

Exposure Draft

July 2012

Comments due: October 11, 2012

*Proposed International Education Standard
(IES) 4*

Initial Professional Development - Professional Values, Ethics, and Attitudes (Revised)

IAESB

International Accounting
Education
Standards Board

This Exposure Draft was developed and approved by the International Accounting Education Standards Board (IAESB).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

The structures and processes that support the operations of the IAESB are facilitated by the International Federation of Accountants (IFAC).

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REQUEST FOR COMMENTS

This Exposure Draft, *Initial Professional Development - Professional Values, Ethics, and Attitudes*, was developed and approved by the International Accounting Education Standards Board (IAESB).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by October 11, 2012.**

Respondents are asked to submit their comments electronically through the IAESB website, using the "[Submit a Comment](#)" link. Please submit comments in both a PDF and Word file. Also, 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 website. Although IAESB prefers that comments are submitted via its website, comments can also be sent to David McPeak, IAESB Technical Manager at davidmcpeak@iaesb.org.

This publication may be downloaded free of charge from the IAESB website: www.iaesb.org. The approved text is published in the English language.

EXPLANATORY MEMORANDUM

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Introduction

This memorandum provides background to, and an explanation of, the proposed changes to the March 2011 International Education Standard (IES) 4 Exposure Draft (ED), *Professional Values, Ethics, and Attitudes*. In June 2012 the International Accounting Education Standards Board (IAESB) approved to re-expose IES 4, *Initial Professional Development - Professional Values, Ethics, and Attitudes*, because of significant changes made to the content of the March 2011 IES 4 ED.

This explanatory memorandum accompanies the re-exposed draft of IES 4 (See Appendix 1) with the aim of providing the rationale for re-exposure and informing the proposed changes made to March 2011 IES 4 ED as a result of respondents' comments.

Background

Revising and Redrafting Project

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 (2009) 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 4, 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.

IES 4 Exposure Draft

In March 2011 the IAESB approved the content of the exposure draft of IES 4 with the aim of obtaining public comment over a 90-day period. The IAESB received 41 comment letters on the exposure draft from the following types of stakeholders: IFAC member bodies and associates, forum of firms, regulators, other professional organizations, and the public. In general the feedback from respondents was supportive of the content, but respondents requested further clarification in the following areas:

- improve the clarity of the objective and scope paragraphs to ensure that there is clear focus on Initial Professional Development;
- improve the clarity of the requirements on outcomes and assessment to ensure that IFAC member bodies are clear on their obligations;
- ensure appropriate emphasis on professional judgment and professional skepticism; and
- improve the explanation of following terms: reflective activity, aspiring professional accountant, and professional values, ethics, and attitudes.

The IAESB also recognized the importance of ensuring consistency among the IESs, especially at the level of presenting learning outcomes and their appropriate proficiency levels.

Rationale for Re-Exposure

After a full deliberation of respondents' comments at its June 2012 meeting, the IAESB approved re-exposure of IES 4. This decision reflects the substantial changes made to the March 2011 Exposure Draft on matters which the Board had not previously deliberated. More specifically, the rationale for re-exposure is based on: (1) new content being added to provide learning outcomes and proficiency levels for professional judgment and professional skepticism; (2) a new requirement being added for IFAC member bodies to regularly review their professional accounting education programs to reflect a rapidly changing, complex environment; and (3) new material that clarifies the following terms: reflective activity, aspiring professional accountant, professional competence, competence areas, and professional values, ethics, and attitudes. In addition the IAESB has improved the consistency among IESs 2, 3, 4, and 8 by: (1) using similar terminology and concepts; (2) providing requirements that cover similar educational areas; and (3) identifying learning outcomes and proficiency levels that can be used for various roles of a professional accountant and act as building blocks for other specializations such as an audit engagement partner.

Effective Date

The revised timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the 3rd Quarter of 2013. The IAESB is expecting to finalize IES 4 in Quarter 2 of 2013 and the Board has provisionally agreed that IES 4 will be effective for implementation for periods beginning on or after July 1st, 2015. 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 response to comments received on the March 2011 IES 4 ED, and are summarized under the following headings.

Clarity of Objective and Scope Paragraphs

The comments received from respondents of the March 2011 IES 4 ED indicated that clarity of the Scope and Objective paragraphs needed to be improved so as to ensure that there is a clear focus on Initial Professional Development (IPD). The IAESB accepted these comments and has amended both the Scope and Objective paragraphs. The amendments to the Scope paragraphs include: (1) rewording paragraphs 1 and 2 of the March 2011 IES 4 ED to place greater emphasis on IPD with respect to prescribing learning outcomes to be achieved by the aspiring professional accountant during IPD; (2) rewording of paragraph 3 of the March 2011 IES 4 ED to differentiate between IPD and CPD; and (3) adding new paragraph 5 to the proposed IES 4 Exposure Draft (June 2012) to indicate that IESs 2 and 3 specify other learning objectives relevant to IPD. The Objective paragraph (paragraph 8) of March 2011 IES 4 ED has been amended to remove any confusion on the scope of IES 4 and its focus on IPD.

Requirements on Learning Outcomes, Proficiency Level, and Assessment

The comments received from respondents of the March 2011 IES 4 ED indicated that the clarity of the requirements on learning outcomes and assessment needed to be improved so as to ensure that IFAC member bodies understood their obligations. The IAESB also indicated the need to achieve greater consistency between IES 4 and IESs 2, 3, and 8 when presenting learning outcomes and proficiency

levels. To address these issues the IAESB has included a requirement in each of these IESs that presents learning outcomes and minimum proficiency levels for various competence areas. Paragraph 10 of the March 2011 IES 4 ED has been amended to include a table that specifies learning outcomes for the following competence areas in professional values, ethics, and attitudes: professional skepticism and professional judgment, ethical principles, and commitment to the public interest. The proficiency levels have been described in Appendix 1 of the proposed IES 4 Exposure Draft (June 2012). Appendix 1 will also be included in IESs 2, 3, and 8 with the aim of improving consistency when setting proficiency levels for learning outcomes across each of these IESs.

The IAESB has clarified Paragraph 12 of the March 2011 IES 4 ED by rewording the requirement to prescribe appropriate assessment activities to assess the development of professional values, ethics, and attitudes. New paragraphs have been added to the Explanatory Material section to explain what assessment activities are and to differentiate between workplace assessment and assessment occurring within a formal education environment.

The IAESB has included a new requirement to the proposed IES 4 Exposure Draft (June 2012) for IFAC member bodies to regularly review and update professional accounting education programs that are designed to achieve the learning outcomes. The Board views this requirement as important because of the rapidly changing complex environment within which professional accountants operate.

Professional Judgment and Professional Skepticism

The comments received from respondents of the March 2011 IES 4 ED respondents indicated that more emphasis should be placed on developing professional judgment and professional skepticism. The IAESB agreed with these comments and have added new content to paragraph 10 of the March 2011 IES 4 ED requirement, which describes the learning outcomes and minimum proficiency level for the competence area of professional judgment and professional skepticism. New paragraphs have been added to Explanatory Material section to provide IAASB definitions of professional judgment and professional skepticism (paragraph A1 of the proposed IES 4 Exposure Draft (June 2012)) to discuss various learning methods that might be considered when planning professional development for the competence area of professional judgment and professional skepticism (paragraph A23 of the proposed IES 4 Exposure Draft (June 2012)).

Clarification of Terminology

The comments received from respondents of the March 2011 IES 4 ED respondents indicated that the explanation of the following terms needed to be clarified: reflective activity, aspiring professional accountant, and professional values, ethics, and attitudes. The explanation of reflective activity has been improved in the Explanatory Material section by providing: a definition (paragraph A30 of the proposed IES 4 Exposure Draft (June 2012)), examples of how reflective activity should be done (paragraph A31 of the proposed IES 4 Exposure Draft (June 2012)); examples of documentation (paragraph A32 of the proposed IES 4 Exposure Draft (June 2012)); and, factors to be considered in developing guidance. The term, aspiring professional accountant, has been clarified in the Explanatory Material section by providing a definition in paragraph A4 of the IES 4 re-exposed draft. Finally the term, professional values, ethics, and attitudes, has been clarified in the Explanatory Material section by providing a definition (paragraph A2 of the proposed IES 4 Exposure Draft (June 2012)) and describing some of its characteristics (paragraph A3 of the proposed IES 4 Exposure Draft (June 2012)).

Guide for Respondents

Request for General Comments

The IAESB welcomes comments on all matters addressed in this proposed International Education Standard 4 (See **Appendix 1** of the proposed IES 4 Exposure Draft (June 2012)). 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 IAESB recognizes the importance of a consistent approach across IESs, and is proposing to adopt a tabular format for requirements related to learning outcomes which is applied consistently across IESs 2, 3, 4, and 8. This tabular format is set out in paragraph 11, Table A of the proposed IES 4 Exposure Draft (June 2012).

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

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

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

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

2. Appendix 1 of the proposed IES 4 Exposure Draft (June 2012) provides a description for each of the four classifications of proficiency to help IFAC member bodies set learning outcomes for professional accounting education programs. Examples of indicative verbs under each level of proficiency are also included to assist those who wish to develop additional learning outcomes. Appendix 1 is common to the proposed IESs 2, 3, and 8, which also focus on learning outcomes, so the descriptions provided focus beyond technical competence, relating to all aspects of professional competence.

Questions 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?

3. The proposed IES 4 Exposure Draft (June 2012) has also been redrafted according to the guidelines provided in the IAESB Drafting Conventions, and in order to provide a high level of consistency across the IESs which address the learning outcomes for aspiring professional accountants.

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

Question 7. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the new requirements included in this proposed IES 4 Exposure Draft (June 2012)?

Supplement to the Exposure Draft

To assist respondents in tracking changes, IAESB staff has mapped the content of the proposed IES 4 Exposure Draft (June 2012) to the extant IES 4 and the March 2011 IES 4 ED.

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 re-exposed draft.

Proposed Conforming Amendments

IAESB Glossary of Terms

Add:

Relevant ethical requirements	The ethical requirements to which professional accountants are subject, which ordinarily comprise Part A of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with any national requirements that are more restrictive.
Reflective activity	The iterative process by which professional accountants develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.
Professional skills	The intellectual, personal, interpersonal, communication, and organizational skills that a professional integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence.
Professional competence	The ability to perform a role to a defined standard.
Aspiring professional accountant	An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD
Professional accounting education programs	Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.
Competence area	A competence area is a category for which a set of related learning outcomes can be specified.
Assessment activity	Assessment activities are defined as those activities designed to assess elements of professional competence

Technical competence

Technical competence is the ability to apply professional knowledge to perform a role to a defined standard.

**PROPOSED INTERNATIONAL EDUCATION STANDARD 4
INITIAL PROFESSIONAL DEVELOPMENT: PROFESSIONAL VALUES,
ETHICS, AND ATTITUDES (REVISED)**

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Introduction

Scope of this Standard (Ref Para A2–A8)

1. This International Education Standard (IES) prescribes the learning outcomes that demonstrate the professional values, ethics, and attitudes required of aspiring professional accountants by the end of Initial Professional Development (IPD).
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have responsibility for ensuring that IPD meets the requirements of 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 of professional values, ethics, and attitudes of aspiring professional accountants.
3. Learning and development continues throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to Continuing Professional Development (CPD) as professional accountants' careers change, and they gain exposure to a wider range of ethical issues.
4. This IES integrates relevant ethical requirements into professional accounting education. These requirements ordinarily set out five fundamental principles of professional ethics: Integrity; Objectivity; Professional Competence and Due Care; Confidentiality; and Professional Behavior.
5. This IES specifies the learning outcomes that demonstrate professional values, ethics, and attitudes required of aspiring professional accountants by the end of IPD, while IES 2: *Initial Professional Development - Technical Competence*, and IES 3: *Initial Professional Development - Professional Skills*, specify other learning outcomes relevant to their areas of focus within IPD. Together these IESs specify the learning outcomes that demonstrate the professional competence required of aspiring professional accountants by the end of IPD.
6. Definitions and explanations of the key terms used in the IESs and the *Framework for International Education Standards for Professional Accountants* are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms*. Additional terms obtained from IAASB pronouncements have also been included in Explanatory Materials.

Effective Date

7. This IES is effective from [date to be agreed by IAESB but not before a TBD date].

Objective (Ref Para A9)

8. The objective of an IFAC member body is to provide aspiring professional accountants with the professional values, ethics, and attitudes required to perform a role of a professional accountant.

Requirements

Framework of Professional Values, Ethics, and Attitudes (Ref Para A10-A13)

9. Through professional accounting education programs IFAC member bodies shall provide a framework of professional values, ethics, and attitudes for aspiring professional accountants (a) to exercise professional judgment, and (b) to act in an ethical manner that is in the public interest.

Relevant Ethical Requirements (Ref Para A14)

10. IFAC member bodies shall integrate relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref Para A15-A27)

11. IFAC member bodies shall prescribe the learning outcomes that demonstrate the professional competence required of aspiring professional accountants by the end of IPD. For professional values, ethics, and attitudes these learning outcomes shall, at a minimum, include those listed in Table A.

Table A – Learning Outcomes for Professional Values, Ethics, and Attitudes

Competence Area	Learning Outcomes	Minimum Level of Proficiency
(a) Professional skepticism and professional judgment	(i) Apply a skeptical mindset to critically assess financial information and other data relevant to the role of a professional accountant.	Intermediate
	(ii) Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.	
(b) Ethical principles	(i) Explain the nature of ethics.	Intermediate
	(ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.	
	(iii) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas and determine an appropriate resolution.	
	(iv) Apply the relevant ethical requirements to professional behavior and compliance with standards ¹ .	

¹ Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.

Competence Area	Learning Outcomes	Minimum Level of Proficiency
(c) Commitment to the public interest	(i) Explain the role of ethics within the profession and in relation to the concept of social responsibility;	Intermediate
	(ii) Explain the role of ethics in relation to business and good governance;	
	(iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest;	
	(iv) Compare the consequences of unethical behavior to the individual, to the profession, and to society at large.	

Review of Professional Accounting Education Programs (Ref Para A28-29)

12. IFAC member bodies shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.

Reflective Activity (Ref Para A30-A34)

13. 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 formalized and documented.

Assessment of Professional Values, Ethics, and Attitudes (Ref Para A35-A38)

14. IFAC member bodies shall establish appropriate assessment activities to assess the development of the professional values, ethics, and attitudes of aspiring professional accountants.

Explanatory Material

References to Definitions Contained within IFAC Pronouncements

- A1. This IES uses the following terms already defined within the International Auditing and Assurance Standards Board (IAASB) Glossary of Terms² and used within IAASB pronouncements. Table B shows these terms and the current definitions in the IAASB Glossary of Terms.

² *Glossary of Terms, IAASB Handbook Of International Quality Control, Auditing, Review, Other Assurance, And Related Services Pronouncements – 2012 Edition.*

Table B - IAASB definitions adopted in IES 4

Defined Term	Definition in IAASB Glossary of Terms
Professional Judgment	The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.
Professional Skepticism	An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.

IAASB pronouncements govern audit, review, other assurance, and related services engagements that are conducted in accordance with international standards and within the IAASB's pronouncements these terms are used in those contexts. Within this standard however, these terms are to be interpreted as applying to the broader context of a role of a professional accountant.

Scope of this Standard (Ref Para 1-6)

- A2. Professional values, ethics, and attitudes are defined as 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.
- A3. Professional values, ethics, and attitudes include a commitment to (a) technical competence, (b) ethical behavior (e.g. independence, objectivity, confidentiality and integrity), (c) professional manner (e.g. due care, timeliness, courteousness, respect, responsibility, and reliability), (d) pursuit of excellence (e.g. commitment to continual improvement and lifelong learning), and (e) social responsibility (e.g. awareness and consideration of the public interest).
- A4. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. The inclusion of professional values, ethics, and attitudes in IPD lays the base for the ongoing development and application of professional values, ethics, and attitudes throughout the professional accountant's career
- A5. Relevant ethical requirements are defined as ethical requirements to which professional accountants are subject, which ordinarily comprise Part A of the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code)³ together with any national requirements that are more restrictive.
- A6. There are many different ways to describe and categorize professional competence. Within these IESs, professional competence is the ability to perform a role to a defined standard. Professional competence consists of technical competence, professional skills, and professional values, ethics,

³ *Part A General Application of the IESBA Code, IESBA Handbook of the Code of Ethics for Professional Accountants, – 2012 Edition.*

and attitudes. Each area of professional competence is then further described by a set of learning outcomes in the relevant IES.

- A7. The aspiring professional accountant achieves professional competence through integrating technical competence with professional skills, and with professional values, ethics, and attitudes.
- A8. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation and economics; competence areas within professional skills include intellectual and organizational skills; and competence areas within professional values, ethics and attitudes include ethical principles and professional skepticism and professional judgment.

Objective (Ref Para 8)

- A9. Requiring that aspiring professional accountants achieve learning outcomes that demonstrate appropriate professional values, ethics, and attitudes serves several purposes. First, the public interest is protected and the credibility of the profession is enhanced when only those who meet the profession's competence requirements are permitted to be professional accountants. Second, IFAC member bodies and regulatory authorities have a responsibility to ensure that professional accountants have the competence expected of them by the public, employers, and clients. Third, professional accountants have a continuing duty to maintain professional competence to ensure that clients, employers and relevant stakeholders, receive competent professional service⁴.

Framework of Professional Values, Ethics, and Attitudes (Ref Para 9)

- A10. A framework of professional values, ethics, and attitudes may be established by the relevant ethical requirements, for example the conceptual framework approach set out in the IESBA Code.
- A11. Under relevant ethical requirements, professional accountants accept a responsibility to act in the public interest. Actions of a professional accountant are not intended exclusively to satisfy the needs of an individual client or employer.
- A12. By establishing learning and development activities that cover professional values, ethics, and attitudes, IFAC member bodies foster a commitment to act in the public interest.
- A13. In promoting a commitment to act in the public interest, it is important that aspiring professional accountants understand that professional accountants contribute to confidence and trust in the functioning of markets and the economy in general. Acting in the public interest includes (a) developing an awareness and concern for impact on the public, (b) developing a sensitivity to social responsibilities, (c) lifelong learning, (d) a predisposition to quality; reliability, responsibility, timeliness, and courtesy, and (e) a respect for laws and regulations.

Relevant Ethical Requirements (Ref Para 10)

- A14. Within a professional accounting education program professional values, ethics, and attitudes may initially be treated as a separate subject. However, as aspiring professional accountants progress and gain a wider knowledge of other subjects, professional values, ethics, and attitudes may be integrated with other subject matter. This encourages aspiring professional accountants to

⁴ *Professional Code of Conduct, IESBA Handbook of the Code of Ethics for Professional Accountants, – 2012 Edition.*

recognize and consider the possible ethical implications of problems being discussed in their study of other subjects.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref Para 11)

Developing learning outcomes

- A15. The requirements for professional values, ethics, and attitudes are set out as learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area. IFAC member bodies, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment.
- A16. The learning outcomes are the minimum to be achieved by an aspiring professional accountant by the end of IPD, regardless of their intended future accounting specialization or role. The minimum learning outcomes are those that provide the base to enable professional accountants to develop specializations in different accounting roles, such as an audit engagement partner or taxation specialist.
- A17. Each learning outcome has been assigned a minimum level of proficiency that aspiring professional accountants are expected to demonstrate by the end of IPD. There are many ways to classify and to describe proficiency levels of learning outcomes. The classification developed by the IAESB is described in Appendix 1.
- A18. In professional accounting education programs, an IFAC member body may choose to increase the minimum level of proficiency for some learning outcomes, and may develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant). The relative depth and weighting of the learning outcomes specified for any competence area may depend on the needs of individual IFAC member bodies and any requirements placed on them by regulatory authorities.

Selecting learning and development activities

- A19. In determining the approach to achieving the learning outcomes, the mixture of learning and development activities may include a combination of structured learning programs and practical experience. This combination may be organized to give aspiring professional accountants an adequate opportunity to observe the application of professional values, ethics, and attitudes in the workplace.
- A20. In establishing learning and development activities, IFAC member bodies, educators, and other stakeholders may distinguish between (a) educating aspiring professional accountants about professional values, ethics, and attitudes, and (b) developing and maintaining an appropriate environment for ethical behavior. Development of professional values, ethics, and attitudes may be achieved through IPD, and continues throughout a career, forming part of CPD activities and lifelong learning.
- A21. IFAC member bodies, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but are not restricted to:
- (a) Use of teaching materials such as case studies;

- (b) Role playing;
 - (c) Discussion of selected readings and online materials;
 - (d) Analysis of real-life business situations involving ethical dilemmas;
 - (e) Discussion of disciplinary pronouncements and findings;
 - (f) Seminars using speakers with experience of corporate or professional decision making; and
 - (g) Use of online forums and discussion boards.
- A22. Participative approaches may 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. A variety of approaches can be used to enhance the learning experience.

Professional skepticism and professional judgment

- A23. Professional development in the areas of professional skepticism and professional judgment is not always straightforward. Planning effective learning and development in these areas usually requires due care and may need innovative learning methods in which mentoring, reflective activity, time, and experience often play a key role.

Ethical principles and issues

- A24. Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories and the fundamental principles of professional ethics, (b) the opportunity to practice their application in a non-workplace setting can help the aspiring professional accountant to recognize and address ethical issues.
- A25. Learning and development for aspiring professional accountants may address (a) particular ethical issues likely to be faced by all professional accountants, (b) those ethical issues more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical issues.
- A26. The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants to (a) identify any apparent ethical implications and conflicts in their work or work environment, (b) form preliminary views on such occurrences, and (c) discuss them with their supervisors.
- A27. Ethical issues and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member body, where there is doubt about the ethical aspects of a course of action or situation.

Review of Professional Accounting Education Programs (Ref Para 12)

- A28. Professional accounting education programs are designed to support aspiring professional accountants develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The

design of the professional accounting education programs during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.

A29. The requirement to regularly review and update professional accounting education programs is a reflection of the rapidly-changing, complex environment within which professional accountants operate.

Reflective activity (Ref Para 13)

A30. Reflective activity is the iterative process by which professional accountants, at all stages of their career, continue to develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.

A31. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of cases that are in the public domain may also offer suitable alternatives.

A32. The documentation of reflective activity may include a:

- (a) Record of learning;
- (b) Reflective record;
- (c) Personal development portfolio; or
- (d) Critical incident diary.

A33. In providing guidance to aspiring professional accountants on the nature, format and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member bodies may take into account confidentiality, legal, and regulatory requirements. For example certain ethical situations could be sensitive and subject to legal or disciplinary actions, and are therefore not suitable for aspiring professional accountants to document and discuss.

A34. IFAC member bodies may also consider providing guidance on how to support reflective activity in practice for those responsible for supervising the practical experience of aspiring professional accountants.

Assessment of Professional Values, Ethics, and Attitudes (Para 14)

A35. *IES 6: Initial Professional Development - Assessment of Professional Competence* provides the principles that apply to the design of assessment activities used to assess professional values, ethics, and attitudes. Assessment activities are defined as those activities designed to assess specific elements of professional competence.

A36. Various activities can be used by IFAC member bodies and other stakeholders to assess the professional values, ethics and attitudes of aspiring professional accountants. Assessment activities appropriate for assessing professional values, ethics, and attitudes may include written examinations and workplace assessments.

A37. In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:

- (a) Creating databanks of case studies requiring individuals to complete tests based on these case studies which might for instance be disseminated in professional magazines or journals;

- (b) Using a case analysis system that requires students to maintain journals and notes on particular public domain cases;
- (c) Using objective testing of ethical aspects of initial professional development programs; and
- (d) Using case study group assignments and workshops to assess ethical analysis and decision-making.

A38. Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:

- (a) Discussion and facilitated resolution of ethical dilemmas as they arise in the workplace; and
- (b) Reviews of ethical decision-making combined with performance reviews and appraisals.

Classification of Proficiency Levels for Learning Outcomes

The Classification of Proficiency Levels supports the IAESB’s use of learning outcomes in its publications such as, International Education Standards (IESs) 2, 3, 4, and 8. The classification includes descriptors of four levels of proficiency for learning outcomes. These descriptors will help to set learning outcomes to demonstrate technical competence, professional skills, and professional values, ethics, and attitudes in a variety of professional accounting roles and specializations. Examples of indicative verbs are also included to assist those who wish to develop additional learning outcomes.

In the present suite of IESs none of the learning outcomes are classified at Mastery level, however, this level has been included in the Classification in order to demonstrate the relative positioning of the Foundation through Advanced levels.

Level of Proficiency	Description
Foundation	<p>Learning outcomes will focus on the ability to:</p> <ul style="list-style-type: none"> • Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; • Performing assigned tasks by using the appropriate professional skills; • Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; • Solving problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explain ideas in a clear manner, using oral and written communications. <p>Learning outcomes relate to work situations that are characterized by low levels of ambiguity, complexity, and uncertainty.</p> <p>Indicative verbs used to construct learning outcomes typically include: define, describe, distinguish, explain, identify, illustrate, interpret, list, solve, state, summarize.</p>
Intermediate	<p>Learning outcomes will focus on the ability to:</p> <ul style="list-style-type: none"> • Independently applying, comparing and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; • Combining technical competence and professional skills to complete work assignments; • Applying professional values, ethics, and attitudes to work assignments; • Assessing, researching, and resolving complex problems with limited supervision; and

	<ul style="list-style-type: none"> Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes relate to work situations that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p> <p>In addition to those verbs used at the Foundation level, indicative verbs used to construct learning outcomes typically include: analyze, apply, calculate, classify, compare, consider, prepare, prioritize, produce, select.</p>
Advanced	<p>Learning outcomes will focus on the ability to:</p> <ul style="list-style-type: none"> Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments and to make recommendations appropriate to stakeholder needs; Integrating technical competence and professional skills to manage and lead projects and work assignments; Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; Anticipating, consulting appropriately and developing solutions to complex problems and issues; and Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders <p>Learning outcomes at the advanced level relate to work situations that are characterized by high levels of ambiguity, complexity, and uncertainty.</p> <p>In addition to those verbs used at the Foundation and Intermediate levels, indicative verbs used to construct learning outcomes typically include: act, advise, appraise, construct, design, develop, evaluate, integrate, lead, manage, negotiate, plan, recommend.</p>
Mastery	<p>Learning outcomes will focus on the ability to:</p> <ul style="list-style-type: none"> Integrating technical competence, professional skills, and professional values, ethics, and attitudes to lead complex projects, to resolve complex problems and to advise internal and external stakeholders; Acting as a role model within the accounting profession by behaving in accordance with required professional values, ethics, and attitude; Provide thought leadership in areas requiring experience and expertise; and Communicating with impact to guide and convince internal and external stakeholders at a senior level on vision and strategy of the organization or business. <p>Learning outcomes at the mastery level relate to situations that are characterized by high levels of ambiguity, complexity, and uncertainty.</p> <p>Indicative verbs include all those listed for Foundation, Intermediate and Advanced levels.</p>

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