

*Proposed Revised International Education Standard*

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## IES 6, Assessment of Professional Competence



International Federation  
of Accountants

## REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB) approved this exposure draft, International Education Standard (IES) 6, *Assessment of Professional Competence*, for publication at its March 2011 meeting. This IES may be modified in light of comments received before being issued in final form.

Respondents are asked to submit their comments **electronically** through the IFAC website ([www.ifac.org](http://www.ifac.org)), using the “Submit a Comment” link on the Exposure Drafts and Consultation Papers page. Please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website. Although IFAC prefers that comments be submitted electronically, e-mail may be sent to [davidmcpeak@ifac.org](mailto:davidmcpeak@ifac.org). Comments can also be faxed to the attention of the IAESB Technical Manager at +1 (416) 204-3412, or mailed to:

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International Federation of Accountants  
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Comments should be submitted by **July 28, 2011**.

Copies of this exposure draft may be downloaded free of charge from the IAESB website at [www.iaesb.org](http://www.iaesb.org).

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# EXPLANATORY MEMORANDUM

## Introduction

This memorandum provides background to, and an explanation of, the proposed International Education Standard (IES) 6, *Assessment of Professional Competence*, approved for exposure by the International Accounting Education Standards Board (IAESB) at its March 2011 meeting.

## Background

The current version of IES 6 was published in May 2004 and became effective on January 1, 2005. IES 6 prescribes the requirements for a final assessment of a candidate's professional competence before qualification.

In 2009 the IAESB completed its revision of the Framework document which sets out the underlying concepts and principles for the IESs. This new Framework document, *Framework for International Education Standards for Professional Accountants* (2009), identifies general education, professional accounting education, practical experience and assessment as components of the learning and development of a professional accountant. Learning and development occurs throughout an individual's career and ensures the development and maintenance of competence required for performing the various roles of professional accountants.

As part of its project to improve the clarity of its standards, the IAESB has undertaken to revise and redraft all of its IESs in accordance with its new clarity drafting conventions. At its October 2009 meeting the IAESB agreed that all eight standards should be revised with the aim of:

- improving clarity;
- ensuring consistency with concepts of the revised Framework document; and
- clarifying issues resulting from changes in the environment of accounting education and the experience gained from implementation of the Standards by IFAC member bodies.

This approach responds to the desire for all IESs to be consistently drafted, and subject to a single statement of their authority and effect. The drafting conventions used by the IAESB in revising IES 6 for exposure, and the authority and obligation attaching to those conventions, are established in the Appendix of the *Framework for International Education Standards for Professional Accountants*, approved by the IAESB in October 2009.

## Effective Date

The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the 1<sup>st</sup> Quarter of 2013. The IAESB is expecting to finalize IES 6 in Q1 of 2012 and the Board has provisionally agreed that IES 6 will be effective for implementation for periods beginning on or after June 28, 2013. This date will depend on satisfactory progress being made, and will be amended to a later date should that prove necessary. The IAESB believes that it is in the interests of member bodies and other interested stakeholders who use the IESs that the standards should be released as soon as they are approved so as to facilitate their implementation.

## Significant Issues

This section describes some of the issues and resulting decisions that the IAESB has taken in revising and redrafting of IES 6, and are summarized under the following headings.

### **IES 6, Assessment of Professional Competence.**

#### *Assessment over the Life Cycle of a Professional Accountant*

The objective of the extant IES 6 is to prescribe requirements for the final assessment of a professional accountant before qualification, whereas the proposed IES 6 adopts a principles-based approach which specifies the requirements for the assessment of professional competence over the life cycle of a professional accountant, that is, across Initial Professional Development (IPD) and Continuing Professional Development (CPD). The IAESB recognizes that the development and maintenance of competence must take place throughout the careers of professional accountants. Because of a constantly changing work environment, professional accountants must engage in learning and development which is the ongoing process of acquiring, maintaining, and renewing competence at an appropriate level. Throughout their careers, professional accountants (a) change and expand the scope of their competence, (b) develop their expertise, and (c) generally improve their competence. The competence gained during IPD is continually renewed, modified, and/or expanded through CPD. Assessment is used to measure the effectiveness of learning and development by a professional accountant.

#### *Confirmation of Professional Competences Prior to Qualification*

The extant standard focuses on the formal assessment of competence using a comprehensive final examination just before qualification, whereas the proposed IES 6 recognizes that this assessment may be achieved in several ways. For example, assessment may occur through a series of written examinations that focus on different areas of competence held throughout IDP, or assessment that occurs through activities over IDP which might include written examinations and assessment of workplace performance. An analysis of data on assessment methods from the IFAC Compliance program on Statement of Membership Obligation 2 shows that IFAC member bodies are undertaking a variety of approaches to assessment and are using a range of assessment methods to get to the same learning outcomes. The IAESB recognizes that candidates need to demonstrate their professional competence, particularly in regard to the integration of different areas of knowledge and skills and their ability to apply this to real world situations. As a result the IAESB recognizes that the scope of the proposed IES 6 needs to be broader than the “final assessment” to encompass assessment across IPD and CPD career stages, and that it cannot be assumed that having a single final assessment at the end of IPD is the only model for member bodies.

#### *Principles of Assessment*

The extant standard indicates that an assessment should be valid and reliable, while the proposed IES 6 expands on these principles of *assessment*. More specifically, the IAESB indicates that individual assessment activities and the broader assessment processes used by member bodies to assess professional competence shall be: reliable, valid, equitable, transparent and sufficient. These principles would apply across IPD and CPD career stages of a professional accountant.

The IAESB recognizes that it is for the other education standards to cover specific aspects of assessment relevant to that standard.

#### Requirement for Verification of CPD Requirements for Accountants

The extant standard indicates that it is the responsibility of the member body to formally assess competence before qualification of the professional accountant is awarded. The proposed IES 6 indicates that IFAC member bodies shall undertake a formal evaluation of the adequacy of professional competence of aspiring accountants prior to their admission to the profession and have a systematic process to verify whether professional accountants meet CPD requirements.

## **Guide for Respondents**

### ***Request for General Comments***

The IAESB welcomes comments on all matters addressed in this proposed International Education Standard 6 (See **APPENDIX 1**). Comments are most helpful when they refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording to enable the IAESB to fully appreciate the respondent's position. Where a respondent agrees with proposals in the exposure draft (especially those calling for a change in current practice), it will be helpful for the IAESB to be made aware of this view.

### ***Request for Specific Comments***

The IAESB is particularly interested in comments on the matters set out below:

1. The objective of the extant IES 6 is to prescribe requirements for the final assessment of a professional accountant before qualification, whereas the proposed IES 6 considered assessment across all the career stages of a professional accountant.

**Question 1: Is the change in the scope of IES 6 to *assessment across Initial Professional Development (IPD) and Continuing Professional Development (CPD)* appropriate?**

2. The extant IES 6 focuses on the formal assessment of competence using a comprehensive final examination just before qualification, whereas the proposed standard recognizes that this assessment may be achieved in several ways. For example, a series of written examinations that focus on different areas of competence held throughout IPD, or assessment activities over IPD that includes written examinations and assessment of workplace performance.

**Question 2: Does this change accommodate the different approaches taken by professional accounting organizations?**

3. The approach taken in the draft IES 6 is to focus on the *principles of assessment* that apply across the career stages of an accountant, and for the other education standards to cover specific aspects of assessment relevant to that standard.

**Question 3: Are the principles of assessment sufficient?**

4. The proposed IES 6 has also been redrafted according to the guidelines provided in the IAESB Drafting Conventions.

**Question 4: Is the objective to be achieved by a member body, stated in the proposed revised IES 6, appropriate?**

**Question 5: Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?<sup>1</sup>**

**Question 6: Are there any terms within the proposed IES 6 which require further clarification? If so, please explain the nature of the deficiencies.**

### *Comments on Other Matters*

*Translations*—Recognizing that many respondents intend to translate the final IESs for adoption in their own environments, the IAESB welcomes comment on potential translation issues noted in reviewing the proposed IES 6.

*Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the IESs, the IAESB invites respondents from these nations to comment, in particular, on any foreseeable difficulties in applying the proposed IES 6 in a developing nation environment.

*Effective Date*—Recognizing that proposed IES 6 is a revision of extant IES 6, the IAESB believes that an appropriate effective date for the standard would be 12-15 months after approval of the final revised standard. The IAESB welcomes comment on whether this would provide a sufficient period to support effective implementation of the final IES 6.

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<sup>1</sup> The IAESB has identified the following criteria for determining the requirements of a Standard:

- The requirement is necessary to achieve the objective stated in the Standard;
- The requirement is expected to be applicable in virtually all situations to which the Standard is relevant; and
- The objective stated in the Standard is unlikely to have been met by the requirements of other Standards.

In determining the requirements of a Standard, the IAESB will consider whether the requirements are proportionate to the importance of the subject matter of the Standard in relation to its objective.

The criteria, which are intended only to assist the IAESB in appropriately and consistently determining requirements, may be refined as further experience is gained.

## Supplement to the Exposure Draft

To assist respondents in tracking changes, IAESB staff has mapped the material of the extant IES 6 to the proposed IES 6.

This staff-prepared mapping document is available on the IAESB website at <http://www.ifac.org/Education/ExposureDrafts.php>. It is for information purposes only and does not form part of the exposure draft.

## Proposed Conforming Amendments

### IAESB Glossary of Terms

Add:

<b>Term</b>	<b>Definition</b>
<b>Assessment</b>	All forms of evaluation of professional competence carried out during Initial Professional Development and Continuing Professional Development.
<b>Formal evaluation</b>	The summative evaluation of professional competence conducted before the end of Initial Professional Development drawing on the outputs of one or more prescribed assessment activities.
<b>Reliability</b>	Quality or state describing whether an assessment produces a consistent result, given the same set of circumstances.
<b>Validity</b>	Quality or state describing whether an assessment measures what it was intended to measure.
<b>Content validity</b>	The assessment activity provides adequate coverage of the particular competence being assessed.
<b>Face validity</b>	An assessment activity appears to measure what it was intended to measure.
<b>Predictive validity</b>	The content of the assessment activity relates to the aspect of competence that it intends to assess.
<b>Equity</b>	An assessment that is fair and without bias.
<b>Sufficiency</b>	An assessment that has a balance of depth and breadth, knowledge and application and, where appropriate, integration of material from different areas applied to a range of situations and contexts.
<b>Verifiable evidence</b>	Evidence that is objective and is stored in written or electronic form.

**PROPOSED INTERNATIONAL EDUCATION STANDARD 6 (REVISED)**  
**ASSESSMENT OF PROFESSIONAL COMPETENCE**

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## **Introduction**

### ***Scope of this Standard***

1. This International Education Standard (IES) prescribes the assessment of professional competence over the career of a professional accountant, that is, during Initial Professional Development (IPD) and Continuing Professional Development (CPD).
2. This IES is addressed to IFAC member bodies responsible for ensuring that professional accounting education meets the requirements set out in this IES. In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support learning and development for professional accountants.
3. In the context of this standard, assessment includes all forms of evaluation of professional competence carried out during IPD and CPD. The focus of assessment during IPD is on the attainment of professional competence. The focus of assessment during CPD is on the maintenance and development of professional competence.
4. This IES specifies general principles of assessment, while IES 2, *Content of a Professional Accounting Education Program*, IES 3, *Professional Skills and General Education*, IES 4, *Professional Values, Ethics and Attitudes*, IES 5, *Practical Experience Requirements*, IES 7 *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*, and IES 8, *Competence Requirements for Audit Professionals* specify aspects of assessment that are relevant to their areas of focus within IPD and CPD. (Ref: Para A1)

### ***Effective Date***

5. This IES is effective on or after [ date ].

## **Objective**

6. The objective of a member body is to:
  - assess the attainment by aspiring professional accountants of an appropriate level of professional competence during IPD; and
  - monitor the efforts of its professional accountants to maintain and develop appropriate levels of professional competence during CPD that are relevant to their work roles.

Applying the principles of assessment in this standard provides confidence in this process.  
(Ref: Para A2)

## **Requirements**

7. Member bodies shall assess, through formal evaluation, that aspiring professional accountants have attained an appropriate level of competence by the time IPD is completed. (Ref: Para A3 and A4)

8. Member bodies shall monitor that professional accountants continue to maintain and develop competence relevant and appropriate to their work roles. (Ref: Para A4, A5, and A6)
9. Member bodies shall apply the principles of reliability, validity, equity, transparency, and sufficiency when establishing or relying on assessment processes. (Ref: Para A7 to A18)
10. Member bodies shall base assessment of professional competence on verifiable evidence<sup>2</sup>. (Ref: Para A19 and A20)

## **Explanatory Materials**

### ***Scope of this Standard (Ref: Para 1 to 4)***

A1. Assessment may be undertaken by a variety of education providers, including member bodies, employers, regulators, licensing bodies, universities, colleges, private education providers, and by the professional accountants themselves. Although the assessment of professional competence during IPD and CPD may be the responsibility of IFAC member bodies, other providers may provide substantive input into the assessment activity.

### ***Objective (Ref: Para 6)***

- A2. Factors relevant to determining an appropriate level of professional competence may include but are not limited to:
- the complexity and variety of tasks undertaken by professional accountants;
  - the expectations of certain stakeholders (such as regulators, employers, and the public) relating to expected levels of professional competence;
  - the required specialist knowledge;
  - the required level of professional judgment;
  - the roles of professional accountants, such as financial report preparer, tax advisor, or management accountant; and
  - the complexity of the working environment.

### ***Forms of Assessment Activities during IPD and CPD (Ref: Para 7 and 8)***

- A3. The formal evaluation of professional competence by the time IPD is completed may be undertaken in a variety of ways, including, for example, by:
- a single multi-disciplinary examination conducted at the end of IPD;
  - a series of examinations that focus on different areas of competence, conducted throughout or at the end of IPD; and
  - an evaluation at the end of IPD of the outcomes of a series of formal education and workplace performance assessment activities.

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<sup>2</sup> For CPD refer IES 7, para 47 and 48.

- A4. Assessment activities can be selected that suit the particular competences being evaluated. Examples of assessment activities include:
- written examinations;
  - oral examinations;
  - objective testing;
  - computer-assisted testing;
  - self-assessment activities;
  - workplace performance assessment by employers; and
  - a review of a portfolio of evidence of completion of workplace activities.
- A5. The form of assessment may depend on factors specific to each member body, such as:
- remoteness and geographical spread of locations;
  - available educational and other resources;
  - the number of candidates being assessed and their backgrounds; and
  - training opportunities provided by employers.
- A6. The requirements relating to assessment during CPD are set out in IES 7.

***Principles Guiding Assessment Activities and Processes (Ref: Para 9)***

- A7. The principles of reliability, validity, equity, transparency, and sufficiency relate to individual assessment activities (such as an examination or workplace performance assessment) and to the broader assessment processes of IPD and CPD.
- A8. A reliable assessment consistently produces the same result, given the same set of circumstances. Reliability is not an absolute measure, and different assessment activities may have different levels of reliability. An assessment activity is reliable if different assessors acting independently come to the same judgment, given the same set of circumstances.
- A9. There are many ways assessment can be designed to increase reliability. For example:
- The reliability of a written examination may be improved by avoiding the use of ambiguous wording in examination questions or instructions; and
  - The reliability of workplace performance assessments may be increased by selecting assessors who have comparable levels of ability and providing training for the assessment task.
- A10. A valid assessment measures what it was intended to assess. Validity is not an absolute measure, and different assessment activities may differ in their validity. Validity has multiple aspects and includes the following:
- An assessment activity measures what it is intended to measure (this is called face validity);
  - The content of the assessment activity relates to the aspect of competence that it intends to assess (this is called predictive validity); and

- The assessment activity provides adequate coverage of the particular competence being assessed (this is called content validity).

A11. There are many ways to design assessments to increase the level of validity. For example:

- An assessment by a supervisor of how well a professional accountant leads a team of auditors may have greater predictive validity of competence in leadership than assessing leadership skills using a written examination;
- A written examination to test knowledge of the content of a particular accounting standard may have greater face validity if the examination draws on a real-life case study rather than a hypothetical case study; and
- In designing a multiple choice examination to assess knowledge of information technology, an assessment has high content validity if it adequately covers the major aspects of this field.

A12. Reliability and validity may be constrained by factors that include:

- Cost/benefit considerations;
- resource constraints (such as skills shortage or financial resources);
- time limitations; and
- regulatory constraints.

A13. An equitable assessment is fair and without bias. Equity can be improved by designers of assessment programs or activities who are aware of the possibility of bias.

A14. There are many ways assessment can be designed to increase its equity, including, for example:

- offering on-line examinations so that individuals without access to computers with high processing speed are able to participate;
- constructing written examinations based on assumptions of cultural knowledge that are shared by all individuals being assessed; and
- designing CPD activities that take into account the limited opportunities that exist in some environments.

A15. A transparent assessment process is one that is communicated clearly to stakeholders. The communication needs to be open, accessible, and accepted as credible to instill confidence in the process.

A16. There are many ways to design assessment processes to increase their transparency. For example:

- A transparent assessment process may include (a) a clear articulation of the areas of knowledge to be tested and the types of questions that will be used to assess that knowledge, and (b) communication of this information on easily accessible websites;
- Transparency in workplace assessment includes having a clearly defined competency framework against which employees are assessed; and

- Transparency in the setting and conduct of examinations includes communicating to candidates matters relating to the development, marking, and management of the examination.

A17. A sufficient assessment process has a balance of depth and breadth: knowledge and application and, where appropriate, integration of material from different areas applied to a range of situations and contexts.

A18. Examples of integration may include:

- extracting from various subject areas the knowledge required to solve a complex problem;
- solving a problem by distinguishing relevant information from irrelevant information in a given body of data;
- identifying and prioritizing problems in multi-problem situations; and
- appreciating that there can be alternative solutions to a problem, and understanding the role of judgment in assessing each solution.

***Basing Assessments on Verifiable Evidence (Ref: Para 10)***

A19. Basing assessments on verifiable evidence may satisfy the needs of third parties who oversee or regulate a member body's assessment processes. Verifiable evidence may also increase the confidence of stakeholders that professional accountants are developing and maintaining an appropriate level of professional competence.

A20. Examples of verifiable evidence include:

- outcomes of examinations;
- observation reports of completion of workplace activities by employers;
- a record of workplace experience during IPD that is provided by employers;
- confirmation by employers that employees have attended an in-house training program;
- evaluation of published material by a reviewer;
- objective assessment against a competence map developed by a member body;
- records by providers of attendance at seminars or lectures; and
- certificates of course completion.



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