

# INTRODUCTION TO INTERNATIONAL EDUCATION STANDARDS

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## Purpose of this Document

1. This document provides background information to the development of International Education Standards (IESs) for Professional Accountants, describes the scope of issues covered within the IESs, and discusses the ways in which the IESs may be adopted and applied to the education programs of IFAC member bodies.

## International Education Standards for Professional Accountants

2. IESs prescribe standards of generally accepted ‘good practice’ in the education and development of professional accountants. IESs express the benchmarks that member bodies are expected to meet in the preparation and continual development of professional accountants. They establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application. The gray-letter paragraphs within the IESs are intended to help explain the prescriptions within the black-letter, standard paragraphs.
3. IESs cannot legally override local laws and regulations but will provide an authoritative reference for informing and influencing local regulators regarding generally accepted “good practice.”
4. All IFAC member bodies are expected to comply with IESs, and the IESs are directed primarily at IFAC member bodies rather than individuals. Member bodies are expected to use their best endeavors to:
  - work towards implementation of all IESs; and
  - incorporate in their education programs the essential elements of the content and process of education on which IESs are based, or, where responsibility for the education program lies with third parties, persuade those responsible for the educational requirements for the accountancy profession to incorporate the essential elements in that program.

*[see Statement of Membership Obligations #2]*

5. IFAC recognizes that member bodies may be at different stages in their development. Some may have already addressed most or all of the requirements in the IESs. Others may find them challenging. IFAC will review its requirements from time to time, because of changes to the profession’s environment, cultures and flexibility of approaches.
6. The individual IESs need to be read in conjunction with the *Framework for International Education Pronouncements*, and the related commentary and implementation material contained in this document.

## Background

7. The goal of accounting education and experience is to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. In the face of the increasing changes that accountants meet, it is essential that accountants develop and maintain an attitude of learning to learn, to maintain professional competence.
8. Learning to learn involves developing skills and strategies that help individuals to learn more effectively and to use these effective learning strategies to continue to learn throughout life. It is a process of acquiring understanding and using a variety of strategies to improve the ability to attain and apply knowledge. This process results from, and leads to, and enhances a questioning spirit and a lifelong desire to learn.
9. The education and practical experience of professional accountants should provide a foundation of professional knowledge, professional skills, and professional values, ethics and attitudes that enable them to continue to learn and adapt to change throughout their professional lives. These capabilities will enable professional accountants to identify problems, know what knowledge is required to solve problems, know where to find this knowledge and how to apply it in an ethical manner to achieve appropriate solutions. The balance of these elements may vary but what is required is to develop the knowledge base and strong skills in order to produce competent professional accountants with appropriate values and attitudes.
10. The IAESB considers that it is appropriate to issue individual IESs, dealing with each major element of professional accounting education (see paragraph 24) in a separate IES. The international accountancy profession is creating agreed sets of Accounting and Auditing Standards, and Education Standards complement this body of technical and professional Standards.
11. IESs build on and update the International Education Guidelines (IEG) previously issued by IFAC, specifically IEG 9, *Prequalification Education, Assessment of Professional Competence and Experience Requirements of Professional Accountants*, and IEG 10, *Professional Ethics for Accountants: The Educational Challenge and Practical Application*. This is in recognition of the fact that the global profession is increasingly expected to formulate and live up to standards of competence that meet public expectations.

## The Importance of Accounting Education

12. All cultures exist in an environment of significant change. Increasingly, today's professional accountants need to be technical experts with excellent communication skills and they need to be able to meet the reporting and information needs of the new knowledge economy. In addition to acquiring technical accounting knowledge and skills, professional accountants need

skills that enable them to be, when appropriate, business advisors; financial analysts; excellent communicators; capable negotiators; and first-class managers. At the same time, integrity, objectivity and willingness to take a firm stand are essential attributes of professional accountants. Professional values and ethics are integral to being a professional accountant.

13. A program of accounting education and practical experience needs to go beyond the traditional approach. This approach emphasized “transfer of knowledge,” with learning defined and measured strictly in terms of knowledge of principles, standards, concepts, facts and procedures at a given point in time.
14. Increased emphasis needs to be placed on a set of professional knowledge, professional skills, and professional values, ethics and attitudes broad enough to enable adaptation to constant change. Individuals who become professional accountants should have a constant desire to learn and apply what is new.
15. Accountancy is a profession that plays an important role in all societies. As the world moves toward global market economies, and with investments and operations crossing borders to an ever greater extent, professional accountants need a broad global outlook to understand the context in which businesses and other organizations operate.
16. Rapid change has been the main characteristic of the environment in which professional accountants work. Pressures for change are coming from many sources including: globalization, digitization, and the expansion of stakeholder groups, including regulators and oversight boards. Professional accountants are now expected to serve the needs not only of investors and creditors but also the information needs of many other users of financial and non-financial information.
17. Businesses and other organizations are engaging in ever more complex arrangements and transactions. Risk management has become more important. Information technology continues to advance at a rapid pace and the internet has revolutionized global communications. Trade and commerce have become more transnational. Privatization has become an increasingly important trend in many countries. Legal action has become more usual in many societies, while in others it is the legal framework that defines the profession’s responsibilities. Concern for the environment and sustainable development has grown.
18. These trends lead to the need for greater accountability and, as a result, in all cultures demands on the profession are high and continue to rise. It is the profession’s capacity to satisfy these demands that determines its value to society.
19. These trends challenge professional accountants to make greater contributions to society than ever before, and they also present a challenge

to maintaining competence. The viability of accountancy as a profession depends on the ability and willingness of its individual members to accept responsibility for meeting these challenges. It is the responsibility of the member bodies of IFAC to ensure their members are equipped to fulfill these responsibilities.

20. To meet these challenges, the profession needs to ensure that individuals who become professional accountants achieve an agreed level of competence, which is then maintained. The means by which individuals develop and maintain competence is through education and practical experience, followed by continuing professional development. The profession, therefore, needs to set and meet high standards in these three areas.

### **Scope of International Education Standards for Professional Accountants**

21. IESs are intended to advance the profession of accountancy by establishing benchmarks for the minimum learning requirements of qualified accountants, including education, practical experience and continuing professional development.
22. One of the aims of the IESs is to identify the subjects that need to be covered, rather than to suggest actual courses that should be taken. That is because the subjects identified are described differently in different parts of the world. It is recognized that some member bodies require a greater range of subjects; others may place greater emphasis on certain subjects to meet the specific purposes for which their students are being trained. Professional values, ethics and attitudes, however, run through all areas and may be integrated with many of the other subjects.
23. IFAC recognizes that member bodies may be at different stages in their development. The required level of understanding may also vary in different professional accountancy bodies and over different time periods. One important defining factor of the curriculum is the set of professional knowledge, professional skills, and professional values, ethics and attitudes relevant to a particular country, region, culture or professional body while continuing to recognize the broader global view. While the IESs need to be complied with, the gray lettering takes into account the different circumstances around the world.
24. IESs prescribe the learning and development requirements of professional accountants under the following IESs:
  - *IES 1, Entry Requirements to a Program of Professional Accounting Education;*
  - *IES 2, Content of Professional Accounting Education Programs;*
  - *IES 3, Professional Skills and General Education;*

- *IES 4, Professional Values, Ethics and Attitudes;*
- *IES 5, Practical Experience Requirements;*
- *IES 6, Assessment of Professional Capabilities and Competence;*
- *IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence; and*
- *IES 8, Competence Requirements for Audit Professionals.*

### **The Application of International Education Standards for Professional Accountants**

25. The overall goal is to produce competent professional accountants by combining the parts of an education program in a suitable fashion. The exact combination of parts may vary as long as this goal is achieved. Different combinations exist in various parts of the world.
26. Professional education prepares accountants to be able to maintain competence throughout their professional careers. Professional education may be pursued at academic institutions or through the programs of professional bodies or both.
27. Although the requirements set out in paragraph 24 are listed in the order shown, they are not necessarily acquired in that order. For example, professional education may be gained at the same time as general education, that is, while pursuing a university degree or other program of study leading to a professional accountancy qualification. Alternatively, professional education may be obtained by advanced study after completing another program of study at a higher education level.
28. Practical experience may be obtained after a program of study, at the same time as a program of study, or by some combination of these methods. However, the quality of experience needs to meet the requirements set out in *IES 5, Practical Experience Requirements*.
29. The educational process may take place on a part-time or full-time basis. It may be beneficial if it takes place during the same period of time or partly the same period of time as practical experience is obtained. Regardless of how candidates choose to obtain their education, they need to complete all elements of professional accountancy education as set out in IES.
30. It is understood that the education and practical experience needs — as well as the institutional and cultural environment — in different countries and regions will differ. Those responsible for the development of accountants will need to adapt their requirements to these needs. While IES need to be complied with, it is acknowledged needs vary and the IES may be complied with in a variety of different but equivalent ways.

31. IFAC recognizes that each professional body will need to determine not only how to best comply with the IESs, but also what emphasis to place on the various parts. Furthermore, the profession is dynamic. Care needs to be taken to continually monitor the environment in which each body operates to ensure that the education process remains relevant and professional values are upheld.
32. Admission to membership of an IFAC member body is recognition that, at a given point in time, a person is deemed to have met the requirements for qualification as a professional accountant. In a time of continuous change, however, development of professional competence and lifelong learning is critical to meet the needs of the users of professional services.
33. The process of lifelong learning commences early and continues throughout the individual's career. Continuing professional development may be seen as an extension of the education program leading to qualification as a professional accountant. The professional knowledge, professional skills and professional values, ethics and attitudes gained continue to develop and are refined appropriate for the professional activities and responsibilities of the individual. The issue of post-qualification continuing professional development is addressed in IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*.
34. IFAC has recognized that a specific IES for audit professionals is necessary not only because of the specialist knowledge and skills required for competent performance in this area, but also because of the reliance the public and other third parties place on the audit of historical financial information.<sup>1</sup> IES 8, *Competence Requirements for Audit Professionals* is based on the platform for all professional accountants established by IES 1 to 7.
35. Much work is being done on the concept of competence assessment. Member bodies need to have regard to the concept of competence assessment and how it can best be incorporated into their own systems.
36. To demonstrate competence at work, professional accountants need to have a defined set of professional knowledge, professional skills, professional values and attitudes. This set is wide and is increasing. Competence is gained through a mix of study, work and training. Although the combination of these parts may vary, it should lead to equally valid education and practical experience programs which develop the required competence for the profession.

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<sup>1</sup> The IAASB distinguishes between engagements reporting on historical financial information and assurance engagements dealing with information other than historical financial information (*IAASB Terms of Reference*). IES 8 prescribes requirements for professional accountants assuming the role of audit professionals and having responsibility for significant judgments in an audit of historical financial information.

37. Educators delivering professional accounting education programs will need to respond to the changing needs of the international accountancy profession as well as individual professional accountants. During pre-qualification education, teaching methods should focus on providing students with the tools for self-directed learning after qualification. Educators are free to adopt the methods that work best in their particular cultures. However, educators may need to be trained and encouraged to use a broad range of learner-centered teaching methods that include:
- (a) using case studies, projects and other means to simulate work situations;
  - (b) working in groups;
  - (c) adapting instructional methods and materials to the ever-changing environment in which the professional accountant works;
  - (d) pursuing a curriculum that encourages self learning so that students learn to learn on their own and carry this skill with them after qualification;
  - (e) using technology creatively and quality issues for e-learning;
  - (f) encouraging students to be active participants in the learning process;
  - (g) using measurement and evaluation methods that reflect the changing knowledge, skills, and professional values and ethics required of professional accountants;
  - (h) integrating knowledge, skills, professional values and ethics across topics and disciplines to address many-sided and complex situations typical of professional demands;
  - (i) emphasizing problem identification and problem-solving, which encourages identifying relevant information, making logical assessments and communicating clear conclusions;
  - (j) exploring research findings; and
  - (k) stimulating students to develop professional skepticism and professional judgment.

Education programs need to include reflection when students are required to consider an experience, what went well, what did not work and what approach should be taken in future in similar circumstances.

38. Delivering all of these teaching methods in a purely academic environment is not the only solution. Integration of education and practical experience can bring benefits by drawing on work-based examples to enable students to apply knowledge. A well-designed program of on-the-job training can



deliver many of the required experiences. Supervisors, mentors and others involved in practical experience may need to be trained in the most effective way of planning practical experience.

39. Other methods include:
  - (l) working in groups and in-office environments;
  - (m) integration of professional knowledge, professional skills, and professional values, ethics and attitudes across topics and practice in problem solving; and
  - (n) reflection and post-implementation work reviews as a means of learning.
40. Achieving the goal of providing a foundation for lifelong learning requires a grounding in the professional knowledge, professional skills, and professional values, ethics and attitudes essential to professional competency. Providing students with such a grounding needs to be the focus of a program of professional accountancy education as well as practical experience. Educators and academics are often required to work with employers to ensure that programs are both relevant and logically sequential. Member bodies may wish to consider the provision of professional knowledge and practical experience alongside each other.
41. Member bodies will also be aware of the growing movement toward international reciprocity and the comparability of qualifications.