

International Education Standards Implementation Support Module

Notes for Slide Presentation on IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes (Revised)

The following notes accompany the PowerPoint slides for this module and do not amend or override the International Education Standards (IESs), the text of which alone is authoritative. Reading these notes is not a substitute for reading the IESs. The notes are not meant to be exhaustive and reference to the IESs themselves should always be made.

SLIDES #2 & 3: Overview of Presentation

1. As part of its initiative to clarify the suite of 8 IESs, the IAESB agreed a new structure to improve clarity of its IESs, which will improve their readability and provide an appropriate level of explanation to ensure that interested stakeholders understand and apply the standards properly. The new structure includes 4 major sections: introduction, objective, requirements, and explanatory material. These sections place greater emphasis on the obligations and requirements of an IFAC member body in supporting the learning and development of a professional accountant. In addition, the IAESB has also made amendments to the language of its IESs to improve the understanding of the requirements that IFAC member bodies undertake when implementing the IESs.
2. This presentation provides an overview of the content contained within IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*. The presentation covers the following topics: introduction; objective; and requirements and explanatory material. The introduction describes the scope of IES 4 and answers the following questions:
 - What does IES 4 regulate?
 - Who is IES 4's target audience?
 - When does IES 4 become effective?
 - Why is IES 4 important from a public interest perspective?
3. This presentation also addresses IES 4's Objective statement by establishing the professional values, ethics, and attitudes required to perform a role as a professional accountant and explaining how IES 4 protects the public interest.
4. Finally, the presentation covers the six requirements of IES 4 and explains the significant issues underlying each requirement.

SLIDE #4: Introduction: Scope

What does IES 4 regulate?

5. IES 4 prescribes the learning outcomes for professional values, ethics, and attitudes that aspiring professional accountants are required to develop and demonstrate by the end of Initial Professional Development (IPD).
6. For the purposes of this standard, professional values, ethics, and attitudes skills have been categorized under (a) professional skepticism and professional judgment, (b) ethical principles, and (c) commitment to the public interest that a professional

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accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence.

7. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD.
8. Initial Professional Development (IPD) is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant.

Who is IES 4's target audience?

9. This IES is addressed to 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.

When does IES 4 become effective?

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

Why is IES 4 important from a public interest perspective?

11. This IES is designed to protect the public interest by improving the quality of professional accounting education worldwide to enhance the competence and judgment of professional accountants.
12. Professional accounting education is education and training that builds on general education, and imparts professional knowledge, professional skills, and professional values, ethics, and attitudes.
13. Professional competence is the ability to perform a role to a defined standard.
14. IES 4 improves the quality of professional accounting education by prescribing requirements that (1) specify competence areas and learning outcomes to be achieved by aspiring professional accountants, (2) establish appropriate assessment activities to measure the achievement of learning outcomes; and (3) require reviewing and updating of the professional accounting education program designed to achieve learning outcomes.

SLIDE #5: Objective

IES 4 establishes the professional values, ethics, and attitudes needed by aspiring professional accountants

15. This IES establishes the professional values, ethics, and attitudes of an aspiring professional accountant to protect the public interest, to enhance the quality of the work and services to clients and the public, as well as promotes the credibility of the accounting profession.
16. The development and demonstration of professional values, ethics and attitudes by the end of IPD lays the base for performing a role as a professional accountant. Further development of professional values, ethics, and attitudes is a focus of Continuing Professional Development (CPD), which is covered in *IES 7, Continuing Professional Development*.

SLIDE #6: Requirements and Explanatory Material

Provide a framework of professional values, ethics, and attitudes

17. This IES requires that a framework of professional values, ethics, and attitudes be provided through a professional accounting education program for aspiring professional accountants. The content of a framework of professional values, ethics, and attitudes might be established by the relevant ethical requirements, for example the conceptual framework approach set out in the *IESBA Code of Ethics for Professional Accountants*.
18. The framework of professional values, ethics, and attitudes is aimed at aspiring professional accountants to (a) exercise professional judgments and (b) act in an ethical manner that is in the public interest.

SLIDE #7: Requirements and Explanatory Material

Integrate relevant ethical requirements

19. This IES requires that relevant ethical requirements should be integrated throughout professional accounting education programs for aspiring professional accountants so as to encourage recognition and consideration of wider ethical implications.
20. Relevant ethical requirements are defined as those ethical requirements to which professional accountants are subject, which ordinarily comprise the *IESBA Code of Ethics for Professional Accountants* together with any national requirements that are more restrictive.

SLIDE #8: Requirements and Explanatory Material

Prescribe learning outcomes to be achieved by aspiring professional accountants by the end of IPD

21. This IES sets the competence areas, proficiency levels, and 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. IES 4 identifies 3 competence areas (e.g., professional skepticism & professional judgment; ethical principles; and commitment to ethical principles) and each competence area has an intermediate level of proficiency level. A competence area is a category for which a set of related learning outcomes can be specified. A level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated.
22. Twelve learning outcomes have been identified within the 3 competence areas. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. They provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner or taxation specialist. Learning outcomes can be demonstrated within the context of a work environment or professional accounting education program.
23. 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. 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).

SLIDE #9: Requirements and Explanatory Material

Review & update professional accounting education programs

24. 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,

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other higher education providers, IFAC member bodies, and employers, as well as workplace training.

25. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member bodies.
26. Professional accounting education programs are required to be reviewed and updated on a regular basis to reflect 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.

SLIDE #10: Requirements and Explanatory Material

Design learning & development activities to include reflective activity

27. The design of learning and development activities includes reflective activity that integrates workplace experience, simulations of “real-life” experiences, or consideration of relevant cases that are in the public domain. 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.
28. 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. The documentation of reflective activity may include: Records of learning; Reflective records; Personal development portfolios; or Critical incident diaries. 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.

SLIDE #11: Requirements and Explanatory Material

Establish assessment activities to measure achievement of professional skills

29. *IES 6, Initial Professional Development—Assessment of Professional Competence*, provides the principles that apply to the design of assessment activities used to measure the achievement of professional values, ethics, and attitudes, as well as other elements of professional competence.

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30. Various assessment activities can be used to measure the achievement of 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, and (f) the recognition of prior learning. 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 databanks 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.
31. Assessment activities may include workplace assessments. 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 dilemmas as they arise in the workplace; and
 - (b) Reviews of ethical decision-making combined with performance reviews and appraisals.