

Final Pronouncement

November 2012

International Education Standard (IES) 6

Initial Professional Development – Assessment of Professional Competence (Revised)

NOTE: The IAESB's work on the IES Revision project is ongoing and IESs 2, 3, 4, and 8 have not been finalized. The revised IES 6 has been released to provide lead time for IFAC member bodies and other interested stakeholders to prepare for its implementation. The IES Revision project is scheduled to be completed by the end of 2013.

This document was developed and approved by 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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INTERNATIONAL EDUCATION STANDARD 6 (REVISED)

(Effective on JULY 1, 2015)

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INITIAL PROFESSIONAL DEVELOPMENT– ASSESSMENT OF PROFESSIONAL COMPETENCE

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Introduction

Scope of this Standard (Ref: Para A1 to A3)

1. This International Education Standard (IES) prescribes the requirements for the assessment of professional competence of aspiring professional accountants that need to be achieved by the end of Initial Professional Development (IPD).
2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have a responsibility to assess whether aspiring professional accountants have achieved the appropriate level of professional competence by the end of IPD. In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. Within the IESs, assessment is the measurement of professional competence developed through learning and development. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role of a professional accountant. Learning and development is, however, an ongoing process of developing and maintaining professional competence throughout the career of a professional accountant, and so continues through Continuing Professional Development (CPD). During IPD the focus is on the achievement of professional competence. During CPD the focus is on the development and maintenance of professional competence.
4. This IES specifies requirements for the assessment of professional competence, while
 - IES 2, Initial Professional Development—Technical Competence, IES 3, Initial Professional Development—Professional Skills, and IES 4, Initial Professional Development—Professional Values, Ethics, and Attitudes, specify assessment requirements relevant to their areas of focus within IPD;
 - IES 5, Initial Professional Development—Practical Experience, specifies requirements for the assessment of practical experience; and
 - IES 8, Professional Development for Engagement Partners Responsible for Audits of Financial Statements, specifies the assessment requirement for aspiring engagement partners.
5. Definitions and explanations of the key terms used in the IESs and the *Framework for International Education Standards for Professional Accountants* are set out in the International Accounting Education Standards Board (IAESB) *Glossary of Terms*.

Effective Date

6. This IES is effective from July 1, 2015.

Objective (Ref: Para A4)

7. The objective of an IFAC member body is to assess whether aspiring professional accountants have achieved an appropriate level of professional competence that is needed to perform a role of a professional accountant.

Requirements

Formal Assessment of Professional Competence (Ref: Para A5 to A8)

8. IFAC member bodies shall formally assess whether aspiring professional accountants have achieved an appropriate level of professional competence by the end of IPD, drawing on the outcomes of a range of assessment activities that are undertaken during IPD.

Principles of Assessment (Ref: Para A9 to A20)

9. IFAC member bodies shall design assessment activities that have high levels of reliability, validity, equity, transparency, and sufficiency within professional accounting education programs.

Verifiable Evidence (Ref: Para A21 and A22)

10. IFAC member bodies shall base the assessment of the professional competence of aspiring professional accountants on verifiable evidence.

Explanatory Material

Scope of this Standard (Ref: Para 1 to 5)

- A1. There are many different ways to describe and categorize professional competence. Within these IESs, professional competence is the ability to perform a role to a defined standard. Professional competence consists of technical competence, professional skills, and professional values, ethics, and attitudes. Each area of professional competence is further described by a set of learning outcomes in the relevant IES.
- A2. During IPD, assessment may be undertaken by a range of stakeholders, including the IFAC member body, employers, regulators, licensing bodies, universities, colleges, and private education providers. Although the assessment of professional competence during IPD is the responsibility of IFAC member bodies, other stakeholders may provide substantive input into assessment activities.
- A3. Professional accountants continue to engage in lifelong learning to develop and maintain professional competence relevant to their role during CPD. Changes in the working environment, career progression, or new roles may require that professional accountants increase their level of professional competence and acquire new competences. This is covered in IES 7: *Continuing Professional Development*.

Objective (Ref: Para 7)

- A4. Assessing whether aspiring professional accountants achieve an appropriate level of professional competence serves several purposes. First, the public interest is protected, and the credibility of the profession is enhanced, when only those who meet the profession's competence requirements are permitted to be professional accountants. Second, IFAC member bodies and regulatory authorities have a responsibility to ensure that professional accountants have the competence expected of them by the public, employers, and clients. Third, professional accountants have a continuing duty to maintain professional competence to ensure that clients, employers, and relevant stakeholders receive competent professional service.¹

¹ *Professional Code of Conduct, IESBA Handbook of the Code of Ethics for Professional Accountants, – 2012 Edition.*

Formal Assessment of Professional Competence (Ref: Para 8)

- A5. To formally assess whether professional competence has been achieved, the IFAC member body may draw on the outcomes of one or more assessment activities that take place during IPD. The configuration of the assessment activities during IPD may vary, and may include, but are not limited to:
- (a) A single multi-disciplinary examination conducted by the end of IPD;
 - (b) A series of examinations that focus on specific areas of professional competence, conducted throughout IPD; or
 - (c) A series of examinations and workplace assessments conducted throughout IPD.
- A6. Assessment activities are those activities designed to assess specific areas of professional competence. During IPD, assessment activities can be selected to match the particular aspect of professional competence being assessed. Examples of assessment activities may include, but are not limited to:
- (a) Written examinations;
 - (b) Oral examinations;
 - (c) Objective testing;
 - (d) Computer-assisted testing;
 - (e) Workplace assessment of competence by employers; and
 - (f) Review of a portfolio of evidence on completion of workplace activities.
- A7. The types of assessment activities selected may depend on factors specific to each IFAC member body, which may include, but are not limited to:
- (a) The remoteness and spread of geographical locations where aspiring professional accountants are based;
 - (b) Available educational and other resources of the IFAC member body;
 - (c) The number and backgrounds of aspiring professional accountants being assessed; and
 - (d) The availability of learning and development opportunities provided by employers.
- A8. Factors relevant to determining an appropriate level of professional competence to be achieved by professional accountants may include, but are not limited to:
- (a) The complexity and variety of tasks undertaken by professional accountants;
 - (b) The expectations of stakeholders (such as the public, employers, and regulators) relating to the nature and extent of professional competence;
 - (c) Specialized knowledge required by professional accountants working in particular industries;
 - (d) The level of professional judgment required to undertake an assignment or complete a task;
 - (e) The varied roles of professional accountants, such as the preparer of financial statements, tax advisor, or management accountant; and
 - (f) The complexity of the working environment.

Principles of Assessment (Ref: Para 9)

- A9. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of the professional accounting education programs during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.
- A10. The principles of assessment apply to individual assessment activities that are conducted during IPD. However, it may not always be possible to achieve high levels of reliability, validity, equity, transparency, and sufficiency for each individual assessment activity.
- A11. An assessment activity has a high level of reliability if it consistently produces the same result, given the same set of circumstances. Reliability is not an absolute measure, and different assessment activities may have different levels of reliability. An assessment activity has high reliability if the majority of assessors, acting independently, consistently come to the same judgment, given the same set of circumstances.
- A12. There are many ways that assessment activities can be designed to increase reliability. For example:
- (a) The reliability of a written examination may be increased by avoiding the use of ambiguous wording in examination questions or instructions;
 - (b) The reliability of an objective test may be increased by undertaking an internal or external review of the content of the testing before it is finalized; and
 - (c) The reliability of a workplace assessment may be increased by selecting assessors who have comparable high levels of ability, and by providing them with suitable training to enable them to assess the task.
- A13. An assessment activity has a high level of validity if it measures what it was intended to measure. Validity is not an absolute measure, and different assessment activities may have different levels of validity. Validity has multiple forms and includes the following:
- (a) Face validity—An assessment activity has high face validity if the assessment activity is perceived to measure what it is intended to measure;
 - (b) Predictive validity—An assessment activity has high predictive validity if the content of the assessment activity relates to the particular aspect of professional competence that it is intended to assess; and
 - (c) Content validity—An assessment activity has high content validity if the assessment activity provides adequate coverage of the particular aspect of professional competence being assessed.
- A14. There are many ways to design assessment activities to increase validity. For example:
- (a) Face validity may be increased when assessing the competence of aspiring professional accountants to apply a particular accounting standard, if an examination includes a comprehensive and relevant case study rather than a simple case study based on incomplete information;

- (b) Predictive validity may be increased for assessing competence in leadership, by relying on a workplace assessment of how well an aspiring professional accountant leads a team rather than relying on the outcomes of a written examination; and
 - (c) Content validity may be increased if an examination covers more, rather than a few, aspects of the particular area of professional competence being assessed.
- A15. An assessment activity has a high level of equity if it is fair and without bias. Equity is not an absolute measure, and different assessment activities may differ in their level of equity. Equity can be improved when those who design assessment activities are aware of the possibility of bias.
- A16. There are many ways to design assessment activities to increase equity. For example:
- (a) Equity may be increased by ensuring that assessment activities rely only on computer-based technologies that are available to all aspiring professional accountants; and
 - (b) Equity may be increased by reviewing examination papers to remove assumptions relating to cultural knowledge that are not commonly shared by all aspiring professional accountants.
- A17. An assessment activity has a high level of transparency when details of an assessment activity, such as the competence areas to be assessed and timing of the activity, are disclosed publicly. A high level of transparency is also relevant when considering the entirety of the assessment activities that are undertaken during IPD. Transparency is not an absolute measure, and different assessment activities may differ in their levels of transparency. Clear and accessible communications to stakeholders may lead to achieving a high level of transparency.
- A18. There are many ways to increase the transparency of assessment activities. For example:
- (a) In relation to the entirety of assessment activities that are undertaken during IPD, transparency may be increased by making publicly available a statement that explains the areas of professional competence to be assessed, the types of assessment activities included, and the timing of those assessment activities during IPD;
 - (b) Transparency may be increased in a workplace assessment when employers communicate to employees a clearly defined competency framework against which the employees' competence will be assessed; and
 - (c) Transparency in the setting and conduct of an examination may be increased by making information relating to the development, scoring, and management of the examination publicly available.
- A19. An assessment activity has a high level of sufficiency if it (a) has a balance of depth and breadth, knowledge, and application, and (b) combines material from different areas applied to a range of situations and contexts. A high level of sufficiency is also relevant when considering the entirety of the assessment activities that are undertaken during IPD. Sufficiency is not an absolute measure, and different assessment activities may differ in their levels of sufficiency.
- A20. There are many ways to design assessment activities to increase sufficiency. For example:
- (a) Sufficiency may be increased across IPD 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

- (b) Sufficiency in relation to a workplace assessment may be increased 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 situations.

Verifiable Evidence (Ref: Para 10)

A21. Verifiable evidence is evidence that is objective, capable of being proven, and stored in written or electronic form. Basing the assessment of professional competence on verifiable evidence may satisfy the needs of third parties who oversee or regulate an IFAC member body. It will also increase the confidence of stakeholders that aspiring professional accountants have achieved the appropriate level of professional competence by the end of IPD.

A22. Examples of verifiable evidence include:

- (a) Certificates of successful course completion;
- (b) Recorded outcomes of successful achievement in examinations; and
- (c) A record of achievement provided by employers on competence achieved by aspiring professional accountants.

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