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Committee

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International Education Standards for Professional Accountants

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International Education Standards for Professional Accountants

IFAC's Education Committee has approved the documents and Standards in this book for publication.

The mission of IFAC is the worldwide development and enhancement of an accountancy profession with harmonized standards, able to provide services of consistently high quality in the public interest. The Education Committee's mission is to serve the public interest by the worldwide advancement of education and development for professional accountants leading to harmonized standards.

The Education Committee welcomes comments on the documents and Standards contained in this book, both in terms of feedback and in terms of its future activities.

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INTERNATIONAL EDUCATION STANDARDS FOR PROFESSIONAL ACCOUNTANTS

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IFAC EDUCATION COMMITTEE
FRAMEWORK FOR INTERNATIONAL
EDUCATION STATEMENTS

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Introduction

Objectives and Terms of Reference

1. The mission of the International Federation of Accountants (IFAC) as set out in paragraph 2 of its Constitution is “the worldwide development and enhancement of an accountancy profession with harmonized standards, able to provide services of consistently high quality in the public interest.”
2. The Education Committee is a standing committee of the Board of IFAC, formed to develop standards, guidelines, discussion papers and other information documents on pre-qualification education and training of professional accountants and on continuing professional education and development for members of the accountancy profession. In addition, the Education Committee is expected to act as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development.
3. The members who serve the Education Committee are nominated by the member bodies in the countries selected by the Board of IFAC. Members are appointed for an initial term of three years and elections will be held annually in such a way that one-third of the members shall retire each year. Continuous service on the Committee by the same person shall be limited to two consecutive three-year terms. For voting purposes, each member represented on the Committee has one vote.
4. In accordance with the Constitution of IFAC, member bodies subscribe to the mission set out in paragraph 1 above. In helping to fulfil this mission, IFAC expects member bodies to comply with these Standards. To assist member bodies in the implementation of International Education Standards and Guidelines for Professional Accountants, the Education Committee will seek to promote an understanding and acceptance of such standards and guidelines.

International Education Standards and Guidelines

5. International Education Standards for Professional Accountants establish essential elements (e.g., subject matter, methods and techniques) that education and development programs are expected to contain and that have the potential for international recognition, acceptance and application. Although these Standards cannot override authoritative local pronouncements, they are prescriptive in nature. International Education Guidelines for Professional Accountants assist in the implementation of good practice or provide advice. They may also provide examples or guidance on the best practices or the most effective methods for dealing with the issues being addressed.
6. The Committee is conscious of the wide diversity of culture, language, and educational, legal, and social systems in the countries of the member bodies and of the variety of functions performed by accountants. Therefore, it is for each individual member body to determine the detailed requirements of the pre-qualification and post-qualification education and development programs. Accordingly, International Education Standards for Professional Accountants are intended to establish only the essential elements on which those programs for all professional accountants should be founded.
7. The Committee acknowledges that some member bodies are subject to legal or regulatory authorities within their jurisdictions. International Education Standards for Professional Accountants cannot legally override the requirements or restrictions placed on individual member bodies by such laws or regulations. However, member bodies must consider the Standards (and should consider the recommended practice in the Guidelines) in developing their education and development programs. Member bodies are also obliged to advise legislative and regulatory authorities of International Education Standards and Guidelines for Professional Accountants and seek, to the extent possible, to harmonize authoritative local pronouncements with those Standards and Guidelines.

Language

8. The approved text of a statement is that published by the Education Committee in the English language. In all instances,

American English spelling conventions are followed. After obtaining IFAC approval, and at their own cost, member bodies of IFAC are authorized to prepare translations of such statements to be issued in the language of their own countries as appropriate. These translations should indicate the name of the body that prepared the translation and that it is a translation of the approved text. If disputes arise, the original (American) English language text will prevail.

Education Committee Mission and Strategic Objectives

Mission

9. The mission of the Education Committee is to, “serve the public interest by the world-wide advancement of education and development for professional accountants leading to harmonized standards.”

Key Strategies

10. To meet its mission, the Education Committee has currently developed four key strategies. They are:
 - (a) Understand the current and future needs of users of professional accountants and the implications for accountancy education;
 - (b) Develop standards, guidance and other forms of advice and assistance for member bodies;
 - (c) Be aware of implementation issues; and
 - (d) Promote education for professional accountants.
11. It may be necessary for the Committee to develop other strategies in the future to help achieve its mission.

Strategic Objective for Accountancy Education Statements

12. In relation to the second key strategy, it is the Committee’s objective:
 - To have on issue a series of Standards and other statements reflecting good practice in pre- and post-qualification professional accountancy education and development;

- To create the education benchmarks for IFAC’s compliance activities; and
- To foster international debate on emerging issues relating to the education and development of professional accountants.

Nature, Scope, and Authority of Statements

Functions of Education Committee Statements

13. Under the new publications framework adopted by the Committee in 2001, each of the Committee’s publications is intended to fulfil one of the following three functions:
 - (a) Prescribe “good practice” (i.e., establish standards for member bodies to achieve and be measured against);
 - (b) Provide guidance, interpretation, discussion, illustration, examples of application, or in any other way assist member bodies to achieve “good practice,” and
 - (c) Discuss, promote or facilitate debate on education issues; reveal facts; present research or survey findings (i.e., describe situations); or promote awareness of issues.
14. All three functions (prescribe, provide guidance, discuss/present findings) are valid in achieving the Education Committee’s mission. Different issues are best dealt with in different ways depending on, for example:
 - The nature of the issue;
 - Its level of importance;
 - The level of detail being dealt with;
 - The degree to which broad compliance could be expected; and
 - Whether an issue is in its infancy or has reached maturity and broad consensus.

Types of Education Committee Statements

15. The three different functions are expressed through three different types of statement.
 - International Education Standards for Professional Accountants (IES)

- International Education Guidelines for Professional Accountants (IEG)
 - International Education Papers for Professional Accountants (IEP)
16. The three types of statement reflect, in descending order, the authoritative nature of the publications, in line with their intended functions. International Education Standards for Professional Accountants prescribe good practice and are thus more authoritative than International Education Guidelines for Professional Accountants, which provide guidance (for example, on how to achieve good practice). The Guidelines are, in turn, more directive than International Education Papers for Professional Accountants, which discuss issues (including emerging issues) or present findings.

Black and Gray Lettering

17. Within International Education Standards for Professional Accountants, the “standard” paragraphs are in bold type-face (i.e., “black letter”). Commentary paragraphs, which may elaborate on or assist in the interpretation of the standard paragraphs, appear in plain type-face (i.e., “gray letter”). To comply with International Education Standards for Professional Accountants, member bodies will need to demonstrate that they meet the requirements of the “black letter” paragraphs.
18. Gray-letter commentary within International Education Standards for Professional Accountants serves the function of explaining or elaborating on the standard paragraphs written in bold type-face. As such, these commentary paragraphs are restricted in scope to providing an explanation of the specific standard paragraphs to which they relate. By contrast, International Education Guidelines for Professional Accountants do not contain bold type-face paragraphs because they present guidelines only (including recommended practice), rather than prescribe practice that is expected to be followed. However, a Guideline could be issued on a topic related to a Standard; if so, then the Guideline could interpret or elaborate on the Standard in greater depth, provide illustrations or advice on how the Standard could be met, or suggest recommended practice that is wider or deeper than the practice prescribed in the Standard.

19. The Education Committee considers the black/gray letter distinction to be useful and appropriate for the nature of International Education Standards for Professional Accountants. The Committee will, nevertheless, maintain a watching brief on future developments in approaches to standard setting in other areas of the profession.

Definitions and Explanations of Statements

<i>Definition</i>	<i>Explanation</i>
20. <u>International Education Standards for Professional Accountants</u> prescribe standards of generally accepted “good practice” in education and development for professional accountants.	International Education Standards for Professional Accountants express the benchmarks that member bodies are expected to meet in the preparation and continual development of professional accountants. The Standards establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application. Hence, member bodies must consider these requirements. (The gray-letter paragraphs within the Standards are intended to help explain the prescriptions within the black-letter, standard paragraphs.) International Education Standards for Professional Accountants cannot legally override local laws and regulations but will provide an authoritative reference for informing and influencing local regulators regarding generally accepted “good practice.”

- | <i>Definition</i> | <i>Explanation</i> |
|--|---|
| <p>21. <u>International Education Guidelines for Professional Accountants</u> assist in the implementation of generally accepted “good practice” in the education and development of professional accountants by providing advice or guidance on how to achieve “good practice” or current “best practice.”</p> | <p>International Education Guidelines for Professional Accountants may interpret, illustrate, or expand on matters related to International Education Standards for Professional Accountants. In this function, the Guidelines assist member bodies to implement and achieve “good practice” as prescribed in International Education Standards for Professional Accountants. The Guidelines may also recommend practice that is wider or deeper than the practice prescribed in a Standard. Alternatively, they may outline commendable methods or practices, including those that are recognized as current “best practice,” which member bodies may wish to adopt.</p> |
| <p>22. <u>International Education Papers for Professional Accountants</u> promote discussion or debate on education and development issues affecting the accountancy profession, present findings, or describe situations of interest relating to education and development issues affecting the accountancy profession.</p> | <p>International Education Papers for Professional Accountants may raise discussion within the accountancy profession to a level whereby issues may be progressed or eventually resolved. As such, the Papers may explain, examine, analyze, or otherwise critically assess education issues and practices. The aim of such Papers is to provoke consideration of the issues and to encourage comment and feedback so that the issues can be advanced. In this way, they may be useful for exposing views, approaches and methods that are in early stages of development and thus may be useful forerunners to Standards and Guidelines. Alternatively, the Papers may be simply descriptive</p> |

Definition

Explanation

in nature. In this function, they aim to promote awareness of, and to transfer knowledge and information on, education and development issues or practices relating to the accountancy profession.

Consultative Process

23. While the Education Committee is ultimately responsible for selecting the subject matter to be addressed by its Standards, Guidelines, and Papers, suggestions and proposals are encouraged from IFAC member bodies, other professional bodies, and interested individuals and organizations. The responsibility for carrying out the necessary research and for preparing Exposure Drafts of Standards and Guidelines, or drafts of Papers, may be delegated by the Committee to sub-committees, project teams comprising Committee members and technical advisors, or individuals. Sub-committees and project teams are always chaired by a Committee member but may include persons who are not members of the Committee or of a member body of IFAC.
24. In the developmental stage, the Committee assigns responsibility to a Project Manager to oversee the development of each statement. The Project Managers are Committee members or Technical Advisors and are responsible for reporting to the Control Group, in accordance with the project plan. The Control Group, which includes the Committee Chair and Technical Manager, is set up to monitor the progress of all projects for developing education statements. The Control Group also reviews early drafts for compliance with the projects' terms of reference and consistency of approach.
25. The Committee issues Exposure Drafts of all proposed Standards and Guidelines for comment by IFAC member bodies, the accounting academic community, regulators, government agencies, and others who may be interested in the statements. The Committee will expose a proposed Standard or Guideline for a reasonable time (usually six months) to allow for interested parties to consider and comment on its proposals. This provides an opportunity for those affected by Education

Committee statements to present their views on them before the statements are finalized and approved by the Committee.

26. The Committee welcomes and considers all comments received on Exposure Drafts and makes such modifications as it considers appropriate. It also continues to consider any comments submitted on finalized Standards and Guidelines, for input to future revisions. Likewise, comments received on Papers are considered for future revisions and the advancement of issues.

Quorum and Voting

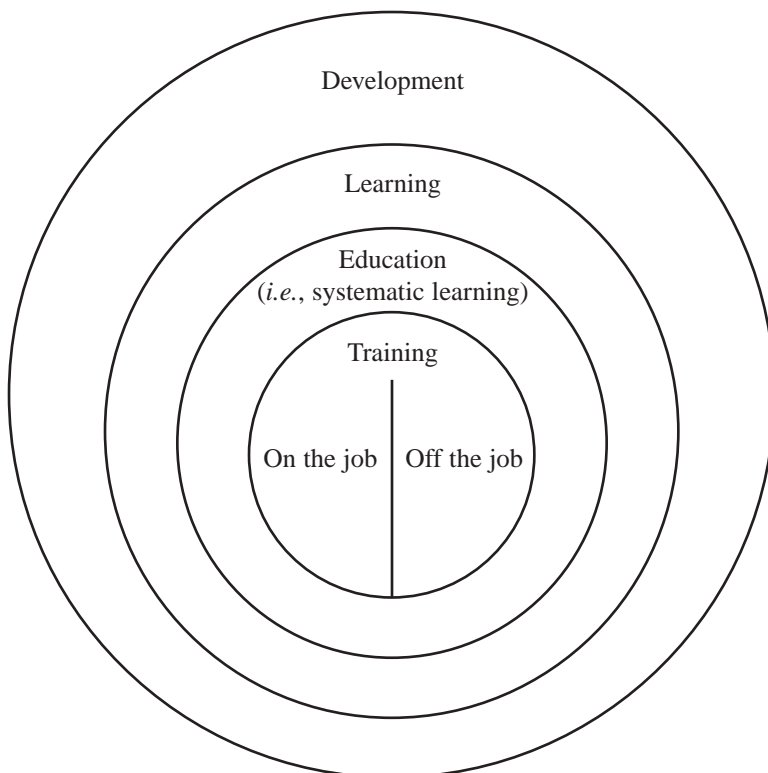
27. A quorum of three-quarters of the Committee members (or their nominees) is required for a vote to be held.
28. Exposure Drafts of proposed Standards and Guidelines must be approved for issue by vote of at least two-thirds of the total voting rights of the Education Committee participating at a meeting.
29. Before the statement is published and released as a final document, the final draft of a Standard or Guideline, or of a Paper submitted for approval, must be approved by at least two-thirds of the total voting rights of the Education Committee participating at a meeting.

Development Concepts as Used by the Education Committee

30. The following [diagram](#) illustrates the relationships among key terms relating to education and development concepts, as used by the Education Committee. Some of these terms are defined in the [Glossary of Terms](#) later in this publication. The following discussion explains what is meant by the various terms and how they fit together as subsets of the development process.
31. Readers' own interpretations and usage of such terms may differ slightly from the way they are explained in the following paragraphs. The Education Committee does not insist that the following discussion represents the only "true meaning" of these terms; rather, the following paragraphs explain how the terms are used in the Education Committee's statements, together with the underlying thinking and the inter-relationships among them.

32. “Development” is both a process (as depicted in the diagram) and an outcome. English language dictionaries (e.g., *Oxford* and *Collins*) take care to explain that “development” means to “bring to” (i.e., process) or to “come to” (i.e., outcome) a more advanced state. Hence, development can refer to an individual who “is being developed” (process) as well as to an individual who “has been developed” (outcome - the finished state).
33. As a process, “development” is the over-arching term used by the Education Committee, encapsulating every process by which an individual grows. It refers to the growth of capabilities that contribute to competence, however achieved. Most (but not all) development, in a professional sense, comes about through learning.
34. “Learning” refers to the main processes by which individuals acquire capabilities (i.e., professional knowledge; professional skills; and professional values, ethics, and attitudes). Learning can be systematic and formal, or unsystematic and informal. When individuals learn through a systematic process, it is referred to as “education.” By contrast, there are many valuable learning processes other than “education,” such as self-directed and unstructured gaining of knowledge, experience, observation, reflection, and other non-programmed activities aimed at developing capabilities.
35. “Education” refers to those learning processes that are systematic, structured, and often formal. The processes are therefore programmed to a significant extent. Education includes a form of developmental process referred to as training.
36. “Training” is a particular type of education, which focuses on how the individual does the job. Training is usually a mix of instruction and practice. It is experience related, and thus has a more practical or applied element than other forms of education. Training may be “on the job” (i.e., while the trainee is performing real tasks in the work place) or “off the job” (i.e., which takes place while the trainee is not actually performing work).
37. Throughout this publication, reference is made to the work of the Education Committee in terms of the “education and development” of professional accountants. In this sense, the phrase relates to “education” as the main *process* and to “development” as the *outcome*.

Subsets of the development process



Relationship Between Capability and Competence

38. The concepts of capability and competence may be described as being the two sides of a coin. The following is an elaboration on terms used in the Glossary of Terms (next section).
39. ***Capabilities are the professional knowledge; professional skills; and professional values, ethics, and attitudes required to demonstrate competence.*** Capabilities are the attributes held by individuals that enable them to perform their roles.
40. The possession of capabilities gives an indication that an individual has the ability to perform competently in the work place.

41. *Competence is being able to perform a work role to a defined standard, with reference to real working environments.* It refers to the actions that individuals undertake to determine whether they can actually perform to the required standard. When an individual draws on capabilities to perform the required tasks to the required standard, competence is deemed to have been achieved (i.e., the individual is competent).

CAPABILITY	COMPETENCE
Key concepts	
Attributes	Actions
Potential	Actual
Possess	Demonstrate
<i>Can be expressed as learning outcomes</i>	<i>Can be expressed as performance outcomes</i>
Types of capability	Types of competence
<ul style="list-style-type: none"> • Professional knowledge • Professional skills (e.g., intellectual, technical, non-technical, organizational, personal, interpersonal) 	<ul style="list-style-type: none"> • Includes the range of performance outcomes relating to practice standards (e.g., functional, managerial, and interpersonal)
<ul style="list-style-type: none"> • Professional values, ethics, and attitudes (e.g., ethical values, professional manner, commitment to high technical standards, skeptical attitude, commitment to continual improvement and life-long learning, appreciation of public interest and social responsibility) 	<ul style="list-style-type: none"> • Includes the range of performance outcomes relating to behavioral standards (e.g., ethical and professional conduct, demonstrating appropriate skepticism, performance in relation to professional development)

Glossary of Terms

42. This glossary comprises a collection of defined terms, many of which have been specifically defined within existing Education Committee statements. Some of the existing terms may be modified, and other terms added to the glossary, as they are (re)defined in future publications.
43. The Committee acknowledges that terms may be understood to have different common meanings, nuances of meaning, and applications among the various countries in which member bodies operate. The glossary does not prescribe the use of terms by member bodies. Rather, the glossary is a list of defined terms, with special meanings, for their use within the Standards, Guidelines and Papers produced by the Education Committee.
44. Words marked with an asterisk (*) indicate terms that are defined elsewhere in the glossary.

Assessment All forms of tests of professional **competence**,* whether in writing or otherwise, including examinations, carried out at any time throughout the learning process.

Best practice Practices considered to be exemplary, of the highest order, the most advanced, or leading in a particular area in the education of **professional accountants**.*

Explanation:

“Best practice” refers to the best examples of established practice in the preparation of professional accountants. “Best practice” will often go beyond “good practice” and, as such, is at a higher level than the considered minimum requirements. Statements and examples of “best practice” are essential for the advancement of accountancy education and provide useful guidance to member bodies for the continual improvement of their education programs.

Candidate Any individual who is enrolled for assessment as part of a professional accountancy education program.

Explanation:

A candidate is an individual who is undergoing, or about to undergo, a formal assessment as part of accountancy education. The term refers to an individual who is still in the process of demonstrating the capabilities or competences required for a particular purpose (e.g. professional examination). The assessment may relate to either a program for qualifying as a professional accountant or a post-qualifying education program. The term does not relate to an individual at the stage following completion of an education program (i.e., it excludes those who have completed the requirements for membership of a professional body and are in the process of applying for membership).

Capabilities The **professional knowledge,* professional skills,* and professional values, ethics, and attitudes*** required to demonstrate **competence.***

Explanation:

Capabilities are the attributes held by individuals that enable them to perform their roles, whereas competence refers to the actual demonstration of performance. The possession of capabilities gives an indication that an individual has the ability to perform competently in the work place. Capabilities include content knowledge; technical and functional skills; behavioral skills; intellectual abilities (including professional judgement); and professional values, ethics, and attitudes. They are sometimes referred to, in other literature, as competencies, capacities, abilities, key skills, core skills, fundamental skills and values, attitudes, distinguishing characteristics, pervasive qualities, and individual attributes.

Competence Being able to perform a work role to a defined standard, with reference to real working environments.

Explanation:

Competence refers to the demonstrated ability to perform relevant roles or tasks to the required standard. Whereas capability refers to the attributes held by individuals that give them the potential to perform, competence refers to the actual demonstration of performance. Competence may be assessed by a variety of means, including work place performance, work place simulations, written and oral tests of various types, and self-assessment.

Continuing professional development (CPD) **Learning*** activities for developing and maintaining the **capabilities*** of professional accountants to perform competently within their professional environments.

Explanation:

Continuing professional development is aimed at the post-qualification development and maintenance of professional competence. It involves the development of capabilities through either formal and verifiable learning programs (sometimes referred to as “continuing professional education” — CPE) or informal learning activity.

- Development**
1. The acquisition of **capabilities**,* which contribute to **competence**.*
 2. The state at which capabilities have been acquired.

Explanation:

Development, as a process, refers to the growth of capabilities, which contribute to competence, however achieved. Individuals may develop their abilities through a wide range of processes such as learning, including education and training; experience; reflection; observation or receipt of information; or through natural growth over time.

Development may also refer to the final stage of growth at which an individual is considered to be fully developed, as a result of the development process. However, it is recognized that, with the need for continual learning, the process of developing one's capabilities and the subsequent reaching of a targeted stage of development are not fixed or permanent states.

Distributed learning

An education process in which either the majority of the instruction is delivered at a different time from when the instruction is received or when the instructor and student are in different places.

Explanation:

A primary feature of distributed learning is that instructors and students are not required to be in the same place at the same time. "Distributed learning" includes, but is not restricted to, "distance learning." Distributed learning can take place over short or long distances, whereas distance learning implies distribution across only significant distances.

Education A systematic process aimed at developing knowledge, skills, and other **capabilities*** within individuals. It includes “**training**.”*

Explanation:

Education is a systematic learning process whereby individuals develop capabilities considered desirable by society. Education is usually characterized by the growth of an individual’s mental and practical abilities, as well as maturing in attitude, resulting in an enhanced ability of the individual to function and contribute to society, in either specific or non-specific contexts. While often conducted in academic environments, education also includes systematic learning processes in other environments, such as on-the-job and off-the-job training. Education is, by nature, somewhat planned and structured and therefore excludes casual, unsystematic learning and developmental processes.

Good practice Those elements considered essential to the **education*** and **development*** of **professional accountants*** and performed at a standard necessary to the achievement of **competence**.*

Explanation:

“Good practice” relates not only to the range of content and processes of education and development programs, but also to the level or standard at which they are performed (i.e., the depth and quality of the programs). The IFAC Education Committee is conscious of the wide diversity of culture; language; and educational, legal, and social systems in the countries of the member bodies and of the variety of functions performed by accountants. Different factors within these environments may vary the ability of member bodies to adopt some aspects of “good practice.” Nevertheless, member bodies should continuously aspire to “good practice” and achieve it wherever possible.

Higher education	<p>Education* beyond secondary school level, usually at universities or colleges.</p> <p><u>Explanation:</u> <i>Primary and secondary education refer to the mainly compulsory element of schooling required by the governments of many countries. “Higher” education refers to a third order of education, which succeeds secondary education and for which a secondary education qualification (or equivalent) is often a prerequisite. It is at a higher level than “higher secondary” or “upper secondary” education and is sometimes referred to as “tertiary education.”</i></p>
Information technology	<p>Hardware and software products, information system operations and management processes, and the human resources and skills required to apply those products and processes to the task of information production and information system development, management and control.</p>
Learning	<p>A broad range of processes whereby an individual acquires capabilities.*</p> <p><u>Explanation:</u> <i>Learning can be achieved by systematic and relatively formal processes such as education (including training) or processes such as day-to-day work experience, reading published material, observation, and reflection, for which the process of acquiring capabilities tends to be less systematic and relatively informal.</i></p>
Mentor	<p>Professional accountants who are responsible for guiding and advising trainees and for assisting in the development of the trainees’ competence.*</p>

Post-qualification

The period after **qualification*** as an individual member of an IFAC member body.

Explanation:

The term “post-qualification” is usually associated with activities and requirements relating to the professional development of those who have already obtained a professional qualification. It is often associated with action relating to the maintenance or further development of professional competence. While “post-qualification” refers to the period after qualifying as a professional accountant, the term is not restricted to formal qualifications obtained after qualifying as a professional accountant.

Practical experience (or professional experience)

Work experience, undertaken by a **trainee*** or a qualified **professional accountant*** that is relevant to the work of **professional accountants**.* The program of experience enables the individuals’ development of professional **competence*** (including professional behavior) in the work place and provides a means whereby individuals can demonstrate the achievement of professional competence in the work place.

Explanation:

Practical experience refers to the on-the-job execution of tasks that are relevant to the field of accountancy. The practical experience part of the qualifying process is intended to facilitate the development and direct application of professional knowledge; professional skills; and professional values, ethics, and attitudes. Ultimately, it is through practical experience that trainees will demonstrate their competence to perform the roles of professional accountants. Practical experience also refers to the ongoing experience of professional accountants in the accountancy field. Practical experience is sometimes referred to as “professional experience” and has the same meaning as that term.

Pre-qualification	<p>The period before qualification* as an individual member of an IFAC member body.</p> <p><u>Explanation:</u> <i>The term “pre-qualification” is usually associated with activities and requirements relating to the development of those who have not yet obtained a professional qualification.</i></p>
Professional accountant	<p>A person who is a member of an IFAC member body.</p>
Professional accountancy education	<p>Education* that builds on general education and imparts professional knowledge;* professional skills;* and professional values, ethics, and attitudes.* It may or may not take place in an academic environment.</p>
Professional knowledge	<p>Those topics that make up the subject of accountancy as well as other business disciplines that, together, constitute the essential body of knowledge for professional accountants.*</p>
Professional skills	<p>The various types of abilities required to apply professional knowledge, and professional values, ethics, and attitudes* appropriately and effectively in a professional context.</p> <p><u>Explanation:</u> <i>Professional accountants are required to possess a range of skills, including technical and functional skills, organizational and business management skills, personal skills, interpersonal and communication skills, a variety of intellectual skills, and skills in forming professional judgments.</i></p>

Professional values, ethics and attitudes The professional behavior and characteristics that identify **professional accountants*** as members of a profession. They include the principles of conduct (i.e., ethical principles) generally associated with, and considered essential in defining the distinctive characteristics of, professional behavior.

Explanation:

Professional values, ethics, and attitudes include a commitment to technical competence, ethical behavior (e.g., independence, objectivity, confidentiality, and integrity), professional manner (e.g., due care, timeliness, courteousness, respect, responsibility, and reliability), pursuit of excellence (e.g., commitment to continual improvement and lifelong learning), and social responsibility (e.g., awareness and consideration of the public interest).

Qualification Qualification as a **professional accountant*** means, at a given point in time, an individual is considered to have met, and continues to meet, the requirements for recognition as a **professional accountant**.*

Explanation:

Qualification is the formal recognition of an individual as having attained a professional designation, or having been admitted to a class of professional membership, that signifies the individual is a professional accountant. Qualification implies that the individual has been assessed as competent in terms of meeting the requirements prescribed for obtaining professional accountant status. While the term “qualification” can be applied to various stages of professional development and classes of membership, its usage in IFAC Education Committee documents (unless otherwise indicated) relates to the benchmark for recognition as a professional accountant.

Relevant experience Participation in work activities in an environment appropriate to the application of **professional knowledge**;* **professional skills**;* and **professional values, ethics, and attitudes**.*

- Specialization** The formal recognition by a member body of a group of its members possessing distinctive **competence*** in a field, or fields, of activity related to the work of the **professional accountant**.*
- Student** An individual following a course of study, including a **trainee**.*
Explanation:
In the context of professional education, a student is an individual undertaking a course or program of study deemed necessary for the education of professional accountants, whether general or professional in nature.
- Technical accounting staff** Staff engaged in technical accounting work who are directed by or support **professional accountants**.*
Explanation:
“Technical accounting staff” includes staff customarily known as “accounting technicians” and covers staff engaged in technical support roles across all areas of accountancy. The term does not refer to trainees who are in the process of qualifying as professional accountants.
- Trainee** An individual undertaking **pre-qualification*** work experience and **training*** within the work place.
Explanation:
A trainee is an individual who is undertaking a practical experience or work-place training program for qualification as a professional accountant.

Training Pre- and post-qualification* educational activities, within the context of the work place, aimed at bringing a student* or professional accountant* to an agreed level of professional competence.*

Explanation:

Training includes work place-based education and experience activities for developing an individual's competence to perform tasks relevant to the role of the professional accountant. Training may be undertaken while performing actual tasks (on-the-job training) or indirectly through instruction or workplace simulation (off-the-job training). Training is conducted within the context of the work place, with reference to the specific roles or tasks performed by professional accountants. It can include any activity purposefully designed to improve the ability of an individual to fulfil the practical experience requirements for qualification as a professional accountant.

**INTRODUCTION TO INTERNATIONAL
EDUCATION STANDARDS**

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Purpose of this Document

1. This document provides background information to the development of International Education Standards for Professional Accountants (IES), describes the scope of issues covered within the Standards, and discusses the ways in which the Standards may be adopted and applied to the education programs of IFAC member bodies.

International Education Standards for Professional Accountants

2. IES prescribe standards of generally accepted ‘good practice’ in the education and development of professional accountants. IES express the benchmarks that member bodies are expected to meet in the preparation and continual development of professional accountants. They establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application. The gray-letter paragraphs within the Standards are intended to help explain the prescriptions within the black-letter, standard paragraphs.
3. IES cannot legally override local laws and regulations but will provide an authoritative reference for informing and influencing local regulators regarding generally accepted ‘good practice.’
4. All IFAC member bodies are expected to comply with IES, and the Standards are directed primarily at IFAC member bodies rather than individuals. Member bodies are expected to use their best endeavors to:
 - work towards implementation of all IES and other statements developed by the IFAC Education Committee; and
 - incorporate in their education programs the essential elements of the content and process of education on which IES are based or, where responsibility for the education program lies with third parties, persuade those responsible for the educational requirements for the accountancy profession to incorporate the essential elements in that program.

[See Statement of Membership Obligations #2, exposure draft released July 2003]

5. IFAC recognizes that member bodies may be at different stages in their development. Some may have already addressed most or all of the requirements in the Standards. Others may find them challenging. IFAC will review its requirements from time to time because of changes to the profession's environment, cultures and flexibility of approaches.
6. The individual Standards need to be read in conjunction with the *Framework for International Education Statements*, and the related commentary and implementation material contained in this document.

Background

7. The goal of accounting education and practical experience is to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. In the face of the increasing changes that accountants meet, it is essential that accountants develop and maintain an attitude of learning to learn, to maintain professional competence.
8. Learning to learn involves developing skills and strategies that help individuals to learn more effectively and to use these effective learning strategies to continue to learn throughout life. It is a process of acquiring understanding and using a variety of strategies to improve the ability to attain and apply knowledge. This process results from, leads to, and enhances a questioning spirit and a lifelong desire to learn.
9. The education and practical experience of professional accountants should provide a foundation of professional knowledge, professional skills, and professional values, ethics and attitudes that enable them to continue to learn and adapt to change throughout their professional lives. These capabilities will enable professional accountants to identify problems, know what knowledge is required to solve problems, know where to find this knowledge and know how to apply it in an ethical manner to achieve appropriate solutions. The balance of these elements may vary but what is required is to develop the knowledge base and strong skills in order to produce competent professional accountants with appropriate values, ethics and attitudes.

10. The IFAC Education Committee has, for many years, issued guidelines and other papers on education issues. It considers that it is now appropriate to issue individual Standards building on this framework, by dealing with each major element of professional accounting education (see paragraph 25) in a separate Standard. The international accountancy profession is working on an agreed set of international accounting and auditing Standards, and IES complement this body of technical and professional Standards.
11. International Education Standards for Professional Accountants build on and update the International Education Guidelines previously issued by IFAC, specifically IEG 9, *Prequalification Education, Assessment of Professional Competence and Experience Requirements of Professional Accountants*, and IEG 10, *Professional Ethics for Accountants: The Educational Challenge and Practical Application*. This is in recognition of the fact that the global profession is increasingly expected to formulate and live up to standards of competence that meet public expectations.
12. International Education Guidelines (IEG) and other papers previously issued by IFAC and drawn on in these Standards are referenced at the end of this document, together with other [references](#).

The Importance of Accounting Education

13. All cultures exist in an environment of significant change. Increasingly, today's professional accountants need to be technical experts with excellent communication skills, and they need to be able to meet the reporting and information needs of the new knowledge economy. In addition to acquiring technical accounting knowledge and skills, professional accountants need skills that enable them to be, when appropriate, business advisors, financial analysts, communicators, negotiators, and managers. At the same time, integrity, objectivity and willingness to take a firm stand are essential attributes of professional accountants. Professional values, ethics and attitudes are integral to being a professional accountant.
14. A program of accounting education and practical experience needs to go beyond the traditional approach. This approach

emphasized “transfer of knowledge,” with learning defined and measured strictly in terms of knowledge of principles, standards, concepts, facts and procedures at a given point in time.

15. Increased emphasis needs to be placed on a set of professional knowledge, professional skills, and professional values, ethics and attitudes broad enough to enable adaptation to constant change. Individuals who become professional accountants should have a constant desire to learn and apply what is new.
16. Accountancy is a profession that plays an important role in all societies. As the world moves toward global market economies, and with investments and operations crossing borders to an ever greater extent, professional accountants need a broad global outlook to understand the context in which businesses and other organizations operate.
17. Rapid change has been the main characteristic of the environment in which professional accountants work. Pressures for change are coming from many sources including globalization, information and communication technologies, and the expansion of stakeholder groups, including regulators and oversight boards. Professional accountants are now expected to serve the needs not only of investors and creditors but also the information needs of many other users of financial and non-financial information.
18. Businesses and other organizations are engaging in ever more complex arrangements and transactions. Risk management has become more important. Information technology continues to advance at a rapid pace and the internet has revolutionized global communications. Trade and commerce have become more transnational. Privatization has become an increasingly important trend in many countries. Legal action has become more usual in many societies, while in others it is the legal framework that defines the profession’s responsibilities. Concern for the environment and sustainable development has grown.
19. These trends lead to the need for greater accountability and, as a result, in all cultures demands on the profession are high and continue to rise. It is the profession’s capacity to satisfy these demands that determines its value to society.

20. These trends challenge professional accountants to make greater contributions to society than ever before, and they also present a challenge to maintaining competence. The viability of accountancy as a profession depends on the ability and willingness of its individual members to accept responsibility for meeting these challenges. It is the responsibility of the member bodies of IFAC to ensure their members are equipped to fulfill these responsibilities.
21. To meet these challenges, the profession needs to ensure that individuals who become professional accountants achieve an agreed level of competence, which is then maintained. The means by which individuals develop and maintain competence is through education and practical experience, followed by continuing professional development. The profession, therefore, needs to set and meet high standards in these three areas.

Scope of International Education Standards

22. International Education Standards for Professional Accountants are intended to advance the profession of accountancy by establishing benchmarks for the minimum learning requirements of qualified accountants, including education, practical experience and continuing professional development.
23. One of the aims of the Standards is to identify the subject areas that need to be covered, rather than to suggest actual courses that should be taken. That is because the subjects identified are described differently in different parts of the world. It is recognized that some member bodies require a greater range of subjects; others may place greater emphasis on certain subjects to meet the specific purposes for which their students are being trained. Professional values, ethics and attitudes, however, run through all areas and may be integrated with many of the other subjects.
24. IFAC recognizes that member bodies may be at different stages in their development. The required level of understanding may also vary in different professional accountancy bodies and over different time periods. One important defining factor of the curriculum is the set of professional knowledge, professional skills, and professional values, ethics and attitudes relevant to a

particular country, region, culture or professional body while continuing to recognize the broader global view. While the standards need to be complied with, the gray lettering takes into account the different circumstances around the world.

25. International Education Standards for Professional Accountants prescribe the learning and development requirements of professional accountants under the following Standards:
- *IES 1, Entry Requirements to a Program of Professional Accounting Education*
 - *IES 2, Content of Professional Education Programs*
 - *IES 3, Professional Skills*
 - *IES 4, Professional Values, Ethics and Attitudes*
 - *IES 5, Practical Experience Requirements*
 - *IES 6, Assessment of Professional Capabilities and Competence*
 - *IES 7, Continuing Professional Development.*

The Application of International Education Standards for Professional Accountants

26. The overall goal is to produce competent professional accountants by combining the parts of an education program in a suitable fashion. The exact combination of parts may vary as long as this goal is achieved. Different combinations exist in various parts of the world.
27. Professional education prepares accountants to be able to maintain competence throughout their professional careers. Professional education may be pursued at academic institutions or through the programs of professional bodies or both.
28. Although the requirements set out in [paragraph 25](#) are listed in a particular order, they are not necessarily acquired in that order. For example, professional education may be gained at the same time as general education, that is, while pursuing a university degree or other program of study leading to a professional accountancy qualification. Alternatively, professional education may be obtained by advanced study

- after completing another program of study at a higher education level.
29. Practical experience may be obtained after a program of study, at the same time as a program of study, or by some combination of these methods. However, the quality of experience needs to meet the requirements set out in [IES 5, *Practical Experience Requirements*](#).
 30. The educational process may take place on a part-time or full-time basis. It may be beneficial if it takes place during the same period of time or partly the same period of time as practical experience is obtained. Regardless of how candidates choose to obtain their education, they need to complete all elements of professional accountancy education as set out in IES.
 31. It is understood that the education and practical experience needs — as well as the institutional and cultural environment — in different countries and regions will differ. Those responsible for the development of accountants will need to adapt their requirements to these needs. While IES need to be complied with, it is acknowledged needs vary and the IES may be complied with in a variety of different but equivalent ways.
 32. IFAC recognizes that each professional body will need to determine not only how to best comply with the Standards, but also what emphasis to place on the various parts. Furthermore, the profession is dynamic. Care needs to be taken to continually monitor the environment in which each body operates to ensure that the education process remains relevant and professional values are upheld.
 33. Admission to membership of an IFAC member body is recognition that, at a given point in time, a person is deemed to have met the requirements for qualification as a professional accountant. In a time of continuous change, however, development of professional competence and lifelong learning is critical to meet the needs of the users of professional services.
 34. The process of lifelong learning commences early and continues throughout the individual's career. Continuing professional development may be seen as an extension of the

education program leading to qualification as a professional accountant. The professional knowledge, professional skills and professional values, ethics and attitudes gained continue to develop and are refined appropriate for the professional activities and responsibilities of the individual.

35. The issue of post-qualification continuing professional development will be addressed in IES 7, *Continuing Professional Development*.
36. Much work is being done on the emerging concept of competence assessment. The IFAC Education Committee has published a paper on competence approaches in IEP 2, *Towards Competent Professional Accountants*. Member bodies need to have regard to the emerging concept of competence and how it can best be incorporated into their own systems.
37. To demonstrate competence at work, professional accountants need to have a defined set of professional knowledge, professional skills, professional values, ethics and attitudes. This set is wide and is increasing. Competence is gained through a mix of study, work and training. Although the combination of these parts may vary, it should lead to equally valid education and practical experience programs which develop the required competence for the profession.
38. Educators delivering professional accounting education programs will need to respond to the changing needs of the international accountancy profession as well as individual professional accountants. During pre-qualification education, teaching methods should focus on providing students with the tools for self-directed learning after qualification. Educators are free to adopt the methods that work best in their particular cultures. However, educators may need to be trained and encouraged to use a broad range of learner-centered teaching methods that include:
 - (a) using case studies, projects and other means to simulate work situations;
 - (b) working in groups;
 - (c) adapting instructional methods and materials to the ever-changing environment in which the professional accountant works;

- (d) pursuing a curriculum that encourages self learning so that students learn to learn on their own and carry this skill with them after qualification;
- (e) using technology and e-learning;
- (f) encouraging students to be active participants in the learning process;
- (g) using measurement and evaluation methods that reflect the changing knowledge, skills, and professional values, ethics and attitudes required of professional accountants;
- (h) integrating knowledge, skills, professional values, ethics and attitudes across topics and disciplines to address many-sided and complex situations typical of professional demands;
- (i) emphasizing problem identification and problem-solving, which encourages identifying relevant information, making logical assessments and communicating clear conclusions;
- (j) exploring research findings; and
- (k) stimulating students to develop professional skepticism and professional judgment.

Education programs need to include reflection when students are required to consider an experience, what went well, what did not work and what approach should be taken in future in similar circumstances.

- 39. Delivering all of these teaching methods in a purely academic environment is not the only solution. Integration of education and practical experience can bring benefits by drawing on work-based examples to enable students to apply knowledge. A well-designed program of on-the-job training can deliver many of the required experiences. Supervisors, mentors and others involved in practical experience may need to be trained in the most effective way of planning practical experience.
- 40. Other learning methods include:
 - (a) working in groups and in-office environments;

- (b) integration of professional knowledge, professional skills, and professional values, ethics and attitudes across topics and practice in problem solving; and
 - (c) reflection and post-implementation work reviews as a means of learning.
41. Achieving the goal of providing a foundation for lifelong learning requires a grounding in the professional knowledge, professional skills, and professional values, ethics and attitudes essential to professional competency. Providing students with such a grounding needs to be the focus of a program of professional accountancy education as well as practical experience. Educators and academics are often required to work with employers to ensure that programs are both relevant and logically sequential. Member bodies may wish to consider the provision of professional knowledge and practical experience alongside each other.
42. Member bodies will also be aware of the growing movement toward international reciprocity and the comparability of qualifications. IES may assist this process.

References

- IEG 2, *Continuing Professional Education*, IFAC (first issued 1982, revised 1998).
- IEG 9, *Prequalification Education, Assessment of Professional Competence and Experience Requirements of Professional Accountants*, IFAC (first issued 1991, revised 1996, and to be withdrawn effective from 31 December 2004).
- IEG 10, *Professional Ethics for Accountants: The Educational Challenge and Practical Application*, IFAC (issued 1982, and to be withdrawn effective from 31 December 2004).
- IEG 11, *Information Technology for Professional Accountants*, IFAC (first issued 1995, revised 1998 and 2002).
- IEP 1, *Recognition of Pre-Certification Education Providers*, IFAC 2002.
- IEP 2, *Towards Competent Professional Accountants*, IFAC 2003.
- An Advisory on Education and Training of Technical Accounting Staff*, IFAC (first issued in 1987 as IEG 7, *The Education and Training of Accounting Technicians*, revised and issued as Study 2 in 1999).
- An Advisory on Examination Administration. Study 1*, IFAC (issued 1998).
- Code of Ethics for Professional Accountants*, IFAC (first issued 1990, revised 1998 and 2001).
- Intentional Learning: a Process for Learning to Learn in the Accounting Curriculum*, Accounting Education and Change Commission, 1995.
- Practical Experience*, Discussion paper, IFAC (issued 1998).
- Quality Issues for Internet and Distributed Learning in Accounting Education*, IFAC (issued 2000).
- Specialization in the Accounting Profession*, Discussion paper, IFAC (issued 1992).

**IES 1 ENTRY REQUIREMENTS TO A PROGRAM
OF PROFESSIONAL ACCOUNTING EDUCATION**

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Purpose and Scope of this Standard

1. This Standard lays down the entry requirements for an IFAC member body's program of professional accounting education and practical experience. It also provides some commentary on how to assess entry-level qualifications.
2. The aim of this Standard is to ensure that students hoping to become professional accountants have an educational background that enables them to have a reasonable possibility of achieving success in their studies, qualifying examinations and practical experience period. To fulfill this requirement, member bodies may require certain entrants to take pre-entry proficiency tests.

Introduction

3. Fundamentally, the quality of a profession cannot be maintained and improved if the individuals who enter it are not prepared to meet the necessary standards. All IFAC member bodies should try to attract the best quality individuals to the study of accountancy. Ultimately, the quality of the profession depends on the quality of the individuals it can attract. Entry requirements are the first step in this process. Higher entry requirements may allow professional education and practical experience requirements to be met in a shorter period of time.
4. Definitions and explanations of the key terms used in the Standards are set out in the *Framework for International Education Statements*.

Effective Date

5. This Standard is effective from January 1, 2005.

Entry Requirements to a Program of Professional Accounting Education

6. **For an individual seeking to begin a program of professional accounting education leading to membership of an IFAC member body, the entry requirement should be at least equivalent to that for admission into a recognized university degree program or its equivalent.**

7. An individual needs to bring to a program of professional accounting education an appropriate level of prior education and learning to provide the foundation necessary to acquire the professional knowledge, professional skills, and professional values, ethics and attitudes needed to become a professional accountant.
8. Candidates starting on a program of professional accountancy education will have a certain mix of knowledge, skills, and professional values, ethics and attitudes. The extent of these capabilities will determine the entry point of candidates into professional programs. The lower the requirement at the point of entry, the more the program of professional accounting education has to cover.
9. The starting point of a program of professional accounting education can vary. Many programs of professional accounting education start at the post-graduate level. Other programs start at the immediate post-secondary education level or at some point at a higher education level that is below that of an undergraduate degree. Many of these programs are organized by professional bodies themselves rather than by universities or colleges. Some programs recognize work experience, mature students, candidates joining the program part way through their career, and other types of learning.
10. Whichever route is chosen, the entry requirements adopted should fit together consistently with the overall program of professional accounting education laid down by the professional body concerned. It is important that candidates from all possible educational routes, whether starting from secondary, further or higher education, achieve a comparable level of professional competence at the point of qualification. The entry level needs to be high enough to provide assurance of an individual's likely success in the program of professional accounting education.
11. The assessment of equivalence of qualifications to university degree entry standard should be cross-checked with standard reference sources, together with information available to the member bodies of IFAC ([see note below](#)). Even with these aids, evaluating qualifications can be complicated and difficult, with an accurate evaluation possible only after reviewing specific, detailed information about courses and curricula.

12. University degree programs may be recognized by statute, an approved non-statutory body or the market. Recognition and evaluation of degree programs can focus on the content, length and other quality aspects.

Note:

The length of degree programs can vary. In an attempt to standardise practice, the Bologna Declaration, signed by 29 European countries in 1999, supported the adoption of two main types of degree cycles - undergraduate and graduate. Undergraduate degrees are expected to take at least three years to complete. The NARIC database compares the standard of qualifications to degree entry standards, undergraduate degrees and postgraduate degrees (see note below).

Standard reference sources used by member bodies include the following:

American Universities and Colleges, produced in collaboration with the American Council on Education, includes detailed descriptions of more than 1,900 institutions of higher education in the USA.

International Comparisons, published by the National Academic Recognition Information Centre in the UK (NARIC), under contract to the Department for Education and Skills. It includes both secondary and higher-level qualifications worldwide and covers some 190 countries. NARIC helps to identify qualifications that are equivalent to a university degree and those that are equivalent to a university entry standard. The UK NARIC is part of a network of NARICs throughout the European Union.

International Handbook of Universities, published by Palgrave Macmillan. The 15th edition included more than 6,000 institutions in 174 countries, with descriptions of their degrees and diplomas.

The World of Learning, published by Europa Publications, lists institutions worldwide that are considered to be higher education institutions, including universities and colleges.

In a large number of countries, “Country Education Profiles” together with an indication of the standard of the degrees are published by the National Office of Overseas Skills Recognition (NOOSR), a branch of the Australian Commonwealth Department of Education, Science and Training.

**IES 2 CONTENT OF PROFESSIONAL
ACCOUNTING EDUCATION PROGRAMS**

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12. **The professional accountancy knowledge component of pre-qualification education should consist of at least two years of full-time study (or the part-time equivalent).**
13. **Students should pursue a degree in accounting, or a professional qualification, to gain this knowledge.**
14. **The content of professional accounting education should consist of:**
 - (a) **accounting, finance and related knowledge;**
 - (b) **organizational and business knowledge; and**
 - (c) **information technology knowledge and competences.**
15. The professional knowledge component complements the non-professional knowledge, and the intellectual, personal, interpersonal, communication, and organizational and management skills developed in general education.
16. The subjects discussed in this Standard are not necessarily intended to be completed in the order shown. For example, professional accounting education may be gained alongside general education, while pursuing a university degree, or it may be obtained in advanced study after completing another program of study at university degree level. Students may take non-accounting degrees, or no degrees at all, and then acquire the necessary knowledge of professional accountancy subjects through studying for the examinations of a professional body. In this case, the syllabus of the professional body needs to cover all the subject content listed in this Standard. In addition, the subjects and elements of the program may be integrated, for example, incorporating aspects of IT knowledge in specific accounting courses. This may assist the learning process and help candidates understand how the individual components are interrelated.
17. The professional accountancy knowledge component is only part of the pre-qualification education program. It may or may not be acquired in an academic environment. Some degree programs may, in addition to requiring up to two years of general studies, devote at least another two years to accounting studies. More specialist accounting degrees may incorporate

general studies within a three-year program. The exact combination of general studies, accounting studies and practical experience may differ from one program to another as long as the equivalent professional competences are achieved.

18. Accounting, finance and related knowledge provide the core technical foundation essential to a successful career as a professional accountant. The mix of topics may differ according to the sectors or locations in which individuals work. The accounting curricula is itself changing and will continue to change in response to rapidly changing market demands. New topics are entering the curriculum and the relative emphasis among topics is altering. Member bodies may wish to add topics, or alter the balance of their programs, to meet the needs of their particular environments.
19. Organizational and business knowledge provides the context in which professional accountants work. A broad knowledge of business, government and not-for-profit organizations is essential for professional accountants. Organizational and business knowledge includes how businesses are organized, financed and managed, and the global environment in which business operates.
20. Information technology has transformed the role of the professional accountant. The professional accountant not only uses information systems and exercises IT controls skills but also plays an important role as part of a team in the evaluation, design and management of such systems.
21. The weighting of subjects can vary from one program to another. The three knowledge areas are not set out to indicate relative importance or order. A competency study is a useful way of deciding the relative weighting of subjects.
22. The subjects listed below represent the minimum subject areas in professional accounting education programs. However, the relative depth and weighting of coverage will depend on the needs of individual IFAC member bodies and any restrictions placed on them by statutory authorities.

- 23. The accounting, finance and related knowledge component should include the following subject areas:**
- (a) financial accounting and reporting;**
 - (b) management accounting and control;**
 - (c) taxation;**
 - (d) business and commercial law;**
 - (e) audit and assurance;**
 - (f) finance and financial management; and**
 - (g) professional values and ethics.**
24. The accounting, finance and related knowledge component further develops and integrates the knowledge, skills and professional values, ethics and attitudes from elsewhere into the subject areas all professional accountants need to study. It gives students the necessary theoretical and technical accounting knowledge and intellectual skills, including an understanding of professional values and ethics. This part needs to be delivered at least at the level of an accounting degree. This component includes:
- (a) history of the accountancy profession and accounting thought;
 - (b) content, concepts, structure and meaning of reporting for organizational operations, both for internal and external use, including the information needs of financial decision makers and a critical assessment of the role of accounting information in satisfying those needs;
 - (c) national and international accounting and auditing standards;
 - (d) the regulation of accounting;
 - (e) management accounting, including planning and budgeting, cost management, quality control, performance measurement, and benchmarking;
 - (f) the concepts, methods and processes of control that provide for the accuracy and integrity of financial data and safeguarding of business assets;
 - (g) taxation and its impact on financial and managerial decisions;

acquired during the pre-qualification process. Being able to understand is different from having the ability and experience to undertake, participate in and contribute to organizational and business management.

27. Organizational and business education includes:
- (a) a knowledge of macro- and micro-economics;
 - (b) a knowledge of business and financial markets and how they operate;
 - (c) the application of quantitative methods and statistics to business problems;
 - (d) an understanding of corporate governance and business ethics;
 - (e) an understanding of organizations and of the environments in which they operate, including the major economic, legal, political, social, technical, international and cultural forces and their influences and values;
 - (f) an understanding of environmental issues and sustainable development;
 - (g) an understanding of interpersonal and group dynamics in organizations, including the methods for creating and managing change in organizations;
 - (h) an understanding of personnel and human resource issues, managing people, project management, and marketing;
 - (i) an understanding of decision support and strategy, including business advice, strategic management and general management;
 - (j) an understanding of organizational and operational risk;
 - (k) a basic knowledge of international trade and finance and the ways in which international business is conducted, as well as the processes of globalization; and
 - (l) an ability to integrate the above components in accomplishing strategic objectives.

- 28. The information technology component should include the following subject areas and competences:**
- (a) general knowledge of IT;**
 - (b) IT control knowledge;**
 - (c) IT control competences;**
 - (d) IT user competences; and**
 - (e) one of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems.**
29. Guidance on the information technology knowledge and competences for professional accountants is set out in IEG 11, *Information Technology for Professional Accountants*.
30. As part of their pre-qualification education, all professional accountants are expected to participate in at least one of the roles of manager, designer or evaluator of information systems or a combination of these roles as identified in IEG 11.
31. At the point of qualification, candidates are expected to have a knowledge and understanding of the competency elements in at least one of these roles. This may be evidenced by the ability to describe or explain the significance of the issues related to the listed competencies in a relevant business setting. A candidate needs to be able to participate effectively in the activities listed in this section as part of a team or under supervision, but would not be expected to demonstrate proficiency in all the competences.
32. Users of the various information technologies employ information systems tools and techniques to help them meet their own objectives and to help others meet their objectives. The following broad areas of competence relate to the user role:
- (a) apply appropriate IT systems and tools to business and accounting problems;
 - (b) demonstrate an understanding of business and accounting systems; and
 - (c) apply controls to personal systems.

33. The information technology knowledge component may be provided in a variety of ways, perhaps as separate courses or by integrating the subject into the organizational and business knowledge component or into the accounting and accounting-related knowledge component. Competence may also be acquired through work experience in addition to the IT knowledge component. For the formal IT education component, case studies, interactions with experienced professionals and similar techniques may be used to enhance the presentation of subject matter and to help students develop practical skills, in combination with relevant IT work experience.

15. Technical and functional skills consist of general skills as well as skills specific to accountancy. They include:
 - (a) numeracy (mathematical and statistical applications) and IT proficiency;
 - (b) decision modeling and risk analysis,
 - (c) measurement;
 - (d) reporting; and
 - (e) compliance with legislative and regulatory requirements.

16. Personal skills relate to the attitudes and behavior of professional accountants. Developing these skills helps individual learning and personal improvement. They include:
 - (a) self-management;
 - (b) initiative, influence and self learning;
 - (c) the ability to select and assign priorities within restricted resources and to organize work to meet tight deadlines;
 - (d) the ability to anticipate and adapt to change;
 - (e) considering the implications of professional values, ethics and attitudes in decision making; and
 - (f) professional skepticism.

17. Interpersonal and communication skills enable a professional accountant to work with others for the common good of the organization, receive and transmit information, form reasoned judgments and make decisions effectively. The components of interpersonal and communication skills include the ability to:
 - (a) work with others in a consultative process, to withstand and resolve conflict;
 - (b) work in teams;
 - (c) interact with culturally and intellectually diverse people;
 - (d) negotiate acceptable solutions and agreements in professional situations;
 - (e) work effectively in a cross-cultural setting;

24. How these skills can be acquired may, therefore, differ from one IFAC member body to the next. How this Standard is implemented depends on the cultural environment in which each body operates and the prevailing educational infrastructure. As a result, part of general education may be acquired during a broad and perhaps extended period of secondary education prior to higher education.

Purpose and Scope of this Standard

1. This Standard prescribes the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification.
2. The aim of this Standard is to ensure that candidates for membership of an IFAC member body are equipped with the appropriate professional values, ethics and attitudes to function as professional accountants.
3. IFAC recognizes that the accountancy profession throughout the world operates in environments with different cultures and regulatory requirements. IFAC has, nevertheless, established an international *Code of Ethics for Professional Accountants*. Professional values, ethics and attitudes relate directly to IFAC's mission to develop and enhance the profession to enable it to provide services of consistently high quality in the public interest.

Introduction

4. Society has high expectations of the accountancy profession. It is essential for professional accountants to accept and observe ethical principles regulating all their relationships. Professional values, ethics and attitudes identify professional accountants as members of a profession and should shape everything they do as professionals. It is the responsibility of member bodies to ensure that their members have an adequate understanding of the principles of professional ethics and the underlying rationale of the constraints that professional ethics place on professional accountants.
5. Since professional accountants have a role to play in decision making, they need to have a thorough appreciation of the potential ethical implications of professional and managerial decisions. They also need to be aware of the pressures of observing and upholding ethical principles that may fall on those involved in the decision-making process. This is true whether they are working in public practice, industry or commerce, the public sector or education.
6. Professional accountants operate in a world of change. Good governance, both corporate and public, depends greatly on

Professional Values, Ethics and Attitudes

- 13. The program of professional accounting education should provide potential professional accountants with a framework of professional values, ethics and attitudes for exercising professional judgment and for acting in an ethical manner that is in the best interest of society and the profession.**
- 14. The required values, ethics and attitudes of professional accountants include a commitment to comply with the relevant local codes of ethics which should be in conformity with the IFAC Code of Ethics.**
- 15. The coverage of values and attitudes in education programs for professional accountants should lead to a commitment to:**
 - (a) the public interest and sensitivity to social responsibilities;**
 - (b) continual improvement and lifelong learning;**
 - (c) reliability, responsibility, timeliness, courtesy and respect; and**
 - (d) laws and regulations.**
- 16. While the approach of each program to the learning of professional values, ethics and attitudes will reflect its own national and cultural environment and objectives, as a minimum all programs should include:**
 - (a) the nature of ethics;**
 - (b) differences of detailed rules-based and framework approaches to ethics, their advantages and drawbacks;**
 - (c) compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality;**
 - (d) professional behavior and compliance with technical standards;**
 - (e) concepts of independence, skepticism, accountability and public expectations;**
 - (f) ethics and the profession: social responsibility;**

- (g) ethics and law, including the relationship between laws, regulations and the public interest;**
- (h) consequences of unethical behavior to the individual, to the profession and to society at large;**
- (i) ethics in relation to business and good governance; and**
- (j) ethics and the individual professional accountant: whistle blowing, conflicts of interest, ethical dilemmas and their resolution.**

Teaching Professional Values, Ethics and Attitudes

17. Because of the importance of professional values, ethics and attitudes to future professional accountants, the presentation of the topic may be treated as a separate subject. As students progress, and gain a wider knowledge of other subjects, it will be appropriate to integrate subject matters. This will encourage students to look for and consider the possible ethical implications of problems being discussed in their study of other subjects.
18. Students need to understand that values, ethics and attitudes run through everything that professional accountants do and how they contribute to confidence and trust in the market. Subsequent treatment might address the particular ethical issues likely to be faced by all professional accountants and those more likely to be encountered by professional accountants in public practice in any particular cultural environment.
19. Students need to be encouraged to study the role of, and critically appraise, relevant codes of ethics. Students may be invited to view professional pronouncements in this area as a positive effort to create a framework of trust and integrity within which professional accountants can operate. Students need to be encouraged to examine the ethical pronouncements of other professions and examine and discuss other potential approaches for the accountancy profession. Rote learning of codes and subsequent tests of memory will not produce the desired effect.
20. The presentation of professional values, ethics and attitudes to accounting students can be enhanced greatly through the use of participative approaches. These may include:

- (a) the use of teaching materials such as multi-dimensional case studies;
 - (b) role playing;
 - (c) discussion of selected readings and videos;
 - (d) analysis of real life business situations involving ethical dilemmas;
 - (e) discussion of disciplinary pronouncements and findings; and
 - (f) seminars using speakers with experience of corporate or professional decision making.
21. Such participative work will lead those involved to a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions. Distance learning programs may be limited in offering all these participative experiences, however, as many approaches as possible can be used to enhance the learning experience.
22. It is important for professional accountants to learn from their ethical experiences. With this in mind, education programs need to include reflection when students are required to consider an experience, what went well, what did not work, and what approach may be taken in the future in similar circumstances.

Workplace Learning and Professional Values, Ethics and Attitudes

23. Professional values, ethics and attitudes affect the work of all professional accountants. Proper ethical behavior is as important as technical competence. Member bodies will require trainees to gain appropriate training and practical experience prior to admission to membership. Accordingly, the period of training and practical experience needs to be structured to give trainees an opportunity to observe the application of professional values, ethics and attitudes in the work situation.

24. Those responsible for the supervision of practical experience need to stress to their trainees the ethical dimensions of the role professional accountants play in the workplace. This may be done by encouraging them to identify any apparent ethical implications and conflicts in their work, to form preliminary views on such occurrences and to discuss them with their superiors.
25. In addition to discussions with the supervisors or mentors, there are other ways for trainees to discuss ethical issues, for example, discussions or interviews with other staff within the organization.
26. Trainees, and those recently qualified as professional accountants, would also benefit from exposure to, and involvement in, discussions on relevant issues relating to the work of their employers that are perceived to have potential ethical implications, for example conflicts of interest related to:
 - (a) professional accountants' job responsibilities (including responsibilities defined by the policies of organizations and the instructions of supervisors) and their professional responsibilities (as defined by their professional codes of conduct amongst other sources);
 - (b) confidentiality of information, including the limits of confidentiality;
 - (c) the structure and purpose of professional associations (including lobbying activities on behalf of members);
 - (d) the variety of ways in which professional accountants can face conflicts of interest, including, for example, inappropriate advocacy and earnings management.
27. Ethical problems and potential dilemmas may occur. Where there is doubt about the ethical aspects of a course of action or situation, trainees need to consult some recognized ethical reference point, within their work environment or member body, whichever may be the appropriate course of action.

Monitoring and Control

- 18. The member body and/or regulatory authority should ensure that the practical experience candidates have gained is acceptable. Experience leading to qualification as a professional accountant should be conducted under the direction of a mentor who is an experienced member of an IFAC member body. For a program of practical experience to be effective, it is necessary for the professional body or regulatory authority, the trainee, the mentor and the employer to work together.**
- 19. The program of practical experience should be mutually beneficial to both the trainee and the employer and be developed together. A record of the practical experience gained should be reviewed periodically by the mentor.**
20. Before a trainee qualifies as a professional accountant, IFAC member bodies should assess the practical experience gained by the trainee on the basis of written submissions reviewed by supervisors or mentors and possibly supported by oral submissions made by trainees.
21. Mentors may be assisted in performing the mentoring function by others in the organization, some of whom may not be professional accountants.
22. The program of practical experience needs to be designed and implemented to meet the experience requirements set by the professional body. It also needs to be efficient and cost-effective for the employer, whether that employer is in industry, commerce, government or public practice (see also the IFAC Discussion Paper *Practical Experience*).
23. Mentors can represent an important link between trainees and member bodies. They may be responsible for the planning of the practical experience period and provide guidance to trainees. Member bodies may wish to provide training for mentors and put in place reporting arrangements.
24. IFAC member bodies, whose members are eligible for an audit license at the point of qualification, need to ensure that appropriate audit experience is acquired during the pre-

- (g) monitoring employers and mentors previously approved. The review may advise on areas that need improvement or may recommend that approval be withdrawn if conditions have changed to the extent that relevant experience criteria are not being met;
- (h) establishing a system of periodic reporting to cover changes, if any, in the nature, scope and content of the trainees' practical experience if it is impractical to visit all approved employers; and
- (i) undertaking a periodic study of the competences required by professional accountants to help to ensure that the practical experience gained is relevant and appropriate.

Assessment of Professional Capabilities and Competence

- 11. The professional capabilities and competence of candidates should be formally assessed before the qualification of professional accountant is awarded. IFAC member bodies should be responsible for ensuring this final assessment is of appropriate quality in accordance with the requirements set out in paragraph 12 of this Standard. The final assessment may be carried out by an IFAC member body or a regulatory authority with substantive input from an IFAC member body.**

- 12. The final assessment of professional capabilities and competence should:**
 - (a) require a significant proportion of candidates' responses to be in recorded form;**
 - (b) be reliable and valid;**
 - (c) cover a sufficient amount of the whole range of professional knowledge, professional skills, and professional values, ethics and attitudes for the assessment to be credible; and**
 - (d) be made as near as practicable to the end of the pre-qualification program.**

13. While the final assessment may be the responsibility of the IFAC member body and would usually be carried out by the IFAC member body or regulatory authority, member bodies may wish to cooperate with other member bodies in making their assessment arrangements, in whole or in part. The responsibility for the final assessment still remains with the member bodies whose qualifications will be awarded.

14. The assessment of professional capabilities and competence serves several purposes. First, member bodies and regulatory authorities have a responsibility to ensure that professional accountants have the capabilities and competence expected of them by employers, clients and the public. Second, individuals who owe a duty of care to their clients, employers and relevant stakeholders need to demonstrate their ability to discharge this responsibility in a competent manner. Third, the public interest is protected and the credibility of the profession is enhanced

when only those who meet the profession's competency standards are permitted to be professional accountants.

15. The critical consideration is whether the assessments are reliable and valid. Reliable assessments produce consistent, objective results over time. Valid assessment methods assess the desired outcomes and may use quantitative and qualitative measures. Assessments need to be acceptable to stakeholders and serve the public interest.
16. The assessments need to be appropriate for the professional knowledge, professional skills and professional values, ethics and attitudes being evaluated.
17. Although it is not practicable to assess the whole range of capabilities and competences at any single session, the whole range needs to be covered over several sessions. Some material may have been covered before, and assessors are entitled to assume that this material is known and understood. In other cases some of the competences may have been assessed during the practical experience period.
18. IFAC acknowledges that there is no single preferred method for a final assessment of professional capabilities and competence. Because of the diversity of capabilities and competences being evaluated, IFAC members need to use a variety of assessment methods, as appropriate.
19. The methods adopted will also depend on factors specific to each member body, including:
 - (a) geographical location;
 - (b) educational and other resources available;
 - (c) the number of candidates being tested and their backgrounds; and
 - (d) training opportunities.
20. To provide sufficient evidence for the assessment of candidates' professional capabilities and competence, the assessment needs to assign a significant weighting to responses in recorded form.

21. Candidates also need to demonstrate that they can integrate all the various elements across a range of situations and apply them in the context of a professional accountant at work.
22. The assessment might also include elements of oral and group assessments as well as objective testing. Scenario-based questions and case studies may be used to test higher-level intellectual skills. The assessment needs to be at a level of difficulty appropriate for professional accountants to preserve the credibility of the final test of capabilities and competence.
23. Professional capabilities and competence may be assessed through a series of parts spread over an individual's pre-qualification program. However, the final qualifying part of the assessment needs to be administered as near as practicable to the end of the individual's pre-qualification program leading to qualification. This final assessment needs to cover enough of the body of professional knowledge, professional skills, and professional values, ethics and attitudes necessary to demonstrate that the individual has the capabilities and competence to qualify as a professional accountant.