

IFAC Education Committee Publishes First International Education Standards

Competence and integrity - two attributes vital to the accounting profession's ability to protect the public interest and effectively carry out its responsibilities. Accounting education provides the foundation upon which prospective and experienced professional accountants develop their competence and cultivate integrity. To ensure quality and consistency in accounting education around the globe, the International Federation of Accountants (IFAC) Education Committee has developed International Education Standards for Professional Accountants (IESs) which prescribe the essential elements of education (including practical experience) to become a professional accountant, and the ongoing education requirements once qualified as a professional accountant.

The standards are designed to be of assistance primarily to IFAC member bodies, which are generally responsible for either establishing or implementing education standards and requirements at the national level. The standards provide an important framework for all those interested in ensuring the high quality performance of professional accountants, including statutory and regulatory authorities involved with accounting education. Their release comes at a time when professional accountants are challenged to know and learn more every day. The new standards will assist those responsible for accounting education in helping professional accountants to develop the skills and strategies for life-long learning so they can continually meet the expecta-

tions of the communities they serve.

These standards are critical components of IFAC's overall efforts to provide clear benchmarks to current and potential IFAC member organizations to assist them in ensuring high quality performance by professional accountants worldwide," states IFAC President René Ricol.

MOVING TOWARDS CONVERGENCE

Convergence to high quality standards for professional accountants is critical to cross border trade and capital market development. The global profession is moving steadily towards a common base of standards in accounting, auditing, public sector accounting, and ethics. Education must be the starting point for the profession to achieve common technical and practice standards throughout the world.

THE DEVELOPMENT PROCESS

In November 2001, IFAC's Board approved the Education Committee's recommendation to develop the first set of IESs for professional accountants. The IESs, which build upon and significantly update the International Education Guidelines (IEGs) previously issued by IFAC, address the need for greater consistency in the accounting education processes adopted throughout the world. The issuance of these standards is predicated by the expectation that IFAC member bodies, transnational corporations, major accountancy firms, government agencies and principal international donors will accept the authority of international education standards in much the same way as they accept the authority of international accounting and auditing standards. Proposed standards were released as exposure drafts in July 2002, with comments invited by December 31, 2002. The Education Committee carefully considered the many responses received before finalizing the standards. The committee re-exposed sections of IES 2, *Content of Professional Accounting Education Programs* in April 2003, and will re-expose IES 7, *Continuing Professional Development* in early November 2003.

New Standards

The following standards were approved in October 2003:

- IES 1 Entry Requirements to a Program of Professional Accounting Education
- IES 2 Content of Professional Accounting 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

Effective January 1, 2005, all IFAC member bodies are expected to comply with these standards.

ESTABLISHING BENCHMARKS FOR EDUCATION

It is important to note 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 have the potential for international recognition, acceptance and application. Although the standards are prescriptive in nature, they cannot override authoritative local pronouncements or regulations. The committee will also develop guidance to assist member bodies in complying with the requirements set out in the IESs. International Education Guidelines (IEGs) interpret, illustrate and expand on matters related to IESs and provide advice and guidance on how to achieve the requirements set out in IESs. International Education Papers (IEPs) promote discussion or debate on education and development issues affecting the accountancy profession.

"The goal of accounting education and practical experience is to produce competent professional accountants who are capable of making positive contributions over their lifetimes to the profession and society in which they work. In an environment of ongoing change, it is essential that professional accountants develop and maintain an attitude of learning to learn. IESs are designed to cultivate and reinforce this attitude among accountants so they effectively maintain their professional competence throughout their careers."

- Warren Allen, Chairman
IFAC Education Committee

Overview of New Standards

Each of the six new International Education Standards is described below. Descriptions are also provided of two supporting documents: an introduction and framework. These documents should be read in conjunction with the standards.

INTRODUCTION

The Introduction document provides background information about the purpose, scope and development of IESs. It also explains the scope of issues covered in the standards and discusses ways the standards may be adopted and applied to the education programs of IFAC member bodies. Additionally, the Introduction provides commentary on different teaching methods and the integration of education and practical experience to develop a foundation for lifelong learning.

FRAMEWORK FOR INTERNATIONAL EDUCATION

STATEMENTS

The Framework sets out the objectives and operating procedures of the Education Committee and explains the nature, scope and authority of three types of documents:

- International Education Standards for Professional Accountants (IESs)
- International Education Guidelines for Professional Accountants (IEGs)
- International Education Papers for Professional Accountants (IEPs)

To ensure that the standards reflect the current environment in which professional accountants operate, the Education Committee seeks input on the development of the standards through an extensive consultative process. All standards and guidelines developed by the committee are released on exposure and comments carefully considered prior to the final IES or IEG being issued. The Framework also includes a glossary of the terms used in the standards.

IES 1, Entry Requirements to a Program of Professional Accounting Education

IES 1 prescribes the requirements for entry to an IFAC member body's program of professional accounting education and practical experience. Its aim is to ensure that students striving 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.

The standard requires candidates to have education that is at least equivalent to what is required for admission into a recognized university degree program or its equivalent. It also provides some commentary on how to assess entry-level qualifications.

IES 2, CONTENT OF PROFESSIONAL ACCOUNTING EDUCATION PROGRAMS

IES 2 prescribes the professional accountancy knowledge that all candidates require to function competently as professional accountants. The standard sets out the knowledge required in three key areas: accounting, finance and related knowledge; organizational and business knowledge; and IT knowledge. The knowledge may be gained in an academic environment (i.e., a university degree) or within a member body's own program of professional study. The standard acknowledges the constant change and expansion of knowledge required for professional accountants, the necessity to adapt to the needs of the market and, therefore, the weighting of subjects can vary from one program to another.

IES 3, PROFESSIONAL SKILLS

IES 3 prescribes that individuals who seek to qualify as professional accountants acquire a mix of skills in the following areas: intellectual; technical and functional; personal; interpersonal and communications; and organizational and business management. The nature of these skills is described in this standard. This standard also addresses how general education, which may be gained in a variety of ways, contributes to the acquisition of these skills and encourages lifelong learning.

IES 4, PROFESSIONAL VALUES, ETHICS AND ATTITUDES

Professional values, ethics and attitudes identify professional accountants as members of a profession and should shape everything they do as professionals. To enable the profession to provide services of consistently high quality in the public interest, IES 4 prescribes the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification.

This standard specifies that professional accounting education programs should provide candidates 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. The program should lead to a commitment to:

- The public interest and sensitivity to social responsibilities;
- Continual improvement and lifelong learning;
- Reliability; responsibility, timeliness, courtesy and respect; and
- Laws and regulations.

While IES 4 acknowledges that the approach of programs will reflect the national and cultural environment

How IESs Benefit the Profession

- Provide a consistent global framework necessary to prepare professional accountants to make positive contributions to the profession and society.
- Promote consistency and convergence in the accounting education processes adopted throughout the world.
- Advance convergence in the application of international technical and practice standards by ensuring a common base of education and practical experience for all professional accountants.
- Support greater global mobility of competent professional accountants.
- Contribute to greater mutual recognition and cooperation among professional accountancy bodies around the world.

and objectives within which they exist, the standard lists the minimum required subject areas.

IES 5, PRACTICAL EXPERIENCE REQUIREMENTS

This standard aims to ensure that candidates seeking to qualify as professional accountants have acquired the practical experience necessary before presenting themselves to the public as professional accountants. It prescribes a minimum of three years of practical experience before qualification as a professional accountant. The standard allows up to 12 months of professional education (beyond undergraduate) with a strong element of practical accounting application to contribute to the period of practical experience. Practical experience should be gained under the direction of an experienced professional accountant, and a record of the experience gained should be kept and reviewed periodically.

IES 6, ASSESSMENT OF PROFESSIONAL CAPABILITIES AND COMPETENCE

IES 6 addresses the requirements for a final assessment of a candidate's professional capabilities and competences before awarding qualification as a professional accountant. This standard prescribes that a significant proportion of this assessment should test underpinning theoretical knowledge as well as the practical application of knowledge. It also provides examples of those capabilities and competences.

The standard sets out that the IFAC member body is ultimately responsible for having in place appropriate assessment procedures to ensure candidates are suitably qualified to become professional accountants. This final assessment may be carried out by parties other than the member body; however, the member body must have substantial input into the development of such an assessment.

WHAT'S AHEAD?

The Education Committee had planned to re-expose a proposed standard on Continuing Professional Development by November 1, 2003 and will invite comments through December 31, 2003. It plans to issue a final standard in mid-2004. Having released the first set of International Education Standards, the committee is now considering what additional guidance is needed to assist member bodies to implement the requirements in the standards. For updates on this project, visit the education section of the IFAC website at www.ifac.org/education. ■