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Agenda Item 5-2
International Education Standard
IES 4
Professional Values, Ethics and Attitudes

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Prepared by Saleem Kharwa and IES 6 Task Force
Scope
1. This International Education Standard (IES) addresses the professional values, ethics and attitudes to be acquired by professional accountants through learning and development during the program of professional accounting education undertaken as part of Initial Professional Development (IPD). This is referred to hereafter as “the program of professional accounting education.”

2. Learning and development continues throughout the career of a professional accountant and aspects of this standard will also be relevant to Continuing Professional Development (CPD).

3. This standard applies the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) into professional accounting education programs. The IESBA Code establishes ethical requirements for professional accountants and sets out five fundamental principles of professional ethics.

Effective Date
4. This IES is effective from 1 January 20XX’

Objective
5. The objective of prescribing the professional values, ethics and attitudes to be acquired during the program of professional accounting education is to ensure that when aspiring professional accountants complete their IPD they have developed the appropriate competence to perform the functions of a professional accountant.
Requirement

6. The program of professional accounting education shall provide aspiring professional accountants with a framework of professional values, ethics and attitudes for exercising professional judgment in the public interest. (Ref Para A1-A3)

7. The program of professional accounting education shall ensure that the IESBA Code is integrated fully in learning and development activities, and that any additional local requirements are sufficiently covered. (Ref Para A4, A5)

8. The coverage of professional values, ethics and attitudes in the program of professional accounting education shall be based on aspiring professional accountants developing an understanding of ethical concepts and theories and the fundamental principles of the IESBA Code and be sufficient to foster a commitment to:

   a. the public interest and sensitivity to social responsibilities;
   b. lifelong learning and CPD;
   c. reliability, responsibility, timeliness and courtesy; and
   d. respect of laws, regulations and local societal norms.

(Ref Para A6 – A11)

9. While the approach of each program to the learning of professional values, ethics and attitudes will reflect its own national and cultural environment and objectives, completion of the programme of professional accounting education, shall enable the aspiring professional accountant to:

   - Explain the nature of ethics;
   - Explain the advantages and drawbacks of detailed rules-based and framework approaches to ethics and;
   - Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour to ethical dilemmas and their resolution;
   - Apply the IESBA Code to professional behavior and compliance with technical standards;
   - Compare concepts of objectivity, professional skepticism, accountability and public expectations;
   - Explain the role of ethics within the profession and in relation to the concept of social responsibility;
   - Explain the interrelationship between ethics and law, including the relationship between laws, regulations and the public interest;

Comment [z2]: Previously a list now drafted as learning outcomes based on Blooms Taxonomy. Consideration given to depth and application of knowledge, cross referenced and checked to paper for IES2.

Comment [z3]: Previously included whistle blowing, conflicts of interest ethical dilemmas. Comment from Jan Munro asked why these were highlighted. Suggest can be covered by ethical dilemmas and their resolution.

Comment [z4]: Previously independence but Jan Munro suggested objectivity more appropriate

Comment [z5]: Jan Munro’s comment was that normally referred to as professional skepticism

Comment [z6]: Previous wording was ethics and the profession: social responsibility

Comment [z7]: Previously ethics and law including ... needed to be set in context
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- Compare the consequences of unethical behavior to the individual, to the profession and to society at large;
- Explain the role of ethics in relation to business and good governance.

(Ref Para A12 – A15)

10. To ensure professional accountants develop into ethical individuals and approach the requirements of the IESBA Code in a positive and participative way, programs of professional accounting education shall contain a requirement to undertake reflective activity in relation to lessons learned from ethical situations.

(Ref Para A16 - A18)

11. To enable the measurement of the development of appropriate competence in the professional values, ethics and attitudes required of professional accountants, the program of professional accounting education shall be assessed.

(Ref Para A19, A20)

Explanatory Materials

A1 In the context of this standard, the program of professional accounting education is considered to include professional accounting education, practical experience and training. (Ref: Req 6)

A2 The IAESB Glossary of Terms defines professional values, ethics and attitudes as the professional behaviour and characteristics that identify professional accountants as members of a profession. These include the principles of conduct (i.e., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of, professional behaviour. These include a commitment to technical competence, ethical behaviour (e.g., independence, objectivity, confidentiality, and integrity), professional manner (e.g., due care, timeliness, courteousness, respect, responsibility, and reliability), pursuit of excellence (e.g., commitment to continual improvement and life-long learning) and social responsibility (e.g., awareness and consideration of the public interest). (Ref: Req 6)

A3 Professional accountants accept a responsibility to act in the public interest. Therefore, actions of a professional accountant are not exclusively to satisfy the needs of an individual client or employer. In view of the obligations to follow the IESBA Code it is important that it features within the IPD of aspiring professional accountants. (Ref: Req 6)

A4 In view of the importance of professional values, ethics and attitudes to professional accountants, the presentation of the topic within the program of professional accounting education may at first be treated as a separate subject. As aspiring professional accountants progress, and gain a wider knowledge of

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other subjects it is then recommended that professional values, ethics and attitudes is integrated with other subject matters. This approach to integrating the topic into the program of professional accounting education is designed to encourage aspiring professional accountants to look for and consider the possible ethical implications of problems being discussed in their study of other subjects. (Ref: Req 7)

A5 In many jurisdictions, the IESBA Code is synonymous with the local regulation. However, if a member body or firm is prohibited from complying with certain parts of the IESBA Code by law or regulation, they shall comply with all other parts of the IESBA Code. Professional accountants in jurisdictions which have requirements and guidance which differ from those contained in the IESBA code need to be aware of those differences and comply with the more stringent requirements and guidance unless prohibited by law or regulation. As a result the program of professional accounting education should incorporate both the IESBA Code and local regulations and requirements. (Ref: Req 7)

A6 It is important that aspiring professional accountants understand that professional values, ethics and attitudes run through everything that professional accountants do and how this contributes to confidence and trust in the capital markets. The professional accounting education program might address the particular ethical issues likely to be faced by all professional accountants and those more likely to be encountered by professional accountants in the field in which they are most likely to work. (Ref: Req 8)

A7 In order to safeguard the public interest IFAC considers that member bodies have an obligation to their current and future members, as well as to society at large, to ensure that their members have a continuing understanding of professional values, ethics and attitudes. A sufficient understanding is necessary to enable them to foster a commitment to operate effectively and with integrity and discernment in an environment of change. (Ref: Req 8)

A8 It is important for educators and member bodies to distinguish between teaching aspiring professional accountants about professional values, ethics and attitudes and developing and instilling ethical behaviour. Developing professional values, ethics and attitudes begins early in the formal education of a professional accountant through IPD and is re-emphasized throughout a career forming part of CPD activities and life-long learning. (Ref: Req 8)

A9 Proper ethical behaviour is as important as technical competence. Accordingly, it is important that the programme of professional accounting education is structured such that the necessary periods of training and practical experience give aspiring professional accountants an opportunity to observe the application of professional values, ethics and attitudes in the workplace. (Ref: Req 8)

A10 It is important that those responsible for the supervision of practical experience emphasise to aspiring professional accountants the ethical
dimensions of the role professional accountants play in the workplace. This may be achieved by encouraging aspiring professional accountants to identify any apparent ethical implications and conflicts in their work, to form preliminary views on such occurrences and to discuss them with their supervisors. (Ref: Req 8)

A11 It is also important that those responsible for the design and supervision of practical experience recognise that ethical problems and potential dilemmas may occur within the period of practical experience. Where there is doubt about the ethical aspects of a course of action or situation, guidance might be given to aspiring professional accountants about the need to consult some recognised ethical reference point within their work environment or member body, whichever may be the appropriate course of action. (Ref: Req 8)

A12 The content of the program of professional accounting education for learning professional values, ethics and attitudes described in paragraph 9 is set out in the form of detailed learning outcomes. These learning outcomes establish both the content and the depth of knowledge, understanding and application required for each specified area. An understanding of these requirements for each learning outcome can be used by educators and member bodies to identify the most appropriate approach to learning and development for professional values, ethics and attitudes. (Ref: Req 9)

A13 In determining the approach to each of the learning outcomes specified in Paragraph 9, it is important to consider all aspects of the program of professional accounting education. This will ensure the overall educational approach to professional values, ethics and attitudes is appropriate. In some circumstances it may be appropriate to substitute some aspects of classroom-based education with practical experience. (Ref: Req 9)

A14 The use of participative approaches can greatly enhance the learning of professional values, ethics and attitudes. These may include:

- The use of teaching materials such as multi-dimensional case studies;
- Role playing;
- Discussion of selected readings and videos;
- Analysis of real life business situations involving ethical dilemmas;
- Discussion of disciplinary pronouncements and findings; and
- Seminars using speakers with experience of corporate or professional decision making.

(Ref: Req 9)
A15 Participative work will typically 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. As many approaches as possible can be used to enhance the learning experience, however, it should be recognised that distance learning programmes may be limited in offering a full range of participative experiences. (Ref: Req 9)

A16 It is important for professional accountants to learn from their ethical experiences and the inclusion of reflective activity within programs of professional accounting education supports this. In undertaking reflective activity aspiring professional accountants are required to consider and document an experience, in particular what went well, what did not work, and what approach may be taken in the future in similar circumstances. This reflective approach is equally important to professional accountants at all stages of their careers. (Ref: Req 10)

A17 For reflective activity to be an effective tool for learning and development it requires to be formalised and as such evidence of the reflection to be produced by the aspiring professional accountant. The evidence of reflective activity can take many forms and these may include:

- Learning journal;
- Reflective journal;
- Personal development portfolio;
- Critical incident journal; or
- A video diary.

(Ref: Req 10)

A18 To enable the reflective activity undertaken to be effective, the most realistic experience on which to reflect may occur in the workplace although simulations of “real life” experiences may also offer a suitable alternative. (Ref: Req 10)

A19 It is important to assess the competence developed by the program of professional accounting education relating to professional values, ethics and attitudes. As set out in the IAESB Framework differing measurement approaches to assessment can be employed and these include: Input measures, Process measures and Output measures. (Ref: Req 11)

A20 It is widely recognised that an output-based approach is the most appropriate for assessing the development of competence. Competence can be assessed by a variety of means including workplace performance, workplace simulations, written examinations and self-assessment. The most appropriate forms of

Comment [z23]: Text amended to refer to reflective activity. The need for this to be documented has been added also

Comment [z24]: Text amended to refer to reflective activity. The need for this to be documented has been added also

Comment [z25]: New text added to emphasise that this activity should take place in the workplace

Comment [z26]: Text amended to refer to reflective activity. The need for this to be documented has been added also

Comment [z27]: Text added re assessment based on Framework
assessment to be used will be determined based on an overall view of the program of professional accounting education. (Ref: Req 11)

Comment [z28]: Text added re assessment based on Framework