

**Basis for Conclusions**  
**Prepared by the Staff of the IAESB**  
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*International Education Standard (IES) 6*

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**Initial Professional  
Development – Assessment  
of Professional Competence  
(Revised)**

**IAESB**

International Accounting  
Education  
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This document was prepared by the Staff of 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.

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# BASIS FOR CONCLUSIONS

## INTERNATIONAL EDUCATION STANDARD 6 – INITIAL PROFESSIONAL DEVELOPMENT – ASSESSMENT OF PROFESSIONAL COMPETENCE (REVISED)

The Basis for Conclusions document for International Education Standard (IES) 6 has been prepared by the Staff of the International Accounting Education Standards Board (IAESB). It relates to, but does not form part of IES 6, *Initial Professional Development – Assessment of Professional Competence (Revised)*.

### Background

1. In October 2009 the IAESB approved a project to redraft and revise IES 6. The IAESB agreed that IES 6 should be redrafted 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.

In addition the IAESB agreed to consider the following issues when revising IES 6:

- (a) Clarifying the standard's scope to focus only on principles of assessment;
- (b) Broadening the scope to apply to all members of IFAC member bodies (professional accountants);
- (c) Applying assessment over IPD, including practical experience and CPD;
- (d) Presenting the content in a consolidated manner with other standards or keeping content in a stand-alone standard; and
- (e) Clarifying the standard to eliminate repetition and duplication by transferring content to guidance to ensure that the standard is easily understood by its target audience.

The revised IES 6 prescribes the requirements for the assessment of professional competence of aspiring professional accountants, which need to be achieved by the end of Initial Professional Development (IPD). More specifically, the revised IES 6 is primarily aimed at IFAC member bodies, but will also be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the development of aspiring professional accountants.

2. As part of its initiative to clarify the suite of 8 IESs, the IAESB agreed a new structure to improve clarity of its standards, which will improve their readability and provide an appropriate level of explanation to ensure that interested stakeholders understand and apply the standards properly. The new structure includes 4 major sections: Introduction, Objectives, Requirements, and Explanatory Material. These sections place greater emphasis on the obligations and requirements of an IFAC member body in the learning and development of a professional accountant. In addition, the IAESB has also made amendments to the language of its Standards to improve the understanding of the requirements that IFAC member bodies undertake when implementing the Standards.

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3. The IAESB issued the exposure draft of IES 6 ["ED-IES 6"] on April 28, 2011, with a deadline for response of July 27, 2011. The IAESB received 37 comment letters from a variety of respondents, including IFAC member bodies, regional organizations, public accounting firms, regulators, accounting organizations, academics, and individuals. In addition the IAESB Consultative Advisory Group (CAG) commented on both the development of the Exposure Draft (ED) of the revised IES 6 and the analysis of comments from ED respondents at September 2011 and February 2012 CAG meetings. As a result of these comments, the IAESB has implemented a number of changes to finalize the text of the revised IES 6. The following summarizes the more significant issues raised by respondents, and how the IAESB addressed them.

### Issues Raised During Exposure Period

4. Respondents raised a range of issues related to:
  - Title, Scope; and Objective;
  - Requirements; and
  - Explanatory Material and Terminology.

Changes made to ED-IES 6 since the exposure period, are now discussed in turn below.

### Title, Scope, and Objective

#### *Initial Professional Development*

5. Respondents of the ED-IES 6 expressed a mixed view on the scope of IES 6. Several respondents supported the view that assessment and its principles should be applied in both Initial Professional Development (IPD) and Continuing Professional Development (CPD). Whereas, other respondents affiliated with IFAC member bodies, public accounting firms, regulators, and regional organizations indicated that applying assessment principles is appropriate for IPD only. These respondents indicated that applying assessment principles in IPD is appropriate to ensure that professional competence is attained in performing a role as a professional accountant, but would be considered excessive or inappropriate in a CPD environment that aims to develop and maintain professional competence to enable professional accountants to continue to perform their roles competently.
6. In response the IAESB decided that assessment principles should be applied only in IPD to ensure the attainment of professional competence. As a result, the following amendments were made:
  - The title of ED-IES 6, *Assessment of Professional Competence (Revised)*, was amended to the following, IES 6, *Initial Professional Development - Assessment of Professional Competence (Revised)*. The amendment to the title reflects the IAESB's view that IPD is the learning and development through which individuals first develop competence leading to performing a role as a professional accountant; whereas, CPD is the learning and development that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently.
  - Paragraph 1 of the Introduction section of ED-IES 6 was amended by focusing the scope of IES 6 on IPD. The concept of IPD is introduced in paragraph 3 of IES 6 (Revised) and linked to CPD. This linkage supports the view that learning and development activities continue in the development and maintenance of professional competence throughout the professional accountant's career.

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- Paragraph 6 of the Objective section of ED-IES 6 was clarified by deleting the bullet that refers to the monitoring of professional accountants during CPD [See Paragraph 7 of IES 6 (Revised)]. The content of the bullet is presented as a requirement in IES 7 and its deletion in IES 6 aligns with the aim of focusing only on assessment occurring during IPD.

#### *Other Issues*

7. Paragraph 5 of the Introduction section of the IES 6 (Revised) is included as a new paragraph to identify the *Framework* (2009) and the IAESB *Glossary of Terms* as sources for the definitions and explanations of key terms.
8. Paragraph A1 of Explanatory Material section of IES 6 (Revised) is included as a new paragraph to clarify the scope by defining what professional competence is and explaining its components in terms of technical competence, professional skills, and professional values, ethics, and attitudes.
9. Paragraph A2 of Explanatory Material section of ED-IES 6 has been amended to provide reasons for assessing whether aspiring professional accountants achieve an appropriate level of professional competence [See Paragraph A4 of IES 6 (Revised)]. These reasons include: (a) the protection of the public interest; (b) the responsibility of IFAC member bodies and regulatory authorities; and (c) the expectations of the public, employers, and clients.
10. Paragraph A3 of the Explanatory Material section of IES 6 (Revised) is included as a new paragraph to link lifelong learning and the need of a professional accountant to develop and maintain professional competence relevant to their role during CPD.
11. Minor editorial improvements were made to paragraphs 1 to 3 of ED-IES 6 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

## **Requirements**

### *Monitoring Professional Accountants' Competence*

12. Paragraphs 7 to 10 of the ED-IES 6 set out the requirements of the standard that address: formal assessment of professional competence (Paragraph 7 of the ED-IES 6); principles of assessment (Paragraph 9 of the ED-IES 6); and assessment based on verifiable evidence requirements (Paragraph 10 of the ED-IES 6). In general respondents were supportive of these requirements, but requested minor clarifications in terms of wording. Several respondent types (i.e., IFAC member bodies, public accounting firms, regulators, and regional organization), however, suggested that paragraph 8 of ED-IES 6 on monitoring of professional accountants for maintenance and development of competence was repeating the requirement on monitoring CPD presented in IES 7 and suggested that the requirement should be deleted.
13. In response the IAESB agreed that paragraph 8 of ED-IES 6 replicated the requirement on monitoring of CPD in IES 7. As a result the IAESB deleted paragraph 8 to eliminate the replication with the requirement of IES 7 and to ensure that IES 6 focused on IPD only.

#### *Other Issues*

14. IAESB also reviewed the wording of the requirements to improve clarity as follows:

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- The wording of the requirement (See paragraph 7 of ED-IES 6) on formal assessment of professional competence has been amended by deleting the term, evaluation, to avoid introducing another term for assessment. The requirement has also been amended to indicate that outcomes from a range of assessment activities can be undertaken during IPD to satisfy the requirement [See Paragraph 8 of IES 6 (Revised)].
  - The wording of the requirement (See paragraph 9 of ED-IES 6) on principles of assessment has been amended by deleting the phrase, applying principles, and replacing it with, designing assessment activities, which better aligns with activities that are within the scope of responsibility of an IFAC member body [See Paragraph 9 of IES 6 (Revised)]. In addition the assessment principles are to be designed for assessment activities included within a professional accounting education program.
  - The wording of the requirement (See paragraph 10 of ED-IES 6) on verifiable evidence has been amended by focusing on professional competence of aspiring professional accountants [See Paragraph 10 of IES 6 (Revised)].
15. Minor editorial improvements were made to paragraphs 7, 9, and 10 of ED-IES 6 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

### Explanatory Material and Terminology

16. Respondents of ED-IES 6 requested that the Explanatory Material section should be amended to provide additional explanation of the Requirements. The amendments include: (1) adding explanation to assist in the understanding the responsibility of the IFAC member body for assessment; (2) providing examples of the assessment principles; (3) clarifying the explanation on the sufficiency principle; and, (4) adding explanation to the definitions of the terms, assessment activities, verifiable evidence, and professional competence.
17. In response the IAESB addressed these requests to improve the clarity of the Explanatory Material section and terminology being used in IES 6, as follows:
- Explanation to assist in the understanding the responsibility of the IFAC member body for the requirement on assessment  

Paragraph A3 of ED-IES 6 was amended to clarify the responsibility of an IFAC member body for assessment by specifying that an IFAC member body can draw on the outcomes of one or more assessment activities and giving examples of the configuration of the assessment activities [See Paragraph A5 of IES 6 (Revised)]. In addition paragraph A6 of IES 6 (Revised) was amended to include a definition of assessment activities. Finally, a new paragraph A8 has been added to IES 6 (Revised) to provide examples of factors that IFAC member bodies might consider when determining the appropriate level of professional competence to be achieved by professional accountants.
  - Examples of the assessment principles  

The wording of examples provided in paragraphs A9, A11, A14, and A16 of ED-IES 6 were amended to clarify how high levels of reliability, validity, equity, and transparency can be achieved for assessment activities [See Paragraphs A12, A14, A16, and A18 of IES 6

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(Revised)]. In addition the following changes were made to improve the understanding of the assessment principles:

- One new example was added to illustrate increasing reliability in objective testing [See Paragraph A12 of IES 6 (Revised)];
- One new example was added to illustrate transparency by identifying publicly the areas of professional competence, the types of assessment activities, and the timing of assessment activities during IPD [See Paragraph A18 of IES 6 (Revised)]; and
- Two new examples were added to illustrate how to increase sufficiency by: including assessment activities that assess the required technical competence, professional skills, and professional values, ethics, and attitudes (breadth) at the appropriate level of detail (depth); and by requiring aspiring professional accountants to demonstrate professional competence across a wide range of professional skills, and professional values, ethics, and attitudes that are applied to many different workplace assessments.

- Explanation of sufficiency principle

Paragraph A17 of the ED-IES 6 was amended to clarify the explanation of the sufficiency principle by discussing its relevance when applied to an assessment activity and when it is applied to the entirety of assessment activities that are undertaken during IPD [See Paragraph 19 of IES 6 (Revised)]. In addition the examples of paragraph A18 of the ED-IES 6 were replaced with examples which discuss how to design assessment activities to increase sufficiency. The IAESB decided that the examples of integration provided in paragraph A18 of ED-IES 6 were too narrow in scope and did not provide a complete understanding of sufficiency [See Paragraph 20 of IES 6 (Revised)].

- Explanation for the definitions of the terms

Paragraph A3 of ED-IES 6 has been amended to explain the concept of assessment activities with regards to professional competence and to provide examples of assessment activities [See Paragraph A6 of IES 6 (Revised)].

Paragraph A7 of ED-IES 6 has been amended to describe how professional accounting education programs support an aspiring professional accountant, to explain the components of programs in terms of education and workplace training, and to identify the importance of input from stakeholders in the design of programs [See Paragraph A9 of IES 6 (Revised)].

Paragraphs A19 and A20 of ED-IES 6 have been amended to explain what verifiable evidence is, to describe what the characteristics of verifiable evidence are, and to provide examples of verifiable evidence [See Paragraphs A21 and A21 of IES 6 (Revised)].

18. Minor editorial improvements were made to paragraphs A1 to A20 of ED-IES 6 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

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**International Accounting  
Education  
Standards Board**

529 Fifth Avenue, 6th Floor, New York, NY 10017  
T + 1 (212) 286-9344 F +1 (212) 286-9570  
[www.iaesb.org](http://www.iaesb.org)