

**Final Pronouncement
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IES™

International Education Standard™

**International Education
Standard 4, Initial
Professional Development –
Professional Values, Ethics,
and Attitudes (Revised)**

IAESB

**International Accounting
Education
Standards Board™**

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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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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–A10)

1. This International Education Standard (IES) prescribes the learning outcomes that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD) for professional values, ethics, and attitudes. Professional values, ethics, and attitudes are the characteristics that identify professional accountants as members of a profession. They include the principles of conduct (e.g., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of professional behavior.
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 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. Learning and development continue 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 careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical threats.
4. This IES integrates relevant ethical requirements into professional accounting education. These relevant ethical requirements ordinarily set out five fundamental principles of ethics¹ (integrity; objectivity; professional competence and due care; confidentiality; and professional behavior).
5. This IES specifies the competence areas and learning outcomes that describe the professional values, ethics, and attitudes required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence (Revised)*, and IES 3, *Initial Professional Development – Professional Skills (Revised)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
6. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms (Revised)*. Additional terms from the pronouncements of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) are also included in the Explanatory Material.

Effective Date

7. This IES is effective from January 1, 2021.

¹ The Fundamental Principles, *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition*, Section 110.

Objective (Ref: Para. A11)

8. The objective of this IES is to establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. A12–A14)

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

Relevant Ethical Requirements (Ref: Para. A15)

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. A16–A31)

11. IFAC member bodies shall prescribe the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

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

Competence Area (Level of Proficiency ²)	Learning Outcomes
(a) Professional skepticism and professional judgment (Intermediate)	(i) Apply an inquiring mind when collecting and assessing data and information.
	(ii) Apply techniques to reduce bias when solving problems, informing judgments, making decisions, and reaching well-reasoned conclusions.
	(iii) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.
(b) Ethical principles (Intermediate)	(i) Explain the nature of ethics.
	(ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.
	(iii) Identify threats to compliance with the fundamental principles of ethics.
	(iv) Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.

² The level of proficiency for a competence area identifies the level to be achieved by the end of IPD (as outlined in Appendix 1).

Competence Area (Level of Proficiency ²)	Learning Outcomes
	(v) Apply fundamental principles of ethics when collecting, generating, storing, accessing, using, or sharing data and information.
	(vi) Apply the relevant ethical requirements to professional behavior in compliance with standards ³ .
(c) Commitment to the public interest (Intermediate)	(i) Explain the role and importance of ethics within the profession and in relation to the concept of social responsibility.
	(ii) Explain the role and importance 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) Analyze the consequences of unethical behavior to the individual, the profession, and the public.

Review of Professional Accounting Education Programs (Ref: Para. A32–A33)

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. A34–A38)

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. A39–A42)

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

³ Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.

Explanatory Material

References to Definitions Contained within IAASB and IESBA Pronouncements

A1. This IES uses the following terms already defined within IAASB and IESBA pronouncements.

Table B: IAASB and IESBA Definitions Adopted in IES 4

Defined Term	Definition in IAASB and IESBA Pronouncements
Professional Skepticism (IAASB) ⁴	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.
Professional Judgment (IESBA) ⁵	Professional judgment involves the application of relevant training, professional knowledge, skills and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved.

Scope of this Standard (Ref: Para. 1–6)

- A2. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A3. Professional values, ethics, and attitudes are defined as the professional behavior and characteristics that identify professional accountants as members of a profession. These include the ethical principles generally associated with, and considered essential in, defining the distinctive characteristics of professional behavior.
- A4. Professional values, ethics, and attitudes include a commitment to (a) technical competence and professional skills, (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).
- A5. Relevant ethical requirements⁶ are defined as those ethical requirements to which professional accountants are subject, which ordinarily comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with any national requirements that are more restrictive.

⁴ Glossary of Terms, *IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2018 Edition, Volume I*.

⁵ *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition*, Para. 120.5 A1.

⁶ Glossary of Terms, *IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2018 Edition, Volume I*.

- A6. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A7. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member body may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A8. The inclusion of professional values, ethics, and attitudes in IPD lays the base for performing a role as a professional accountant. Further development of professional values, ethics, and attitudes is a focus of CPD that is covered in IES 7, *Continuing Professional Development* (Revised).
- A9. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional skills include intellectual and organizational.
- A10. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or a professional accounting education program.

Objective (Ref: Para. 8)

- A11. Establishing the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

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

- A12. 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 Code⁷.
- A13. Under relevant ethical requirements, professional accountants accept a responsibility to act in the public interest. Consequently, the actions of a professional accountant are not intended exclusively to satisfy the needs of an individual client or employer.
- A14. By establishing learning and development activities that cover professional values, ethics, and attitudes, IFAC member bodies promote a commitment for the aspiring professional accountant to act in the public interest. 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. Consequently, professional accountants contribute to confidence and trust in the functioning of markets and the economy in general.

⁷ The Conceptual Framework, *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2018 Edition*, Section 120.

Relevant Ethical Requirements (Ref: Para. 10)

A15. Within a professional accounting education program, professional values, ethics, and attitudes may initially be treated as a separate course or subject. However, as aspiring professional accountants progress, the integration of professional values, ethics, and attitudes with other courses or subjects, encourages the recognition and consideration of wider ethical implications.

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

Developing Learning Outcomes

- A16. Table A lists the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner or a taxation specialist.
- A17. IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. Although the term professional skepticism is defined specifically within the context of audit and assurance engagements, the attitudes, skills and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants, regardless of their future role as a professional accountant. As a result, IPD includes learning and development activities that address the skills, attitudes, and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism. The skills, attitudes, and behaviors contributing to professional skepticism are further developed following IPD, through CPD.
- A18. In the design of professional accounting education programs, the three competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also the learning outcomes associated with one competence area (for example, ethical principles) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within professional skepticism and professional judgment) may extend across several different courses or subjects, none of which may be devoted solely to that competence area. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A (for example, commitment to the public interest is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program).
- A19. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A20. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member bodies design their professional accounting education programs.
- A21. In professional accounting education programs, an IFAC member body may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares aspiring professional accountants to work within a particular industry sector

(for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Selecting Learning and Development Activities

- A22. 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.
- A23. In determining the approach to achieving the learning outcomes, the mix 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 experience the application of professional values, ethics, and attitudes in the workplace.
- A24. 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.
- A25. 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 would not be restricted to:
- (a) Role playing;
 - (b) Discussion of selected readings and online materials;
 - (c) Analysis of case studies that involve business situations involving ethical threats;
 - (d) Discussion of disciplinary pronouncements and findings;
 - (e) Seminars using speakers with experience of corporate or professional decision making; and
 - (f) Use of online forums and discussion boards.
- A26. Participative approaches may lead aspiring professional accountants 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.

Professional Skepticism and Professional Judgment

- A27. Professional development in the areas of professional skepticism and professional judgment is not always straightforward. Planning effective learning and development in these areas involves due care and may include learning methods in which mentoring, reflective activity, time, and practical experience play a key role.

Ethical Principles

- A28. 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, and (b) the

opportunity to practice their application in a non-workplace setting can help aspiring professional accountants to recognize and address ethical threats.

- A29. Learning and development for aspiring professional accountants on ethical principles and threats may address: (a) particular ethical threats likely to be faced by all professional accountants, (b) those ethical threats more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical threats.
- A30. 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 practical experience supervisors.
- A31. Ethical threats 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)

- A32. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of professional accounting education programs offered during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.
- A33. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Reflective Activity (Ref: Para. 13)

- A34. 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.
- A35. 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 relevant cases that are in the public domain may also offer suitable alternatives.
- A36. The documentation of reflective activity may include:
 - (a) Records of learning;
 - (b) Reflective records;
 - (c) Personal development portfolios; or
 - (d) Critical incident diaries.

- A37. In providing guidance to aspiring professional accountants and 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 consider factors, for example confidentiality, legal, and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable for aspiring professional accountants to document and discuss.
- A38. IFAC member bodies may also consider providing guidance on how to support reflective activity in practice for practical experience supervisors.

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

- A39. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015) provides the principles that apply to the design of assessment activities used to assess the professional values, ethics, and attitudes and other elements of professional competence.
- A40. Various assessment activities can be used to assess the professional values, ethics, and attitudes of aspiring professional accountants. Appropriate assessment activities may include: (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the recognition of prior learning.
- A41. 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 repositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies;
 - (b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases;
 - (c) Using objective testing of ethical aspects of professional accounting education programs; and
 - (d) Using case study group assignments and workshops to assess ethical analysis and decision-making.
- A42. 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 threats as they arise in the workplace; and
 - (b) Reviews of ethical decision-making combined with performance reviews and appraisals.

Appendix 1

Description of Levels of Proficiency

This description of levels of proficiency supports the IAESB’s use of learning outcomes in its publications such as International Education Standards (IES) 2, 3, and It provides descriptions of three levels of proficiency. These descriptions, together with the learning outcomes, provide information to help member bodies design their professional accounting education programs for a variety of professional accounting roles and specializations.

Level of Proficiency	Description
Foundation	<p>Typically, learning outcomes in a competence area focus on:</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 simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explaining ideas in a clear manner, using oral and written communications. <p>Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty.</p>
Intermediate	<p>Typically, learning outcomes in a competence area focus on:</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; and • Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p>

Advanced	<p>Typically, learning outcomes in a competence area focus on:</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;• Assessing, researching, and resolving complex problems with limited supervision;• 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 environments that are characterized by high levels of ambiguity, complexity, and uncertainty.</p>
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