

**INTERNATIONAL EDUCATION PRACTICE STATEMENT**  
**IEPS 1**  
**APPROACHES TO DEVELOPING AND MAINTAINING**  
**PROFESSIONAL VALUES, ETHICS AND ATTITUDES**  
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## Purpose and Scope of International Education Practice Statement 1

1. International Education Practice Statements (IEPSs) assist IFAC member bodies in the implementation of generally accepted good practice in the education and development of professional accountants.
2. International Education Standard (IES) 4, *Professional Values, Ethics and Attitudes*, requires IFAC member bodies to devote a portion of the pre-qualification education program for professional accountants to developing professional values, ethics, and attitudes. IEPS 1 provides guidance to IFAC member bodies on implementing IES 4, and on developing professional values, ethics and attitudes in accordance with that standard.
3. IEPS 1 sets out two possible approaches to the development of professional values, ethics and attitudes. It also contains guidance on a number of methods for the delivery of ethics education, stressing the importance of workplace learning and assessment.
4. In addition, IEPS 1 provides guidance on how member bodies may ensure professional accountants continue to develop professional values, ethics, and attitudes throughout their careers through Continuing Professional Development (CPD).
5. The International Accounting Education Standards Board (IAESB) recognizes (a) the wide diversity of culture, language, and educational, legal, and social systems in the countries of IFAC member bodies; (b) the variety of functions performed by accountants; and (c) that member bodies are at different stages in developing their ethics education programs.
6. Some IFAC member bodies may already have addressed some or all of the issues considered in this IEPS. Other member bodies may have yet to consider such issues. The IAESB suggests that all member bodies assess their implementation of IES 4 in light of the guidance contained in IEPS 1.

## Definitions

7. The following terms used in IEPS 1 are defined in the *Framework for International Education Pronouncements*:

*Assessment*—all forms of tests of professional competence, whether in writing or otherwise, including examinations, carried out at any time throughout the learning process.

*Capabilities*—the professional knowledge; professional skills; and professional values, ethics, and attitudes required to demonstrate competence.

*Competence*—being able to perform a work role to a defined standard, with reference to real working environments.

*Continuing Professional Development (CPD)*—learning activities for developing and maintaining the capabilities of professional accountants to perform competently within their professional environments.

*Education*—a systematic process aimed at developing knowledge, skills and other capabilities within individuals. It includes training.

*Formal education*—the non-workplace based component of an accounting education program.

*Learning*—a broad range of processes whereby an individual acquires capabilities.

*Post-qualification*—the period after qualification as an individual member of an IFAC member body.

*Pre-qualification*—the period before qualification as an individual member of an IFAC member body.

*Professional accountant*—a person who is a member of an IFAC member body.

*Professional values, ethics and attitudes*—the professional behavior and characteristics that identify professional accountants as members of a profession. They include the principles of conduct (i.e., ethical principles) generally associated with, and considered essential in defining the distinctive characteristics of, professional behavior.

*Qualification*—qualification as a professional accountant means, at a given point in time, an individual is considered to have met, and continues to meet, the requirements for recognition as a professional accountant.

*Student*—an individual following a course of study, including a trainee. In the context of professional education, a student is an individual undertaking a course or a program of study deemed necessary for the education of professional accountants, whether general or professional in nature.

*Trainee*—an individual undertaking pre-qualification work experience and training within the workplace.

*Training*—pre- and post-qualification educational activities, within the context of the workplace, aimed at bringing a student or professional accountant to an agreed level of professional competence.

## **Background**

8. The actions of accountants impact others. Professional values, ethics and attitudes that identify professional accountants as members of a profession involve a commitment to enhancing the interests of the community. This is generally referred to as “serving the public interest.” The public relies on the

ethical integrity of the profession and its members to ensure that professional responsibilities are upheld and the public interest is safeguarded.

9. The Ethics Education Continuum (EEC) set out in this IEPS is aligned with the IFAC *Code of Ethics for Professional Accountants* (IFAC Code of Ethics). This establishes ethical requirements for all professional accountants, and sets out five fundamental principles of professional ethics: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.<sup>1</sup>
10. Professional accountants may encounter situations that threaten compliance with the fundamental principles of professional ethics. Many threats to compliance with these principles fall into the five categories outlined in the IFAC Code of Ethics: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats.<sup>2</sup>
11. The IFAC Code of Ethics also sets out a number of safeguards that may eliminate or reduce such threats to an acceptable level. These include: (a) safeguards created by the profession, legislation or regulation; and (b) safeguards in the work environment.<sup>3</sup> The former include, but are not restricted to, educational, training and experience requirements for entry into the profession and continuing professional development requirements.<sup>4</sup> IEPS 1, by suggesting principles of good practice for pre- and post-qualification ethics education, can help member bodies create such safeguards.
12. Ethical decision-making requires choosing from a number of alternatives, each with its own consequences for stakeholders. It is in the public interest that professional accountants approach ethical decision-making with an understanding of and an ability to apply the fundamental principles set out in the IFAC Code of Ethics.
13. This requires the development of professional values, ethics, and attitudes through IFAC member bodies' education programs. These values, ethics and attitudes are formed and developed during and after qualification as a professional accountant. The aim of ethics education programs is to enhance professional accountants' ethical decision-making and behavior.

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<sup>1</sup> IFAC *Code of Ethics for Professional Accountants*, 100.4.

<sup>2</sup> IFAC *Code of Ethics for Professional Accountants*, 100.10.

<sup>3</sup> IFAC *Code of Ethics for Professional Accountants*, 100.11.

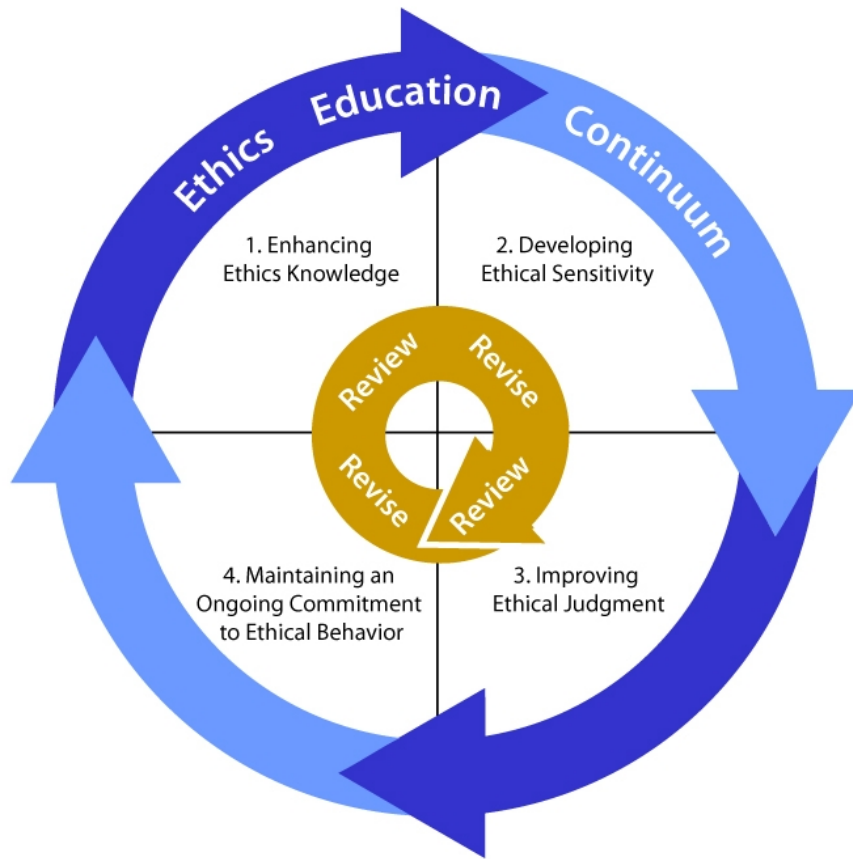
<sup>4</sup> IFAC *Code of Ethics for Professional Accountants*, 100.12.

## Section 1: Developing Ethical Competence

### The Ethics Education Continuum

14. The Ethics Education Continuum (EEC), outlined in this section of IEPS 1, is represented in Figure 1 overleaf. The EEC identifies four stages in a learning continuum, based on the four objectives of ethics education:
  - Stage 1: Enhancing ethics knowledge;
  - Stage 2: Developing ethical sensitivity;
  - Stage 3: Improving ethical judgment; and
  - Stage 4: Maintaining an ongoing commitment to ethical behavior.
15. Ethics education is a lifelong commitment that begins early in a pre-qualification program, and continues throughout a professional accountant's career. Each stage of the EEC relates to a particular level of advancement in the development of professional values, ethics and attitudes. The four stages of the EEC are described in more detail in paragraphs 19 to 30 below, with suggested learning outcomes and a description of competence provided for each stage.
16. The EEC recognizes that the development of professional values, ethics and attitudes is an iterative process, requiring individuals to reflect on their learning between stages, and to continue to review and revise their ethics knowledge, ethical sensitivity and ethical judgment. Maintaining an ongoing commitment to ethical behavior presupposes that professional accountants will continue to enhance their ethical knowledge, develop their ethical sensitivity, and improve their ethical judgment throughout their careers.

**Figure 1: The Ethics Education Continuum**



17. The EEC is supplemented by eight essential subject areas, based on the topics prescribed in IES 4 which are to be included in all pre-qualification education programs. These are outlined in Figure 2 below. In addition, suggested knowledge content to support each subject area is provided, for illustrative purposes only, in Appendix 1.
18. While ethics knowledge, ethical sensitivity and ethical judgment are initially developed during a pre-qualification accounting education program, ethical behavior is expected of students throughout their period of pre-qualification accounting education.

**Stage 1: Enhancing Ethics Knowledge**

19. Students need to develop an understanding of relevant ethical and professional standards relating to the accounting profession. Knowledge of general ethical principles and of the fundamental principles of professional ethics, outlined in the IFAC Code of Ethics, is required for the development of ethical decision-making and behavior in a professional context.
20. Stage 1 of the EEC teaches fundamental knowledge on matters concerning professional values, ethics, and attitudes. It focuses on developing an understanding of:
  - (a) The environment that influences decisions, including:
    - (i) Relevant standards and codes; and
    - (ii) Expectations of ethical and professional conduct.
  - (b) The fundamental theories and principles of:
    - (i) Ethics;
    - (ii) Virtues; and
    - (iii) Individual moral development.
21. Competence in this area will be demonstrated by an understanding of traditional ethical concepts and theories, and of those relating to the professional accountant's work.

**Stage 2: Developing Ethical Sensitivity**

22. Students need to develop ethical sensitivity, which is the (a) ability to recognize an ethical threat or issue, (b) awareness of alternative courses of action leading to an ethical solution, and (c) knowledge of the effects of each alternative course of action on stakeholders.
23. Stage 2 applies the knowledge of basic ethical principles introduced in Stage 1 to the relevant functional disciplines (e.g., financial accounting, management accounting, auditing, and taxation) of accounting. At this stage,

IFAC member bodies should consider developing ethics education programs that focus on developing a sense of professional responsibility with ethical sensitivity and an appreciation of ethical threats to the fundamental ethical principles facing professional accountants in the workplace.

24. Competence in this area will be demonstrated by the ability to identify and to discuss ethical issues and threats, as well as the ability to apply ethics knowledge in the functional disciplines of accounting.

### **Stage 3: Improving Ethical Judgment**

25. Core ethical values are the foundation of professional judgment. Making choices consistent with the fundamental principles set out in the IFAC Code of Ethics requires ethics knowledge and ethical sensitivity.
26. Stage 3 is an application stage, where students and professional accountants learn how to integrate and apply ethics knowledge and ethical sensitivity to form reasoned and well-informed decisions. This stage is designed to assist individuals in applying a well-founded process for making ethical decisions. At Stage 3, IFAC member bodies should consider developing ethics education programs that focus on improving professional judgment by sharpening ethical decision-making skills through the application of ethical theories, social responsibilities, codes of professional conduct and ethical decision-making models.
27. Competence in this area will be demonstrated by the ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.

### **Stage 4: Maintaining an Ongoing Commitment to Ethical Behavior**

28. Professional accountants need to be able to deal with ethical threats to the fundamental ethical principles and be able to choose a course of action consistent with the fundamental principles set out in the IFAC Code of Ethics.
29. At Stage 4, IFAC member bodies should consider developing ethics education such as CPD programs that focus on developing and reinforcing ethical decision-making and an ongoing commitment to ethical behavior in a professional context.
30. Competence will be demonstrated through an understanding of organizational and situational contexts and the application of ethical knowledge, sensitivity and judgment into ethical behavior in accordance with the IFAC Code of Ethics.



## **Section 2: Approaches to Implementing the Ethics Education Continuum**

### **Flexible Approaches to Implementing the Ethics Education Continuum**

31. This IEPS sets out two possible approaches to implementing the EEC: the Topic Approach (See paragraph 34), and the Stage-by-Stage Approach (See paragraph 37). IFAC member bodies may choose to follow one approach, or to mix elements of both, as appropriate for their local circumstances.
32. Both approaches stress the importance of integrating ethics education into pre-qualification accounting education programs, and the importance of reviewing and revising knowledge and capabilities learned through CPD. Both approaches also emphasize the role of workplace learning and assessment in the development of professional values, ethics and attitudes. These are covered in detail in Section 3 of this IEPS.

### **The Topic Approach**

33. IES 4 prescribes<sup>5</sup> a number of topics to be included in all pre-qualification education programs. These have been aligned with the eight subject areas that supplement the EEC, as demonstrated in Figure 2 below.

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<sup>5</sup> IES 4 *Professional Values, Ethics and Attitudes*, paragraph 16.

**Figure 2: The Topic Approach**

<b>EEC Subject Areas<sup>6</sup></b>	<b>IES 4 Topics</b>
(i) A framework approach (ii) Concepts and values	The nature of ethics Differences between detailed rules-based and principles-based approaches to ethics, their advantages and drawbacks
(iii) The environment: corporate, professional, and regulatory (iv) Professional ethics	Compliance with the fundamental ethical principles of integrity, objectivity; commitment to professional competence and due care, and confidentiality Professional behavior and compliance with technical standards Concepts of independence, skepticism, accountability, and public expectations Ethics and law, including the relationship between laws, regulations, and the public interest
(v) Decision-making	Ethics and the individual professional accountant: whistle blowing, conflicts of interest, and ethical dilemmas and their resolution
(vi) Ethical threats and safeguards	Consequences of unethical behavior to the individual, to the profession, and to society at large
(vii) Corporate governance (viii) Social and environmental issues	Ethics and the profession: social responsibility Ethics in relation to business and good governance

34. The Topic Approach integrates the first three stages of the EEC subject by subject in relevant parts of the pre-qualification program. Each subject can be learned progressively following the first three stages of the EEC learning continuum. Stage 4 of the EEC is primarily post-qualification (CPD).
35. The IAESB recognizes that the detailed content of member bodies' ethics education programs will reflect their national and cultural environment and education system. IFAC member bodies may incorporate the EEC subject

<sup>6</sup> Suggested content for each subject area is set out in Appendix 1, *Ethics Education Continuum Subject Areas*.

areas in any sequence as required in their pre- or post-qualification programs. Each subject area is expanded upon in Appendix 1, which gives examples of suggested content for each subject that member bodies may wish to include in their ethics education programs.

36. IFAC member bodies that choose to adopt the Topic Approach should consider how they may best ensure that all four developmental stages of the EEC are covered during pre- and post-qualification accounting education programs.

**The Stage-by-Stage Approach**

37. The Stage-by-Stage Approach follows the EEC as outlined in Figure 1, and incorporates (a) the first three stages of the EEC in pre-qualification education programs, and (b) the fourth stage in both pre- and post-qualification education programs. Figure 3 below illustrates this approach.

**Figure 3: The Stage-by-Stage Approach**

Stage	Attribute	Learning Outcome	Illustrative Method
1	Enhancing Ethics Knowledge	Enhancing the <i>knowledge</i> of (i) relevant standards and (ii) expectations of ethical and professional conduct.	Separate, assessed course or module in ethics early in the program.
2	Developing Ethical Sensitivity	Developing a sense of professional responsibility with ethical <i>sensitivity</i> and an appreciation of ethical threats and safeguards.	Integration of ethical issues across existing functional disciplines, such as financial accounting, management accounting, auditing, and taxation.
3	Improving Ethical Judgment	Improving professional <i>judgment</i> by sharpening ethical decision-making skills.	Integrated final course or module and assessment including ethics (e.g. case study) and/or a separate, assessed final course or module in ethics.
4	Maintaining an Ongoing Commitment to Ethical Behavior	Maintaining an ongoing commitment to <i>ethical behavior</i> .	Combination of ongoing experience and continuing professional development, including ethics education.

38. This approach typically begins by introducing ethics early in the pre-qualification program (Stage 1), followed by ethical discussion in the existing accounting modules or courses (Stage 2), and culminating in a final module/course that ties together previous ethics material (Stage 3).
39. The nature of ethics education means that post-qualification programs need to review and revise the knowledge and capabilities learned and acquired in pre-qualifying programs. It is important that professional accountants continue to develop their professional values, ethics and attitudes throughout their careers.

#### **Continuing Professional Development**

40. Ethics education is a lifelong process. Continually changing public expectations result in changes in ethical standards. Ethics education through

CPD is therefore necessary for continued development of ethical decision-making and an ongoing commitment to ethical behavior. Ethics education in CPD focuses on assisting individuals to make better ethical choices at critical junctures, and to reinforce through continuous review and revision ethical concepts introduced in pre-qualifying education programs.

41. The nature of ethics education means that post-qualification programs need to review and revise the knowledge and capabilities learned and acquired in pre-qualifying programs. IFAC member bodies should, therefore, consider requiring continuing ethics education for professional accountants as part of their CPD program.

## Section 3: Delivery and Assessment of Ethics Education

### Overview

42. Different models are used for the delivery and assessment of ethics education. These will combine elements of workplace learning and formal education. In all cases, IFAC member bodies should consider how best to establish clear objectives for ethics education that focus on (a) increasing ethical sensitivity, (b) fostering a commitment to professional responsibility, and (c) developing ethical decision-making skills.
43. IFAC member bodies should consider exposing students and professional accountants to exercises in ethical awareness and ethical decision-making. These contribute to the development of ethical sensitivity and judgment. IFAC member bodies should also consider including, in pre- and post-qualification education programs, practical examples of ethical threats and issues, and how these may be resolved in a positive manner, to reinforce theoretical knowledge.
44. Students develop knowledge of fundamental ethical principles during pre-qualification education programs. They learn how to apply fundamental principles in real-life situations through work experience, both pre- and post-qualification, through observing their colleagues and experiencing organizational practices and cultural norms.

### Workplace Learning

45. Learning ethics in the workplace is as important as learning ethics during formal educational programs. IFAC member bodies should consider ways of working with employers to promote positive ethical behavior, and a supportive environment conducive to the development of professional values, ethics, and attitudes, at both pre- and post-qualification levels.
46. IFAC member bodies can also work with employers to develop induction training that highlights for students the importance of developing professional values, ethics and attitudes.

### *Ethical Courage*

47. All decisions made by a professional accountant are likely to have an impact on others, as well as on the professional accountant themselves. Professional accountants may need to demonstrate ethical courage when making decisions in accordance with the fundamental principles set out in the IFAC Code of Ethics. For example, “whistle-blowing” may lead to serious consequences for individuals and organizations.
48. Professional accountants and students develop ethical courage as they observe the decisions of others made in accordance with the fundamental principles of the IFAC Code of Ethics. IFAC member bodies can work with

employers, mentors and others to highlight examples of ethical courage, and bring this to the attention of students and professional accountants during pre- and post-qualification accounting education programs. This could include the development of case studies, and/or discussions with mentors and superiors to explore ethical issues and dilemmas.

#### *Ethical Leadership*

49. Ethical leadership in an organization has a strong, positive influence on the ethical behavior of all those working in that organization, and helps others within the organization act with ethical courage. Professional accountants and students learn and modify ethical attitudes as they internalize the values of the organization demonstrated by their superiors and colleagues. Professional accountants in leadership roles need to ensure that they liaise with students and other professional accountants on the responsibilities and ethical issues professional accountants face in the workplace, including the positive benefits of acting in accordance with the fundamental principles set out in the IFAC Code of Ethics. IFAC member bodies can facilitate such sessions, especially where students work without direct supervision by professional accountants.
50. IFAC member bodies can work with employers to designate professional accountants as “ethics leaders” within an organization, responsible for organizing and facilitating ethics education sessions in which examples of ethical leadership and ethical courage are discussed and debated.

#### *Supervised Practical Experience*

51. During pre-qualification programs, students undertake a period of supervised practical experience under the guidance of a supervisor or mentor. Relationships with supervisors or mentors help students in many ways, including the development of the skills required of professional accountants, and the development of ethical sensitivity and judgment through relationships with supervisors or mentors acting as role models.
52. IFAC member bodies should consider how to encourage supervisors or mentors to provide feedback (including positive feedback) on students’ ethical judgment and behavior, in addition to feedback on other aspects of their programs.

#### *Performance Review and Appraisal*

53. Professional accountants and students often work in environments where regular performance reviews and appraisals are held. IFAC member bodies should consider encouraging professional accountants to ask for feedback (including positive feedback) on their ethical judgment and behavior as part of such a review. If professional accountants are responsible for conducting performance

reviews and appraisals for others, member bodies should consider encouraging them to include such feedback on ethical judgment and behavior.

### Teaching Methods

54. A number of teaching methods are advocated in ethics education literature, including:
- Lectures;
  - Ethics discussions;
  - Small-group and collaborative learning;
  - Case studies based on ethical threats and challenges;
  - Role-play;
  - Guest speakers and practitioner participation; and
  - E-learning.

These teaching methods may be used in any combination. Further guidance on the above is included in Appendix 2.

### Assessment Methods

55. Member bodies should consider ways in which the assessment of ethics education programs establishes that students and professional accountants have developed ethical sensitivity and judgment to an appropriate level.
56. Assessment methods may be broadly divided into two types. Summative assessment provides information about the level of performance at certain points in the learning process, usually at the end of a course of study. This may be more appropriate for assessing knowledge of ethical theories and concepts. Formative assessment is ongoing, providing assessors with information about current progress in order to support future learning. This may be more appropriate for assessing the development of ethical sensitivity and judgment in the workplace.
57. Assessing the development of ethical sensitivity and judgment may be accomplished through formal assessment, assessment in the workplace, or self-assessment. In most cases, member bodies may choose to combine elements of these approaches.
58. Formal assessment can test the fundamental knowledge of ethical principles and the ability to critically evaluate ethical situations. In addition to traditional examinations, there are a number of means by which formal assessment may be carried out:



- Creating databanks of case studies requiring individuals to complete tests based on these case studies which might for instance be disseminated in professional magazines/journals;
  - A case analysis system requiring students to maintain journals and notes on particular public domain cases;
  - Objective testing of ethical aspects of the pre-qualification programs; and
  - Using case study group assignments and workshops to assess individuals' competence in ethical analysis and decision-making.
59. Learning ethics from experience gained in the workplace is as important as learning ethics in the classroom. The assessment of learning from experience gained in a workplace differs from, and in many respects is more difficult than, assessment of classroom learning. Means for assessing the development of ethical sensitivity and judgment in the workplace may include:
- Discussion and facilitated resolution of ethical dilemmas as they arise in the workplace;
  - Retrospective reviews of ethical decision-making combined with performance reviews and appraisals; and
  - Using online forums to broaden ethical discussion about real issues that face professionals in the workplace.

*Self-assessment*

60. IFAC member bodies are not recommended to rely solely on self-assessment in assessing ethical sensitivity, judgment and decision-making. Self-assessment, however, may often form an important part of a supervised practical work experience and performance review/appraisal system. Member bodies can develop tools that enable students and professional accountants to compare their response to ethical issues and threats with those of their peers.
61. IFAC member bodies are encouraged to try a range of assessment techniques to better test individuals' abilities to consider and resolve real ethical issues. IES 6, *Assessment of Professional Capabilities and Competence* prescribes the requirements for a final assessment of a candidate's professional capabilities and competence before qualification.

**Ethics Education Continuum Subject Areas**

	<b>STAGE 1</b>	<b>STAGE 2</b>	<b>STAGE 3</b>	<b>STAGE 4</b>
<b>COMPETENCE REQUIRED</b>	An understanding of traditional ethical concepts and theories, and of those relating to the professional accountant's work.	Ability to identify and discuss ethical issues and threats in the functional disciplines of accounting.	Ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.	An understanding of organizational and situational contexts and the application of ethical knowledge, sensitivity and judgment into an ongoing commitment to ethical behavior.
<b>SUBJECT AREA</b>	<b>SUGGESTED CONTENT AT STAGE 1</b>	<b>SUGGESTED CONTENT AT STAGE 2</b>	<b>SUGGESTED CONTENT AT STAGE 3</b>	<b>SUGGESTED CONTENT AT STAGE 4</b>
<b>(i) A Framework Approach</b>	<ul style="list-style-type: none"> <li>• Nature of ethics</li> <li>• The ethics framework for accountants</li> <li>• Rules-based and principles-based approaches</li> <li>• The foundations of a profession</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics and the profession</li> <li>• Accountants and their stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Interests of stakeholders and conflicts</li> <li>• Professional conduct and the public interest</li> </ul>	<ul style="list-style-type: none"> <li>• Behavior and influences of stakeholders</li> </ul>

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	<b>STAGE 1</b>	<b>STAGE 2</b>	<b>STAGE 3</b>	<b>STAGE 4</b>
<b>(ii) Concepts and values</b>	<ul style="list-style-type: none"> <li>Commonly used theories and principles (e.g., Utilitarianism and Deontology)</li> <li>Theories of moral development</li> <li>Virtue ethics theory and values-based education</li> </ul>	<ul style="list-style-type: none"> <li>Ethics and culture</li> <li>Professional values, ethics and attitudes and the code of conduct for accountants</li> <li>Importance of ethical courage and ethical leadership</li> </ul>	<ul style="list-style-type: none"> <li>Importance of ethical courage and ethical leadership</li> </ul>	<ul style="list-style-type: none"> <li>Importance of ethical courage and ethical leadership</li> </ul>
<b>SUBJECT AREA</b>	<b>SUGGESTED CONTENT AT STAGE 1</b>	<b>SUGGESTED CONTENT AT STAGE 2</b>	<b>SUGGESTED CONTENT AT STAGE 3</b>	<b>SUGGESTED CONTENT AT STAGE 4</b>
<b>(iii) The environment: corporate, professional and regulatory</b>	<ul style="list-style-type: none"> <li>The corporation and its interests</li> <li>The accountant and the stakeholders</li> <li>Professional responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>The accounting profession and public expectations</li> <li>Professional and legal requirements in financial reporting and auditing</li> <li>The concept of accountability</li> </ul>	<ul style="list-style-type: none"> <li>Investigative reports and professionalism</li> <li>Developments in the profession to enhance professional values, ethics, and attitudes, including codifications and education initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Learning with and managing professional responsibilities through case studies</li> </ul>

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	STAGE 1	STAGE 2	STAGE 3	STAGE 4
		<ul style="list-style-type: none"> <li>• The regulatory environment</li> <li>• The legal framework for businesses and accountants</li> <li>• The role of accountants in the globalization context</li> <li>• The impact of legal and other reforms</li> </ul>		
SUBJECT AREA	SUGGESTED CONTENT AT STAGE 1	SUGGESTED CONTENT AT STAGE 2	SUGGESTED CONTENT AT STAGE 3	SUGGESTED CONTENT AT STAGE 4
<b>(iv) Professional ethics</b>		<ul style="list-style-type: none"> <li>• Compliance with fundamental ethical principles</li> <li>• Codes of ethics, including corporate codes and underlying rationale</li> <li>• Technical and</li> </ul>	<ul style="list-style-type: none"> <li>• Self-regulation and oversight functions</li> <li>• Quality and peer reviews</li> <li>• Case analyses of professional issues</li> </ul>	<ul style="list-style-type: none"> <li>• Current developments in professional ethics and conduct</li> <li>• Case analyses of professional issues</li> </ul>

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	STAGE 1	STAGE 2	STAGE 3	STAGE 4
		ethical standards <ul style="list-style-type: none"> <li>• Independence, professional skepticism, accountability and the public interest</li> </ul>		
<b>(v) Decision-making</b>		<ul style="list-style-type: none"> <li>• Ethical decision making models</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical decision making models</li> </ul>	
<b>(vi) Ethical threats and safeguards</b>	<ul style="list-style-type: none"> <li>• Definition and scope of ethics threats and issues in accounting and related areas</li> <li>• Introduction of safeguards at professional and firm levels</li> </ul>	<ul style="list-style-type: none"> <li>• Conflicts of interest in corporate and professional environments</li> <li>• Different types of ethics threats and ethical issues</li> </ul>	<ul style="list-style-type: none"> <li>• Specific ethics threats and safeguards in accounting, e.g., earnings management situations</li> <li>• Ethics threats in auditing and assurance services e.g., threats and safeguards to independence and integrity</li> <li>• Ethics threats in other financial</li> </ul>	<ul style="list-style-type: none"> <li>• A discussion of current controversial ethical issues relevant to the profession</li> <li>• Analyses of threats and safeguards</li> </ul>

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	STAGE 1	STAGE 2	STAGE 3	STAGE 4
SUBJECT AREA	SUGGESTED CONTENT AT STAGE 1	SUGGESTED CONTENT AT STAGE 2	SUGGESTED CONTENT AT STAGE 3	SUGGESTED CONTENT AT STAGE 4
(vii) <b>Corporate governance</b>	<ul style="list-style-type: none"> <li>• The nature, significance and scope of enterprise governance and threats to effective governance</li> <li>• Theoretical framework including agency problems</li> <li>• Minimizing the threats of agency costs</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate and other social responsibilities</li> <li>• Stakeholder relationships</li> <li>• Regulatory framework for corporate and enterprise governance</li> <li>• The role of accountants and auditors in governance frameworks</li> </ul>	<p style="text-align: center;">services and safeguards</p> <ul style="list-style-type: none"> <li>• Whistle-blowing cases and solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking governance cases in practice</li> </ul>

IEPS 1: APPROACHES TO DEVELOPING AND MAINTAINING  
PROFESSIONAL VALUES, ETHICS AND ATTITUDES

	STAGE 1	STAGE 2	STAGE 3	STAGE 4
<b>(viii) Social and environmental issues</b>	<ul style="list-style-type: none"> <li>• The scope, background and concept of corporate social responsibility</li> <li>• The accountant and society including agency problems</li> <li>• Minimizing the threats of social costs and liabilities</li> <li>• Developments in social and environmental frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Measurement and accountabilities in social and environmental reporting</li> <li>• Issues in social responsibilities and accountabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory framework</li> <li>• The role of accountants and auditors in society and businesses</li> <li>• Analyses of cases of social and environmental failures</li> <li>• Social and environmental accounting and issues</li> </ul>	

## Appendix 2

### Teaching Methods

A number of teaching methods are advocated in ethics education literature, and are presented below for the guidance of member bodies.

#### Lectures

1. The conventional lecture method is a long-standing approach to instruction that emphasizes the transfer of knowledge, rather than the process of learning. The lecture method may be suitable for introducing and describing basic ethical theories and concepts.

#### Ethics discussions

2. Students and professional accountants are more likely to develop ethical judgment and behavior through exposure to and discussion of ethical issues with others, especially those holding alternative viewpoints. This helps individuals to (a) become familiar with important concepts, (b) gain practice in using the language of ethics, and (c) develop ethical sensitivity and judgment.

#### Small-group and collaborative learning

3. Small-group learning, which develops skills in leadership, decision making, trust building, communication, and conflict management, is an effective method for exposing students to examples of ethical threats. Interaction with other students and/or professional accountants in peer-led ethical discussions promotes greater learning than can be achieved individually.

#### Case studies and examples of ethical threats and challenges

4. The case study method effectively develops ethical awareness and analytical skills. Advantages of case studies include (a) the development of critical thinking and reflective learning skills, and (b) the integration of technical skills and knowledge with ethical decision making frameworks. Case studies involve students and/or professional accountants in real life events, and provide insight into what it feels like to experience such problems. By reviewing past events, individuals can identify predicaments previously faced by other professional accountants, and learn how they were resolved.
5. By learning to analyze case studies and examples of ethical threats, individuals realize that problems and ethical dilemmas do have solutions. In the case of complex ethical situations it is unlikely that there will be only one “right” answer. While analysis may not give a single “right” answer to a



problem or dilemma, it may lead to one or more answers that are more consistent with the fundamental principles set out in the IFAC *Code of Ethics*.

6. In addition to case studies presenting ethical threats and dilemmas resulting in potentially negative outcomes for individuals and organizations, IFAC member bodies should consider developing and using case studies presenting positive outcomes for individuals and employers to reinforce the positive benefits of acting in accordance with the fundamental principles.

#### **Role-play**

7. Role-play brings issues to life and engages students and professional accountants in learning. Role-play may be combined with the use of case studies and ethical dilemmas to immerse learners in real-life situations. Methods that fully engage learners are more likely to foster ethical sensitivity, judgment and behavior.

#### **Guest speakers and practitioner participation**

8. Inviting senior professionals to the classroom to share their personal experiences is a valuable method of communicating ethical sensitivity, judgment and behavior in accounting, and of demonstrating ethical leadership.

#### **E-learning**

9. E-learning combines computer technology and communication software to provide courses to learners. E-learning packages may combine some, or all of the delivery methods outlined above, and share the same advantages and disadvantages. E-learning is a particularly effective delivery mechanism for individuals in remote locations, where it can engage them in learning about ethics through case study analysis and online discussion which might otherwise be difficult to achieve.