



# AAT response to the proposed International Education Standard (IES) 4, *Professional Values, Ethics, and Attitudes*

Submitted by AAT

12 July 2011

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**Question 1: Is the proposed requirement for reflective activity in relation to ethics education appropriate?**

We fully support the inclusion of reflective activity, as this is a key part of the learning and development process and of particular relevance to the complex and potentially subjective nature of ethics. Lessons learned from ethical dilemmas are critical to the ongoing development of professional ethics within individuals and this can be effectively facilitated through reflective activity.

Paragraph A10 of the draft states:

*The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants (a) to identify any apparent ethical implications and conflicts in their work, (b) to form preliminary views on such occurrences, and (c) to discuss them with their supervisors. (Ref: Para. 9)*

We would suggest that (c) might be expanded to include peers as well as supervisors to encourage this sort of reflective activity throughout a professional accountant's career; the current wording of (c) might be construed as confining the reflective activity to IPD and we believe it could usefully be more explicitly extended through to CPD.

**Question 2: Does this requirement raise implementation issues?**

Whilst we fully support the concept of the inclusion of reflective activity within this IES, we do have some concerns over implementation issues. Requirement 8 states: *IFAC member bodies shall integrate the IESBA Code, including any additional local requirements, into learning and development activities* and Requirement 11 states: *IFAC member bodies shall design learning and development for aspiring professional accountants to include reflective activity that is formalized and documented in relation to lessons learned from ethical dilemmas.*

Both the above requirements seem to assume that the IFAC member body is responsible for, and has control over, the learning and development activities undertaken during IPD. However, in many cases, like that of AAT, the member body sets the qualification content and the assessment, but the learning and development activities that lead to successful completion of the qualification and assessment are the responsibility of training providers. These training providers are often accredited by the member body, but have a great deal of freedom with how to structure the learning and development activities. It would therefore not be practical or possible for such member bodies to specify the form of the learning and development activity during IPD, and as a consequence, Requirement 11 would be difficult to meet. An alternative approach to the drafting, which would achieve a similar outcome, might be to focus instead on a requirement for member bodies to include an assessment of reflective activity within IPD. This would have the effect of ensuring that reflective activity is formalized and takes place, whilst recognising that not all member bodies undertake or manage learning and development activities.

Requirement 12 states: *IFAC member bodies shall establish appropriate assessment processes that measure the competence of professional accountants in relation to professional values, ethics, and attitudes. (Ref: Para. A19)* AAT's current qualification assesses knowledge in relation to ethics, rather than competence. Our ethics unit (knowledge based, and attached) is based on the UK Qualifications and Credit Framework, which in turn is based on national occupational standards. We would need to make a change in order to comply with this requirement, which would not be entirely within our controls our qualification complies with the national standards as

outlined above. This situation might also apply to other IFAC member bodies and would need consideration. In addition, it should be noted that assessing competence as set out in Requirement 12 is more complex and costly than assessing knowledge.

Paragraph A11 in the explanatory material states: *Those responsible for the design and supervision of practical experience programs are encouraged to recognize that ethical problems and potential dilemmas for the aspiring professional accountant may occur within the period of practical experience.* Whilst this is explanatory material rather than a requirement, it does imply that a formal programme of practical experience is likely to be organised for all those undertaking IPD. This is not the case for those undertaking IPD for every IFAC member body, as not all member bodies work under the training contract model; it might therefore be appropriate to give some recognition here that this is not always the case. Those member bodies who are not involved in practical experience arrangements, but simply consider practical experience gained when people apply for membership (as in the case of AAT), would therefore realise that this model is recognised by IAESB.

**Question 3: Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?**

We believe that this objective is appropriate, particularly as it covers both IPD and CPD, thereby making it clear that professional values, ethics and attitudes are critical throughout a professional accountant's career.

**Question 4: 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?**

We agree that this is the case.

**Question 5: Are there any terms within the proposed IES 4 which require further clarification? If so, please explain the nature of the deficiencies**

We have not identified any such terms within the proposed IES 4.

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12 July 2011