

INTERNATIONAL EDUCATION STANDARD
IES 5
PRACTICAL EXPERIENCE REQUIREMENTS

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Purpose and Scope of this Standard

1. This Standard (IES) prescribes the practical experience IFAC member bodies should require their members to obtain before qualification as professional accountants.
2. The aim of this IES is to ensure that candidates seeking to qualify as professional accountants have acquired the practical experience considered appropriate at the time of-qualification to function as competent professional accountants.
3. Further development may be required after qualification to bring candidates up to the level of a statutory auditor or some other form of specialization. In any event, lifelong learning will be required to develop and maintain professional competence (see also IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*).

Introduction

4. Practical experience, gained by performing the work of professional accountants, in addition to the acquisition of knowledge through professional accounting education programs, is considered necessary before candidates can present themselves to the public as professional accountants (see also IES 3, *Professional Skills and General Education*). Given the variety of circumstances surrounding professional accountancy bodies throughout the world, the requirement for practical experience may vary from one body to another.
5. The balance between practical experience and academic study or studying for professional qualifications may vary from one qualification to another. IFAC member bodies need to adapt their practical experience requirements to meet their own needs and requirements, the requirements of the relevant regulatory authorities, as well as public expectations that professional accountants are competent.
6. No single combination of education and experience required for preparation for qualification as a professional accountant is used throughout the world. When education requirements are extended to include practical business and accounting applications, then a part of this education may contribute to some of the practical experience requirements.
7. Employers, work colleagues and mentors play important roles in planning and monitoring practical experience gained by trainees.
8. Definitions and explanations of the key terms used in the IESs are set out in the *Framework for International Education Standards for Professional Accountants* and the *IAESB Glossary of Terms*.

Effective Date

9. This IES is effective from January 1, 2005.

Practical Experience Requirements

10. **The period of practical experience in performing the work of professional accountants should be a part of the pre-qualification program. This period should be long enough and intensive enough to permit candidates to demonstrate they have gained the professional knowledge, professional skills, and professional values, ethics and attitudes required for performing their work with professional competence and for continuing to grow throughout their careers.**
11. **The period of practical experience should be a minimum of three years. A period of relevant graduate (beyond undergraduate, e.g., master's) professional education with a strong element of practical accounting application may contribute no more than 12 months to the practical experience requirement.**
12. The overall goal is to produce competent professional accountants through an appropriate mix of general education, professional education and practical experience. The exact combination may vary, as long as the requirements of paragraphs 10 and 11 are achieved. Simply spending the amount of time necessary to meet the practical experience requirement is not sufficient. Trainees need to demonstrate the competences achieved.
13. A sufficient period of practical experience is considered necessary before candidates can present themselves to the public as professional accountants, that is, in addition to academic study or studying for a professional qualification. The exact combination of practical experience and education will vary according to the rules laid down by individual member bodies and in accordance with national and local laws, and the requirements of regulatory authorities and public expectations.
14. For example, some extended education programs that place a strong emphasis on practical application may contribute some part of the practical experience requirement. Studying for academic or professional qualifications are useful methods of acquiring and demonstrating professional accountancy knowledge gained. However, this studying does not necessarily demonstrate that professional competence in the workplace has been achieved. Experience gained at work equips trainees with many of the practical skills needed to become competent professional accountants.
15. Trainees need to gain practical experience in roles considered appropriate by the professional body to which they are applying.
16. Practical experience may be obtained after a program of study or alongside a program of study.

17. Practical experience provides a professional environment in which trainees develop competence by:
 - (a) enhancing their understanding of organizations, of how business works and of work relationships;
 - (b) being able to relate accounting work to other business functions and activities;
 - (c) becoming aware of the environment in which services are provided;
 - (d) developing the appropriate professional values, ethics and attitudes in practical, real-life situations (see also IES 4, *Professional Values, Ethics and Attitudes*); and
 - (e) having an opportunity to work at progressive levels of responsibility.

Monitoring and Control

18. **The member body and/or regulatory authority should ensure that the practical experience candidates have gained is acceptable. Experience leading to qualification as a professional accountant should be conducted under the direction of a mentor who is an experienced member of an IFAC member body. For a program of practical experience to be effective, it is necessary for the professional body or regulatory authority, the trainee, mentor and the employer to work together.**
19. **The program of practical experience should be mutually beneficial to both the trainee and the employer and be developed together. A record of the practical experience gained should be reviewed periodically by the mentor.**
20. Prior to qualifying as a professional accountant, IFAC member bodies should assess the practical experience gained on the basis of written submissions reviewed by supervisors or mentors and possibly supported by oral submissions made by trainees.
21. The mentor may be assisted in performing the mentoring function by others in the organization, some of whom may not be professional accountants.
22. The program of practical experience needs to be designed and implemented to meet the experience requirements set by the professional body. It also needs to be efficient and cost-effective for the employer, whether that employer is in industry, commerce, government or public practice.
23. Mentors can represent an important link between trainees and member bodies. They may be responsible for the planning of the practical experience period and provide guidance to trainees. Member bodies may wish to provide training for mentors and put in place reporting arrangements.

24. IFAC member bodies, whose members are eligible for an audit license at the point of qualification, need to ensure that appropriate audit experience is acquired during the pre-qualification period. If the license is granted by an external agency, or after qualification, that agency will formulate the necessary requirements for qualification. Those requirements might also be fulfilled during the post-qualification period (see also IES 8, *Competence Requirements for Audit Professionals*).
25. The record of experience needs to be regularly compared with the overall program established for the trainee to ensure that the requirements set by the professional body or regulatory authority are being met. If progress within the program does not match the anticipated development rate, the situation needs to be reviewed to discover the reasons why and what can be done to improve it. This regular comparison will provide another opportunity for all parties to comment on the practical experience and contribute to the trainee's future development.
26. Steps that member bodies can take to ensure the achievement of appropriate experience include:
 - (a) Establishing a monitoring system, normally on a sampling basis, that provides for monitoring and reporting of the practical experience obtained;
 - (b) Providing detailed written guidance for employers, mentors and trainees regarding the program of practical experience and their roles and responsibilities;
 - (c) Establishing a mechanism for approving employers as suitable for providing the appropriate experience for trainees;
 - (d) Assessing and approving the practical experience environment before commencement of experience. (For example, the nature and scope of practical experience and the training arrangements of employers need to be reviewed to ensure that trainees would receive proper direction, supervision, mentoring, counseling and evaluation);
 - (e) Assessing, prior to membership, the practical experience gained on the basis of written submissions possibly supported by oral submissions made by trainees appropriately supported (see also IES 6, *Assessment of Professional Capabilities and Competence*);
 - (f) Providing feedback to trainees and certifying when competences have been achieved;
 - (g) Monitoring employers and mentors previously approved. The review may advise on areas that need improvement or may recommend that approval be withdrawn if conditions have changed to the extent that relevant experience criteria are not being met;

- (h) Establishing a system of periodic reporting to cover changes, if any, in the nature, scope and content of the trainees' practical experience if it is impractical to visit all approved employers; and
- (i) Undertaking a periodic study of the competences required by professional accountants to help to ensure that the practical experience gained is relevant and appropriate.