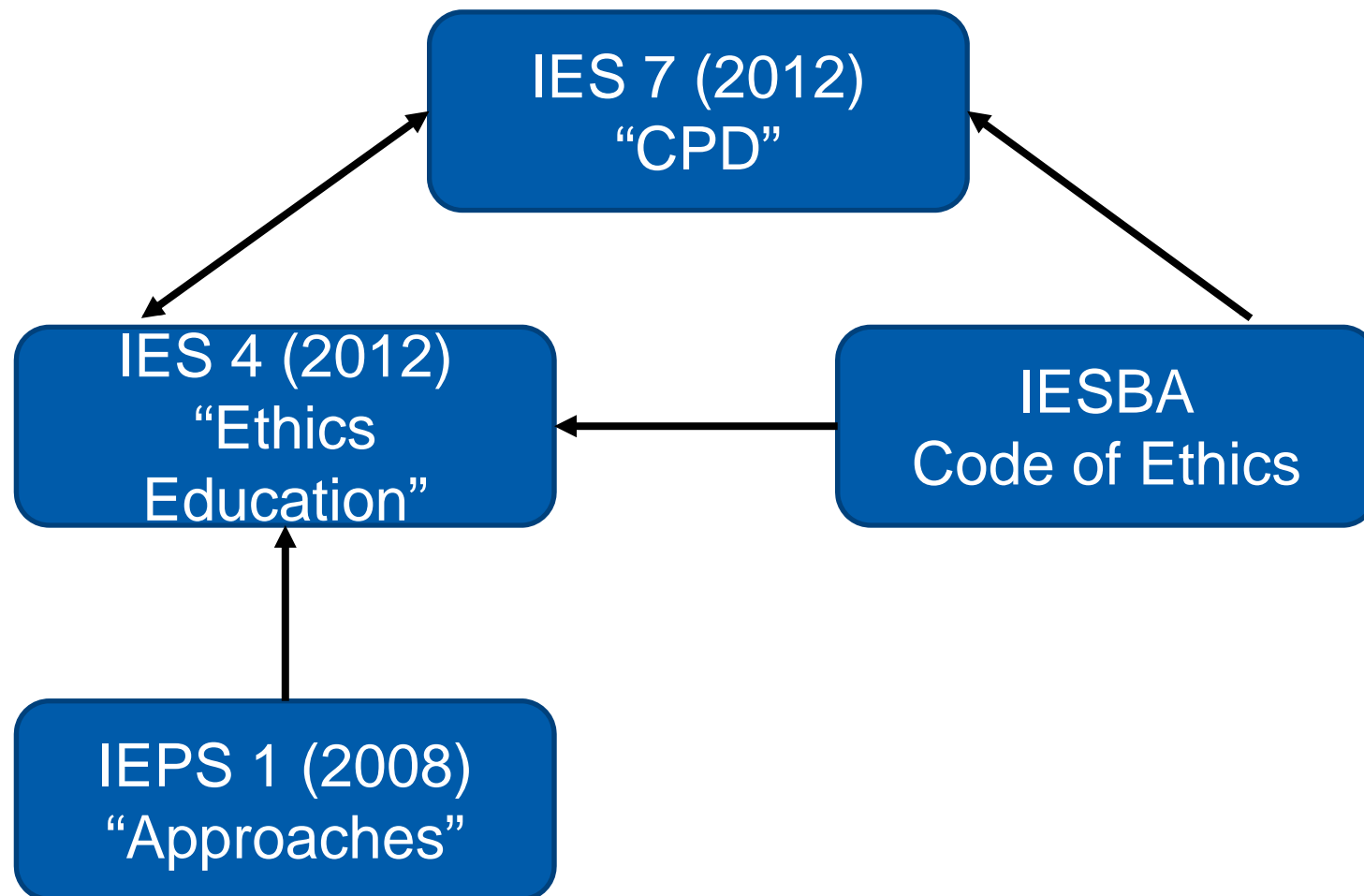


The Education of Ethics: The Revision of IES 4, Implementation Guidance and the Question of Compulsion

Mark Allison, IAESB Chair

IFAC Council Meeting
Berlin, Germany
November 17, 2011



International Education Standard 7

Continuing Professional Development (revised 2011/12)

“CPD provides continuous development of the professional values, ethics, and attitudes, acquired during IPD...”

“Member bodies shall require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities.”

“Member bodies may choose to develop requirements or guidance regarding which types of CPD activities they consider relevant to the professional roles their members typically have.”

IESBA Code of Ethics

- The principle of Professional Competence and Due Care (130)
- Threats and Safeguards
 - Education, training and entry (IPD)
 - Continuing Professional Development requirements (100.14)

IES 4 Professional Values, Ethics and Attitudes

Scope of Standard

Current:

- Acquisition of skills during education programme leading to qualification
- Mentions the *Code of Ethics*

Proposed:

- Accounting education undertaken during initial professional development (IPD)
- Helpful to other stakeholders
- Also relevant to Continuing Professional Development (CPD)
- Integrates the IESBA Code into professional accounting education

IES 4 Professional Values, Ethics and Attitudes

Learning Outcomes

A move from input base to learning outcome reflecting the appropriate depth of education required.

“IFAC Member bodies shall establish that the learning and development of aspiring professional accountants, at a minimum, includes developing the ability to:

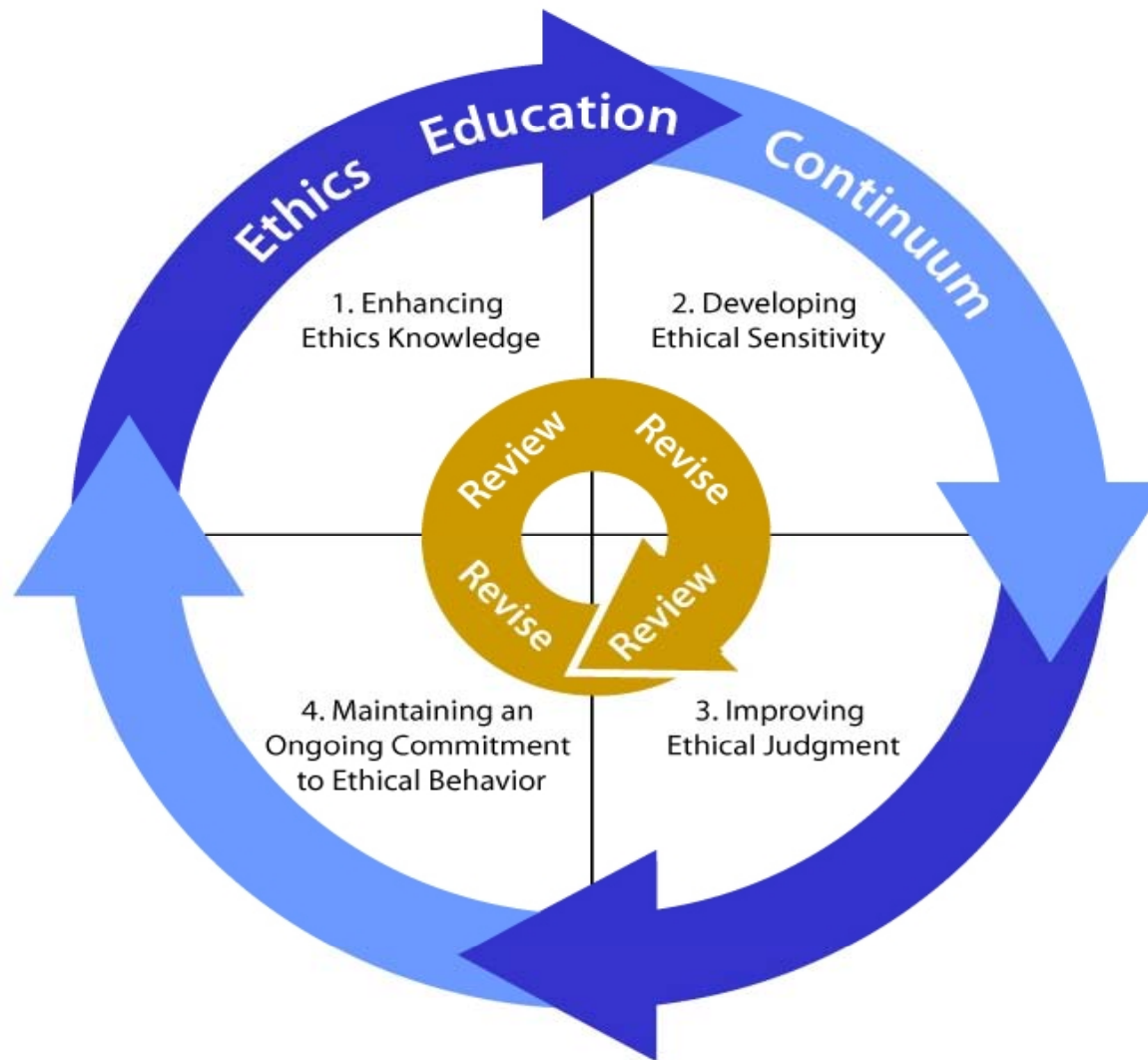
- explain the nature of ethics
- explain the interrelationship of ethics and law...
- compare the consequences of unethical behaviour to the individual, the professional, and to society
- apply the fundamental ethical principles...to ethical dilemmas and their resolution”

IES 4 Professional Values, Ethics and Attitudes

Significant Issues

- **Assessment**
 - Current IES 4 does not have a requirement for formal assessment
 - Proposed IES 4 to have a specific requirement relating to assessment of Professional Values, Ethics and Attitudes
- **Reflection**
 - Current IES 4 encourages
 - Proposed IES 4 requires

Practice Statement 1



Effective Ethics Education or Where Ethics “Bites”

ICAS study “*Taking Ethics to Heart (2004)*” concluded that ethics “bites” qualified accountants at differing stages in their career, and in different ways.

To educate effectively would therefore require:

- dynamic education programmes;
- individual, peer and team approaches;
- reappraisal of ethical dilemmas; and
- reconsideration of societal and business norms.

Future Directions?

- Excellent materials exist – can they be consolidated and easily accessed?
- Can IFAC member bodies share resources?
- Should ethics education be a compulsory, assessed and monitored part of CPD?