

1. In the first three-year cycle the member completed 40 hours (20 verifiable, 20 non-verifiable) of CPD each year. This meets minimum requirements.

2. In the third year of the second cycle, the member completed 50 hours (20 verifiable, 30 non-verifiable) of CPD, for a total of 130 CPD hours, of which 60 hours are verifiable. This meets minimum requirements.

3. To reach the requisite 120 hours for the third cycle, the member need only earn 30 CPD hours in 2020, of which least 20 must be verifiable.

4. For the fourth cycle, the member would need at least 40 hours in 2022, 50 in the fifth cycle, and 30 in the 6<sup>th</sup> cycle.

Note legacy CGAs and CMAs are already on a 3-year rolling cycle, so will continue along as usual. For CAs, 2014-2016 will be the last 3-year fixed cycle, and 2016-2018 will be first 3-year rolling cycle.

## Appendix B: Determination of CPD Exemption

### PD EXEMPTION MOD

