

## **International Education Standards Implementation Support Module**

### **Notes for Slide Presentation on IES 5, Initial Professional Development – Practical Experience (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, & 4: 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 5, *Initial Professional Development – Practical Experience*. The presentation covers the following topics: introduction; objective; and requirements and explanatory material. The introduction describes the scope of IES 5 and answers the following questions:
  - What does IES 5 regulate?
  - Who is IES 5's target audience?
  - When does IES 5 become effective?
  - Why is IES 5 important from a public interest perspective?
3. This presentation also addresses IES 5's Objective statement by establishing the practical experience to perform a role as a professional accountant and explaining how IES 5 protects the public interest.
4. Finally, the presentation covers the ten requirements of IES 5 and explains the significant issues underlying each requirement.

## **SLIDE #5: Introduction: Scope**

### **What does IES 5 regulate?**

5. IES 5 prescribes the practical experience required of aspiring professional accountants by the end of Initial Professional Development (IPD).
6. For the purposes of this standard, practical experience refers to workplace and other activities that are relevant to developing professional competence. Practical experience is a component of IPD.

## Notes for Slide Presentation on IES 5

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 5'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 5 become effective?**

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

### **Why is IES 5 important from a public interest perspective?**

11. This IES protects the public interest by prescribing practical experience that applies and integrates the components of professional accounting education, which enhances the competence and judgment of professional accountants.
12. Professional competence is the ability to perform a role to a defined standard. Practical experience builds on general education and professional accounting education programs, and assists in developing technical competence, professional skills, and professional values, ethics, and attitudes.
13. The public expects professional accountants to apply their experience and knowledge in carrying out their roles.
14. IES 5 meets public expectations by requiring practical experience be (1) completed by the end of IPD; (2) sufficient to demonstrate (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes necessary for performing a role of a professional accountant; (3) measured by either output-based, input-based; or a combination of output-based or input-based approaches; (4) recorded in a consistent form and supported by verifiable evidence; (5) reviewed periodically under the direction of a practical experience supervisor; and (6) assessed for completion by assessment activities.

**SLIDE #6: Objective**

**IES 5 establishes the practical experience to perform a role as a professional accountant**

15. This IES establishes the practical experience required 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 to promote the credibility of the accounting profession.
16. The inclusion of practical experience in IPD lays the base for performing a role as a professional accountant. Further development by practical experience after completion of IPD may be required to bring professional accountants to a level of competence needed for other roles, such as (a) that of a statutory auditor, (b) other forms of specialization, or (c) those roles that are regulated.

**SLIDE #7: Requirements and Explanatory Material**

**Require practical experience be completed by the end of IPD**

17. Practical experience is a component of IPD. Practical experience during IPD builds on general education and programs of professional accounting education. The combination of practical experience and education might also vary according to (a) rules established by individual IFAC member bodies, (b) national and local laws, (c) the requirements of regulatory authorities, and (d) public expectations.
18. In determining what constitutes an appropriate balance between professional accounting education and practical experience, IFAC member bodies may consider the following:
  - (a) Some professional accounting education programs that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods, and secondments, may contribute to the practical experience requirement.
  - (b) Study for academic or professional qualifications is useful for acquiring and demonstrating professional accountancy knowledge. However, by itself, study does not necessarily demonstrate achievement of the professional competence to perform a role of a professional accountant. Experience gained at work equips aspiring professional accountants with many of the skills needed to become competent professional accountants.
  - (c) Practical experience may be obtained after completion of a professional accounting education program or concurrently with such a program.

## **SLIDE #8: Requirements and Explanatory Material**

### **Require sufficient practical experience**

19. Sufficient practical experience has a blend of depth and breadth, knowledge and application and, where appropriate, integration of material from different areas applied to a range of situations and contexts. The breadth of practical experience is affected by factors such as: nature of role; level of proficiency; national or local laws; requirements of regulatory authorities; and the public's expectation for professional competence. The depth of practical experience is affected by factors such as the variety and complexity of tasks as well as the level of supervisory and monitoring support.
20. 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.
21. The public expects professional accountants to apply their experience and knowledge in carrying out their roles. However, the variety of roles that professional accountants perform means that the required practical experience may vary from one IFAC member body to another, and even within an individual IFAC member body that offers different types of membership. After the completion of IPD, practical experience may be required to bring professional accountants to a level of competence needed for other roles, such as (a) that of a statutory auditor, (b) other forms of specialization, or (c) those roles that are regulated. In addition, all professional accountants undertake lifelong learning to continue to develop and maintain professional competence (see IES 7: Continuing Professional Development).

## **SLIDE #9: Requirements and Explanatory Material**

### **Establish the preferred approach to measure practical experience using one of the following 3 approaches: Output-based, Input-based, or Combination approaches**

22. Output-based measures focus on whether the aspiring professional accountant has developed the specified competence. Input-based measures focus on the investment made in learning and development for example, number of hours. The combination approach applies requirements of both input- and output-based approaches. In setting the approach and requirements for practical experience, IFAC member bodies may consider a number of factors, including:

## Notes for Slide Presentation on IES 5

- (a) the public interest, including knowledge of the local environment, public expectations, and any relevant regulatory requirements;
- (b) the needs of the aspiring professional accountants, including an understanding of the roles that they are expected to undertake upon completion of IPD;
- (c) the needs of the employer, including efficiency and cost-effectiveness, and whether that employer is in industry, government, or public practice; and
- (d) the needs of the IFAC member body, including regulatory requirements, efficiency, and cost-effectiveness.

### **SLIDE #10: Requirements and Explanatory Material**

#### **Requires practical experience to be demonstrated using output measures**

23. An output-based approach require aspiring professional accountants to demonstrate, using output measures, that they have obtained practical experience. The evidence that could be used for assessment purposes in an output-based approach could include
- (a) measurement of learning outcomes achieved in accordance with a competency map;
  - (b) reviews of a research project or reflective essay; and
  - (c) work logs compared against an appropriate competency map (a work log is a record maintained by an individual of the nature of the assignments and tasks completed, and of the time incurred in completing those assignments and tasks).

### **SLIDE #11: Requirements and Explanatory Material**

#### **Requires practical experience to be demonstrated using input measures**

24. Input-based approaches are often used as a proxy for measuring development of competence due to their ease of measurement and verification. Input-based approaches have limitations; for example, they do not always directly measure the learning outcomes or competence developed. Evidence that could be used for measurement in an input-based approach includes attendance records, time sheets, workplace diaries, and a work log or journal.
25. IFAC member bodies setting a requirement using an input-based approach may consider the structure and relevance of education programs completed by aspiring professional accountants. Professional accounting education programs that deliver outcomes similar to the outcomes derived from measured work-based experience (such as internships) may contribute to the total requirement for practical experience. Equally, where a substantial professional accounting education program has been completed, such as a Master's degree in accounting, an IFAC member body may elect to reduce

## Notes for Slide Presentation on IES 5

the practical experience component. For example, an IFAC member body choosing the input-based approach might consider three years of practical experience (as preferred and implemented by several IFAC member bodies), or two years with a Master's degree in accounting or other relevant subject, or a minimum of five years total of combined accounting education and sufficient practical experience.

### **SLIDE #12: Requirements and Explanatory Material**

#### **Comply with requirements of output- and input-based approaches to implement a combination approach**

26. Approaches that combine elements of both output- and input-based approaches might be constructed by the IFAC member body. Input units might be considered as contributing to the professional competences being measured. Achievement of particular competences might either be used to verify input, or in some cases replace a portion of the input requirement.

### **SLIDE #13: Requirements and Explanatory Material**

#### **Require practical experience be conducted under the direction of a practical experience supervisor**

27. A practical experience supervisor is a professional accountant who is responsible for directing, advising, and assisting aspiring professional accountants in acquiring sufficient practical experience. Practical experience supervisors can represent an important link between aspiring professional accountants and IFAC member bodies. They may be responsible for planning the practical experience period, and provide guidance to aspiring professional accountants. In some environments practical experience supervisors may also provide mentoring support to aspiring professional accountants. IFAC member bodies may provide training for practical experience supervisors, and put in place both assistance and quality control programs.
28. Practical experience supervisors may be assisted in performing the monitoring function by others, some of whom may not be professional accountants.

### **SLIDE #14: Requirements and Explanatory Material**

**Require practical experience be recorded**

29. Practical experience of aspiring professional accountants is recorded in a consistent form prescribed by an IFAC member body or, where applicable, a regulatory body, and is supported by verifiable evidence. Verifiable evidence is evidence that is objective, capable of being proven, and stored in written or electronic form.

**SLIDE #15: Requirements and Explanatory Material**

**Require practical experience supervisor undertake a periodic review of records of practical experience**

30. The purpose of the periodic review by the practical experience supervisor of the record of practical experience, supported by verifiable evidence, is to check that requirements set by the IFAC member body or regulatory authority are being met. In addition, this periodic review can also be used to monitor an individual's progress. If the aspiring professional accountant's progress does not match expectations, the practical experience supervisor has an opportunity to review the situation to discover the reasons why and what can be done to improve progress. This periodic monitoring will (a) provide an opportunity for the practical experience supervisor, the employer, and the aspiring professional accountant to review the practical experience obtained to date, and (b) contribute to future development of the aspiring professional accountant.

**SLIDE #16: Requirements and Explanatory Material**

**Establish appropriate assessment activities to assess that sufficient practical experience has been completed**

31. IES 6, *Initial Professional Development – Assessment of Professional Competence* provides the following ways to design assessment activities to increase sufficiency:
- (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.



## Notes for Slide Presentation on IES 5

32. Various activities can be used to assess the sufficiency of practical experience of aspiring professional accountants. Appropriate assessment activities may include workplace assessments. Assessment design may include:

- (a) Specification of learning outcomes that are clear and detailed in order to minimize ambiguity and increase the reliability and transparency of the assessment;
- (b) Training of workplace assessors in order to achieve consistency between assessors and equity between candidates;
- (c) Creation of work-based simulations in order to provide sufficient, equitable, and reliable assessments of professional skills;
- (d) Discussion and facilitated resolution of ethical dilemmas as they arise in the workplace; and
- (e) Reviews of ethical decision-making combined with performance reviews and appraisals.