

Proposed International Education Standard (IES) 4

Initial Professional Development- Professional values, ethics and attitudes

AAT welcomes the opportunity to respond to the IAESB's consultation on the proposed IES 4, professional values, ethics and attitudes standard. AAT champions the value of professional ethics to maintaining standards within the accountancy profession, and students are made aware of their ethical obligations upon signing up to undertake the qualification.

It is necessary to contextualise this response on two counts. Firstly, AAT approaches *Initial Professional Development* (IPD) as covering the period from a student commencing their qualification to when they are considered suitable for membership of the Association. This encompasses both completion of the qualification and work experience requirements.

Secondly, AAT's Accounting Qualification is regulated by Ofqual, the qualification regulator in England and Wales, and the SQA, the qualification regulator in Scotland. Professional Ethics in accountancy and finance are subject of National Occupational Standards, which underpin AAT's professional ethics in accountancy and finance unit, a requirement at Level 3 of the qualification.

In responding to this consultation AAT has considered the implications of the proposed amendments in the context of this national framework.

1. Do you agree with the tabular format adopted for learning outcomes?

We agree with the tabular format adopted, and find it helpful providing a clear framework upon which to base local standards.

2. Do you agree with the competence areas identified for ethics education?

Having reflected on the particular competence areas suggested, we believe that collectively they reflect the bigger picture in terms of ethical requirements placed on professional accountants, as is defined within the requirements of the standard.

3. Do you agree with the minimum levels of proficiency as identified for each competence area?

We agree on the basis of the language used in defining learning outcomes that the minimum levels of proficiency identified in each of the learning areas is appropriately defined.

4. Do you agree that the learning outcomes related to professional scepticism and professional judgment identified are appropriate for ethics education?

It will be challenging to evaluate the effectiveness of such outcomes in the context of assessment within the methodology currently used by AAT through the qualification, which is our interpretation of the term "ethics education". We suggest that the learning outcomes as defined can only be measured through reflective learning in the context of wider professional development, which extends beyond education alone.

The value of professional scepticism and professional judgment is acknowledged, but the development of these skills will largely be based on application on a practical level, involving collaborative effort of individuals, training providers (who deliver our qualification to aspiring professional accountants), and employers. It may be difficult to be able to identify at which point an individual's scepticism is of a requisite level to meet this requirement as a member body, particularly as a proportion of aspiring professional accountants seeking to access the

profession are not in relevant employment at the point of commencing (or in some cases completing) IPD.

It is on this basis suggested that the learning outcome focusses more on what a “sceptical mindset” would encompass, to encourage through wider IPD the development of an approach to scepticism as opposed to the effectiveness of application of that scepticism within an assessed environment. This leaves the door open to ensuring an understanding of application of the principle of professional scepticism without barring individuals who do not hold the requisite professional role to support undertaking supervised reflective activity.

In the case of AAT, there is no mandate to require employers to engage in IPD of their aspiring professional accountants. This discretion is delegated to training providers, but not universally applied.

- 5. Does Appendix 1 of the proposed IES 4 Exposure Draft (June 2012) provide adequate clarification to assist in the interpretation of the learning outcomes that are listed in Paragraph 11 of the proposed IES 4 Exposure Draft (June 2012)? If not, what changes do you suggest?**

We believe the *Classification of proficiency levels for learning outcomes* assists in the interpretation of learning outcomes.

- 6. Are there any terms within the proposed IES 4 Exposure Draft (June 2012) which will require further clarification? If so, please explain the nature of the deficiencies?**

We have not identified any further terms which we believe require further clarification.

- 7. Do you anticipate any impact or implications for your organisation, or organisations with which you are familiar, in implementing the new requirements included in this proposed IES4 Exposure Draft (June 2012)?**

As we have previously advised when responding to IES 4 consultations, whilst we fully support the concept of inclusion of reflective activity within this IES, we do have concerns regarding implementation of the new requirements. These concerns relate in particular to Requirement 13- *that IFAC member bodies shall design learning and development activities on professional values, ethics and attitudes for aspiring professional accountants to include reflective activity that is formalised and documented*. Our concern stems from the fact that as an awarding organisation, AAT sets the qualification content and assessment, but defers delivery methodologies to training providers in respect of learning and development activities. It is likely to be beyond our remit to pursue this.

As mentioned in paragraph 1 above, the proposed amendments to IES 4 will require consideration at national level in the context of the National Occupational Standards, an exercise which would need to be initiated by the Financial Skills Partnership. This will largely fall outside the control of AAT, a situation which other member bodies may face within their jurisdictions. The National Occupational Standards as currently transposed into the Qualification Credit Framework reflect professional ethics education in the context of knowledge and understanding. IES 4 promotes a shift from this approach to competence, which will require reflection upon at a national level prior to implementation.