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Committee:	International Accounting Education Standards Board(IAESB)
Date:	March 24, 2019
WORKING GROUP:	**Implementation Support – Transition Memo (4/19)**

INTRODUCTION

This paper summarises the project to review implementation support material for IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes,*and sets out possible next steps for IFAC staff and the International Accounting Education Panel to consider.

RECOMMENDATIONS FOR INTERNATIONAL ACCOUNTING EDUCATION PANEL

That the International Accounting Education Panel:

1. Considers additional support material for IES4, including good practice examples of how to assess demonstration of achievement of learning outcomes; and interactive media such as videos and webinars.

2. Considers reviewing the adequacy and comprehensiveness of existing learning outcomes under IES 4, and the standard as a whole, in view of the recent developments such as the release of the new Code of Ethics by IESBA.

That IFAC:

3. Revises *"Approaches to the Development and Maintenance of Professional Values, Ethics and Attitudes in Accounting Education Programs (2006)"* (update literature review and evaluate whether "good practices" remain relevant).

4. Considers a survey on how PAOs have incorporated ethics in CPD practices

OBJECTIVE OF WORKING GROUP

The Implementation Support Working Group (ISWG) was established in 2016 to review the existing archive of IAESB support material; identify what items could be removed as they had been superseded or were no longer accurate; and to consider priorities for amending or adding to implementation support material.

The ISWG compiled a full inventory of support material, and secured Board approval to remove out-of-date items [link].

The ISWG began a project in 2018 on professional values, ethics and attitudes, to:

 (a) assess the value and adequacy of existing implementation guidance on IES 4;
 (b) identify any potential good practice examples in implementation of IES 4; and
 (c) isolate any implementation challenges.

The first step was an informal survey of Professional Accounting Organisations (PAOs) in North America, Africa, Asia, Middle East and Australia.

Additional comment was received from IFAC through Joseph Bryson, Director, Quality and Development (overseeing the Member Compliance Program).

BACKGROUND, INCLUDING RESEARCH AND OUTREACH CONDUCTED

The survey was conducted by IAESB Members and Technical Advisers, and other contacts in PAOs, between October 2017 and May 2018. Data were collected on:

 (a) Institution(s) responsible for implementation of IESs on Initial Professional Development,

including IES 4, in their jurisdictions.

(b)   Brief on how IES 4 has been implemented, including how prescribed learning outcomes have been assessed through examinations and/or practical experience.

(c)   Whether reference has been made to existing support material on IES 4, such as Ethics Education toolkit videos, and their usefulness where so referenced.

(d)   Any challenges in implementing IES 4, including assessment of learning outcomes, and any good practice examples to be shared with other IFAC member bodies.

(e)   Any other feedback of relevance to the IAESB on implementation of IESs.

Responses were received from PAOs based in Mexico, United Kingdom, Kenya, Uganda, Tanzania, Rwanda, Burundi, South Africa, Sri Lanka, Australia, Japan, South Korea and Lebanon.

PROGRESS AND MILESTONES

The summary findings from the Survey are attached to this note. There was demand for updated support material for IES4; and an offer to share good practice between PAOs. There was also a request to review the adequacy of learning outcomes for IES4, including in light of the recently revised IESBA Code of Ethics.

Comments from Joseph Bryson – Director, Quality and Development, IFAC

(a)   Global uptake of IESs was good, though support was still required in a number of jurisdictions.

(b)   Implementation of IESs particularly on IPD involved multiple players with PAOs playing a lesser role in most jurisdictions. In some jurisdictions such as in Latin America and North America, universities played a greater role in IPD.

(c)   Good practice examples on implementation of output based approach on CPD should also be considered.

(d)   The survey on IES 4 was able to address a wider scope than that covered by IFAC under the Members Compliance Program.

(e)   The feedback received from the survey was in agreement with information collected by IFAC from other jurisdictions as part of SMO returns.

(f)   Need to work with regional organisations considering the diverse culture and religious backgrounds and their influence on ethics.

(g)   Feedback received could also be shared with IESBA.

(h)   A webinar with IFAC portfolio managers under the Members Compliance Program should be explored, to further share relevant feedback on implementation of IESs.

Appendix A

<u>Attachment</u>s: • Survey tool on implementation of IES 4 • Summary of responses • Sample Response – CPA Australia
<u>Items catalogued with IFAC Staff</u>   All of the above

SUMMARY FINDINGS OF SURVEY ON IMPLEMENTATION OF IES 4

Survey question	Summary responses
(a) Institution(s) responsible for implementing IESs on Initial Professional Development, including IES 4.	IES 4 and other IESs on IPD mainly implemented jointly by PAOs, training institutions/universities (education) and employers/practitioners (practical experience). In one jurisdiction, for example, the PAO draws up its competency framework that each university must meet to be accredited by the PAO. The competence framework incorporates the IESs requirements. The PAO also sets standard setting examinations, taken during the practical training period, towards qualification as a professional accountant. These examinations incorporate the requirements of IES 4.
(b) Brief on how IES 4 has been implemented, including how achievement of prescribed learning outcomes is assessed e.g. via examinations and/or practical experience.	Professional values, ethics and attitudes (PVEA) are integrated in the qualifications through either one or a combination of the following: (1) **Examinations**: PVEA are examined as distinct papers (such as Ethics and Governance) or examined in content within various relevant papers, or a combination of the two. - The IES 4 learning outcomes, in terms of professional scepticism and professional judgement, ethical principles and commitment to the public interest, are incorporated among various subject modular learning outcomes. - Among the learning tools/approaches used to complement training include study guides, knowledge checks (multiple choice questions), ask the expert forum, find a study group, business simulations (fictional case studies), case studies (real life), video resources and interactive learning tasks (students receive feedback on their actions to help them understand what is correct and what is not). - As an example, one PAO has captured the ethical behaviour descriptors in three levels, as follows: ✓ Competent; considers the impact on the individual, organisation, profession and community when taking action; abides by a code of professional conduct/ethics; respects confidentiality. ✓ Proficient; identifies and acts appropriately on ethical issues; provides guidance on staff on ethical conduct; consistently demonstrates professional integrity on a range of issues.

Survey question	Summary responses

	✓ Expert: understands the rights and responsibilities of corporations and social and ethical foundations of business; Guides the business on ethical matters including values and considerations for decision making; Role models professional integrity;Holds others accountable for demonstrating ethical behaviour.
	
	- It is noteworthy that some PAOs have incorporated additional learning outcomes on values, ethics and attitudes to those prescribed by IAESB.
	
	(2) **Practical work experience**: Students may be required to discuss and demonstrate ethics and professional scepticism with an allocated supervisor in regular intervals, such as six months as part of a longer and defined pre-qualification practical experience period, usually between three and five years.
	  - The student may need to log their discussion on an online training file.
	  - Some PAOs have developed a series of practising ethics webinars and podcasts for students.
	  - The competencies for PVEA during practical experience are in some jurisdictions classified as "leading self" and incorporate delivering results, emotional judgements, adaptive mindset, critical thinking, problem solving and innovation, ethical behaviours, influencing others and diversity awareness.
	  - Work place assessment may include:
	    ✓ Assessing any competencies claimed that are self-written.
	    ✓ Assessing the alignment of role claims with competencies claimed.
	    ✓ Confirming claims of employment and detail of roles with employers.
	    ✓ Confirming with the member the validity of their sign off experience.
	
	(3) **Online ethics assessment**: An online learning programme based on a PAO's or the IESBA's Code of Ethics may be included primarily to ensure that students understand the ethical framework, are able to identify ethical principles relating to a scenario and advise on appropriate ways of addressing an ethical threat.
	
	Some PAOs also provide a confidential ethics helpline for students.

Survey question	Summary responses

	In one jurisdiction where the PAO works with accredited universities:
	
	- The universities incorporate the requirements of IES 4 in their written examinations. Some universities also have case studies in collaboration with some of the audit firms. These case studies also assess the requirements of IES 4. The PAO provides guidance to the universities in this regard.
	- The PAO also incorporates the requirements of IES 4 in the following:
	  ✓ Written examinations during the practical training period. The PAO also has rules and policies with regards to the minimum and maximum ethics coverage on their examination.
	  ✓ These are also included as part of the candidate's assessment during the actual practical training period.

(c) Whether reference has been made to existing support material issued by the IAESB on IES 4, such as Ethics Education toolkit videos, and their usefulness where so referenced.	Access to the implementation support material issued by the IAESB has been low. Some PAOs including from the developed economies were unaware of the existence of such material. One PAO noted that one of the reasons for the limited usage was copyright issues, and proposed that IAESB could provide clearer guidelines on the use of its supporting material to the PAOs or the rest of the community. Various alternative reference and support material on PVEA exist from other independent standard setting boards, IFAC and the PAOs themselves. Some PAOs have developed own and comprehensive support material including Ethics FAQs, webcasts in addition to providing a link to IESBA and IAESB support material Some PAOs were willing to share their Guides with the IAESB.
(d) Any challenges in implementation of IES 4, including on assessment of achievement of learning outcomes, and any good practice examples to be shared with other IFAC member bodies.	Integrating ethics as a mind-set and approach to becoming a high quality qualified accountant as opposed to considering it as a technical module. One PAO noted that its candidates come from a diverse cultural background, and at times, their religion and belief dominate their ethical thinking, *"instead of using a westernised ethical framework".* Hence the challenge was how to teach a consistent ethical decision framework while allowing candidates some room for religious reflection. It was also noted that in some countries where ethical standards are yet to be fully developed,

Survey question	Summary responses
	some candidates commented that they found it difficult to connect a PAO's teaching material with real life applications. The PAO addressed the challenge by investing heavily in developing digital artifacts (include business simulation with ethical dilemmas and ethical case studies) to supplement the study guides. It was observed by a PAO that candidates might face different challenges while engaging with a distance learning program, even when supported by the additional learning resources. Topics relating to ethics, public interest, professional judgement, can be taught more effectively in a mentoring environment or face to face learning.
(e) Any other feedback of relevance to the IAESB on implementation of IESs	IESs were implemented in compliance with SMO2: International Education Standards for Professional Accountants and other pronouncements by IAESB. Rationale for IESs: - Implementation of IESs reduces international differences. - Provides international benchmarks. - Increases the competency of the global accountancy profession. - Contributes to the strengthening of the public trust. One PAO opined that the traditional domain of professional scepticism is still bound to audit and assurance, although the view that it should be expanded to a whole spectrum of accounting services is gaining momentum. This was also echoed by another PAO thus *"How to make IES 4 requirements broader than just audit as others tend to incorporate this only in the audit module".* Universities generally cannot expose their students to real life issues and therefore issues of IES 4 tend to be theoretical.