

AGENDA ITEM 9-3 MARKED-UP Version

IAESB GLOSSARY OF TERMS

1. This glossary comprises a collection of defined terms, many of which have been specifically defined within existing IAESB pronouncements. Some of the existing terms may be modified, and other terms added to the glossary, as they are reviewed during the current revision of the International Education Standards or other future publications. It is expected that a revised version of the IAESB Glossary of Terms will be published once the revision of the IES is completed.
2. The IAESB acknowledges that terms may be understood to have different common meanings, nuances of meaning, and applications among the various countries in which member bodies operate. The glossary does not prescribe the use of terms by member bodies. Rather, the glossary is a list of defined terms, with special meanings, for their use within the IESs, IEPs and IEIPs produced by the IAESB.
3. Words marked with an asterisk (*) indicate terms that are defined elsewhere in the glossary.

Aspiring professional accountant

An individual who has commenced a professional accounting education program as part of IPD

Assessment

Measurement of professional competence* developed throughout learning and development*.

Explanation:

The following measurement approaches can be employed to assess the effectiveness of a learning and development process: input measures; process measures; and output measures. In choosing a measurement approach, the following characteristics should be considered: validity, reliability, and cost effectiveness.

Assessment activity

Those activities designed to assess specific areas of professional competence.

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Audit professional

~~A professional accountant who has responsibility, or has been delegated responsibility, for significant judgments in an audit of historical financial information.~~

Explanation:

~~The engagement partner retains overall responsibility for the audit. The definition of audit professional does not apply to experts who undertake specific tasks within an audit (e.g., taxation, information technology or valuation experts).~~

Auditor's expert

An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert.

Best practice

~~Practices considered to be exemplary, of the highest order, the most advanced, or leading in a particular area in the education of professional accountants.*~~

Best practice

Explanation:

~~“Best practice” refers to the best examples of established practice in the preparation of professional accountants. “Best practice” will often go beyond “good practice” and, as such, is at a higher level than the considered minimum requirements. Statements and examples of “best practice” are essential for the advancement of accountancy education and provide useful guidance to member bodies for the continual improvement of their education programs.~~

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Candidate

Any individual who is enrolled for assessment as part of a professional accounting education program.

Explanation:

~~A candidate is an individual who is undergoing, or about to undergo, a formal assessment as part of accountancy education. The term refers to an individual who is still in the process of demonstrating the capabilities or competences required for a particular purpose (e.g. professional examination). The assessment may relate to either a program for qualifying as a professional accountant or a post-qualifying education program. The term does not relate to an individual at the stage following completion of an education program (i.e., it excludes those who have completed the requirements for membership of a professional body and are in the process of applying for membership).~~

Capabilities

The professional knowledge,* professional skills,* and professional values, ethics, and attitudes* required to demonstrate competence.*

Explanation:

~~Capabilities are the attributes held by individuals that enable them to perform their roles, whereas competence refers to the actual demonstration of performance. The possession of capabilities gives an indication that an individual has the ability to perform competently in the workplace. Capabilities include content knowledge; technical and functional skills; behavioral skills; intellectual abilities (including professional judgment); and professional values, ethics, and attitudes. They are sometimes referred to, in other literature, as competencies, capacities, abilities, key skills, core skills, fundamental skills and values, attitudes, distinguishing characteristics, pervasive qualities, and individual attributes.~~

Combination approach

A combination approach combines elements of input- and output-based approaches

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Competence

Ability to perform a work role to a defined standard with reference to working environments.

Explanation:

Competence emphasizes the ability of individuals to perform to standards expected of professional accountants, and requires an appropriate level of knowledge, skills, values, ethics, and attitudes to achieve that competence. The appropriate level of competence will vary, depending on such factors as the complexity of the environment, the complexity of tasks, the variety of tasks, required specialist knowledge, influence on the work of others, reliance on the work of others, level of autonomy, and required level of judgment. Competence may be assessed by a variety of means, including workplace performance, workplace simulations, written and oral tests of various types, and self assessment.

Competence area

A category for which a set of related learning outcomes can be specified.

Content validity (of assessment)

In relation to assessment*, whether an assessment activity* provides adequate coverage of the particular aspect of professional competence* being assessed

Continuing professional development (CPD)

Learning and development* that takes place after IPD, and that maintains and develops capabilities professional competence* to enable professional accountants* to continue to perform their roles* competently.

Explanation:

CPD is aimed at the development and maintenance of professional competence. CPD provides continual development of the professional knowledge, professional skills, professional values, ethics and attitudes, and the competence achieved during Initial Professional Development.

Cooperative education

A program of education, generally leading to a degree, which includes alternating periods (e.g., terms, semesters, trimesters) of academic study and full-time work experience. This will generally result in additional time required to complete degree requirements.

Cost effectiveness

Quality or state describing whether the benefits outweigh the costs of a measurement approach.

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Development

1. The acquisition of capabilities,* which contribute to competence.*
2. The state at which capabilities have been acquired.

Explanation:

~~Development, as a process, refers to the growth of capabilities, which contribute to competence, however achieved. Individuals may develop their abilities through a wide range of processes such as learning, including education and training; experience; reflection; observation or receipt of information; or through natural growth over time.~~

Development

~~Development may also refer to the final stage of growth at which an individual is considered to be fully developed, as a result of the development process. However, it is recognized that, with the need for continual learning, the process of developing one's capabilities and the subsequent reaching of a targeted stage of development are not fixed or permanent states.~~

Distributed learning

~~An education process in which either the majority of the instruction is delivered at a different time from when the instruction is received or when the instructor and student are in different places.~~

Explanation:

~~A primary feature of distributed learning is that instructors and students are not required to be in the same place at the same time. "Distributed learning" includes, but is not restricted to, "distance learning." Distributed learning can take place over short or long distances, whereas distance learning implies distribution across only significant distances.~~

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Education

Systematic process aimed at acquiring and developing knowledge, skills, and other capabilities within individuals, a process that is typically but not exclusively conducted in academic environments.

Explanation:

~~Education is a systematic learning and development process whereby individuals develop capabilities considered desirable by society. Education is usually characterized by the growth of an individual's mental and practical abilities, as well as maturing in attitude, resulting in an enhanced ability of the individual to function and contribute to society, in either specific or non-specific contexts. Education is, by nature, somewhat planned and structured and therefore excludes casual, unsystematic learning and developmental processes.~~

Engagement partner

The partner or other person in the audit organization who is responsible for the engagement and its performance, and for the audit report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

Explanation:

This term is consistent with that established by the International Auditing and Assurance Standards Board (IAASB).

Engagement team

All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor's external expert engaged by the firm or a network firm.

Equity (of assessment)

In relation to assessment*, whether an assessment activity* is fair and without bias.

Face validity (of assessment)

In relation to assessment*, whether an assessment activity is perceived to measure what it is intended to measure.

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Financial statements A structured representation of historical financial information, including related notes, intended to communicate an entity's economic resources or obligations at a point in time and or of the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term "financial statements" ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial framework, but can also refer to a single financial statement.

The financial statements subject to audit are those of the entity, prepared by management of the entity with oversight from those charged with governance.

Firm A sole practitioner, partnership or corporation or other entity of professional accountants.

Formal education The non-workplace based component of an accounting education program.

General education Broad-based education to develop the skills necessary as a foundation for coping with the demands of professional accounting education and practical experience.

Good practice Those elements considered essential to the education* and development* of professional accountants* and performed at a standard necessary to the achievement of professional competence.*

Explanation:

~~"Good practice" relates not only to the range of content and processes of education and development programs, but also to the level or standard at which they are performed (i.e., the depth and quality of the programs). The IAESB is conscious of the wide diversity of culture; language; and educational, legal, and social systems in the countries of the member bodies and of the variety of functions performed by accountants. Different factors within these environments may vary the ability of member bodies to adopt some aspects of "good practice." Nevertheless, member bodies should continuously aspire to "good practice" and achieve it wherever possible.~~

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Higher education

Education* beyond secondary school level, usually at universities or colleges.

Explanation:

Primary and secondary education refers to the mainly compulsory element of schooling required by the governments of many countries. "Higher" education refers to a third order of education, which succeeds secondary education and for which a secondary education qualification (or equivalent) is often a prerequisite. It is at a higher level than "higher secondary" or "upper secondary" education and is sometimes referred to as "tertiary education."

Information technology

Hardware and software products, information system operations and management processes, and the human resources and skills required to apply those products and processes to the task of information production and information system development, management and control.

Initial professional development (IPD)

Learning and development* through which individuals first develop competence* leading to performing a role* in the accountancy profession.

Initial professional development (IPD)

Explanation:

IPD is the first stage of a learning continuum that continues throughout a professional accountant's career. IPD includes general education, professional accounting education, practical experience, and assessment. IPD continues until individuals can demonstrate the competence required for their chosen roles in the accountancy profession. IPD goes beyond knowledge of principles, standards, concepts, facts, and procedures at a given point in time. It includes the ability to integrate (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes. There are significant legal and regulatory differences in the point of qualification (or licensing) internationally; qualification may occur from very early to very late in a career. Each IFAC member body may define the appropriate link between the end of IPD and the point of qualification (or licensing) for its members.

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Input measure

An input-based measure focuses on the investment made in learning and development, for example, the number of hours an individual is expected to attend a course or the subject areas covered.

Explanation:

Input-based measures have traditionally served as proxies for measuring the development of competence, primarily because they are easy to measure and verify. They do not, however, measure the competence developed.

Input-based approach

An approach that establishes an amount of learning activity required for professional accountants to develop and maintain professional competence

Intellectual skills

Skills relating to the ability of a professional accountant to solve problems, to make decisions, and to exercise good judgment

Interpersonal and communication skills

Skills relating to the ability of a professional accountant to work and interact effectively with others

Learning

A broad range of processes whereby an individual acquires capabilities.*

Explanation:

~~Learning can be achieved by systematic and relatively formal processes such as education (including training) or processes such as day to day work experience, reading published material, observation, and reflection, for which the process of acquiring capabilities tends to be less systematic and relatively informal.~~

Learning and Development

An ongoing process of developing and maintaining professional competence throughout the career of a professional accountant
~~Ongoing process of acquiring, maintaining, and renewing competence at an appropriate level throughout a professional accountant's career.~~

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Learning and Development

Explanation:

~~In addition to education, practical experience, and training, the term learning and development includes activities such as (a) coaching, (b) networking, (c) observation, (d) reflection, and (e) self directed and unstructured gaining of knowledge. The extent to which each of the different forms of learning and development are used may vary. Learning and development incorporates all the different processes, activities, and outcomes contributing to the achievement of competence. The IAESB uses the term “education” in its own title and publications; however, its terms of reference include the entire learning and development process.~~

Learning outcome

The content and the depth of knowledge, understanding, and application required for a specified competence area.

Mentor

Professional accountants* who are responsible for guiding and advising trainees and for assisting in the development of the trainees' competence.*

Mentoring

Supporting and encouraging individuals to manage their own learning to enable them to maximize their potential, develop their skills and improve their performance.

Organizational skills

Skills relating to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available

Output measure

An output-based approach focuses on whether the professional accountant* has developed the specified competence.*

Explanation:

~~Competence can be assessed by a variety of means, including workplace performance, workplace simulations, written examinations, and self assessment. Competence based assessment begins with the creation of competence statements¹ as benchmarks.~~

Output-based approach

An approach that requires professional accountants to demonstrate, by way of achieved learning outcomes, that they develop and maintain professional competence.

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<u>Personal skills</u>	<u>Skills relating to the personal attitudes and behaviour of a professional accountant</u>
<u>Post-qualification</u>	The period after qualification* as an individual member of an IFAC member body. <i>Explanation:</i> <i>The term “post qualification” is usually associated with activities and requirements relating to the professional development of those who have already obtained a professional qualification. It is often associated with action relating to the maintenance or further development of professional competence. While “post qualification” refers to the period after qualifying as a professional accountant, the term is not restricted to formal qualifications obtained after qualifying as a professional accountant.</i>
<u>Practical experience</u>	Workplace activities that are relevant to developing competence.* <i>Explanation:</i> <i>The practical experience part of the learning and development process is intended to facilitate the development and direct application of professional knowledge; professional skills; and professional values, ethics, and attitudes.</i>
<u>Practical experience supervisor</u>	<u>A professional accountant who is responsible for guiding, advising, and assisting aspiring professional accountants in acquiring sufficient practical experience.</u>
<u>Pre-qualification</u>	The period before qualification* as an individual member of an IFAC member body. <i>Explanation:</i> <i>The term “pre qualification” is usually associated with activities and requirements relating to the development of those who have not yet obtained a professional qualification.</i>
<u>Predictive validity (of assessment)</u>	<u>In relation to assessment*, whether the content of the assessment activity* relates to the particular aspect of professional competence* that it is intended to assess</u>

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Process measure

A process-based approach focuses on the design and delivery of learning and development*, for example, a course curriculum that is regularly reviewed and updated.

Explanation:

Process measures are proxies for the competence developed.

**Professional
aAccountant**

A person who is a member of an IFAC member body.

**Professional
aAccounting
eEducation**

Education and training that builds on general education, and imparts (a) professional knowledge*, (b) professional skills*, and (c) professional values, ethics, and attitudes.*

**Professional
accounting education
program**

Programs designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training.

**Professional
competence**

The ability to perform a role to a defined standard.

Professional judgment

The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.

**Professional
Knowledge**

Those topics that make up the subject of accountancy as well as other business disciplines that, together, constitute the essential body of knowledge for professional accountants.*

Professional skepticism

An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.

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Professional skills

The various types of abilities required to apply professional knowledge, and professional values, ethics, and attitudes* appropriately and effectively in a professional context.

Explanation:

~~Professional accountants are required to possess a range of skills, including technical and functional skills, organizational and business management skills, personal skills, interpersonal and communication skills, a variety of intellectual skills, and skills in forming professional judgments.~~

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.

Explanation:

~~Professional values, ethics, and attitudes include a commitment to technical competence, ethical behavior (e.g., independence, objectivity, confidentiality, and integrity), professional manner (e.g., due care, timeliness, courteousness, respect, responsibility, and reliability), pursuit of excellence (e.g., commitment to continual improvement and life-long learning), and social responsibility (e.g., awareness and consideration of the public interest).~~

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.*

Explanation

~~Qualification is the formal recognition of an individual as having attained a professional designation, or having been admitted to a class of professional membership, that signifies the individual is a professional accountant. Qualification implies that the individual has been assessed as competent in terms of meeting the requirements prescribed for obtaining professional accountant status. While the term~~

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~~usage in IAESB documents (unless otherwise indicated) relates to the benchmark for recognition as a professional accountant.~~

Reflective activity

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.

Relevant ethical requirements

Those ethical requirements to which professional accountants are subject, which ordinarily comprise the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with any national requirements that are more restrictive.

Relevant experience

~~Participation in work activities in an environment appropriate to the application of professional knowledge;* professional skills;* and professional values, ethics, and attitudes.*~~

Reliability (of assessment)

~~In relation to assessment*, whether an assessment activity* consistently produces the same result, given the same set of circumstances. Quality or state describing whether a measurement approach consistently produces the same result, given the same set of circumstances.~~

Role

A function that has a specific set of expectations attached.

Explanation

~~Roles, such as audit professionals, are widely practiced areas of specific public interest internationally and occur in many different areas of accountancy, including auditing, financial accounting, management accounting, and tax accounting.~~

Specialization

The formal recognition by a member body of a group of its members possessing distinctive competence* in a field, or fields, of activity related to the work of the professional accountant.*

Student

~~An individual following a course of study, including a trainee.*~~

Explanation:

~~In the context of professional education, a student is an individual undertaking a course or program of study deemed necessary for the education of professional accountants, whether general or professional in nature.~~

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<u>Sufficiency (of assessment)</u>	<u>In relation to assessment*, whether an assessment activity * has a balance of depth and breadth, knowledge and application and, combines material from different areas applied to a range of situations and contexts.</u>
<u>Sufficiency (of practical experience)</u>	<u>Whether practical experience has a balance of depth and breadth, knowledge and application and, where appropriate, integration of material from different areas applied to a range of situations and contexts.</u> <u>The breadth of practical experience is affected by factors such as: nature of role; level of proficiency, prior level of formal education; national or local laws; requirements of regulatory authorities; and the public’s expectation for professional competence.</u> <u>The depth of practical experience is affected by factors such as: the variety and complexity of tasks; level of supervisory and mentoring support.</u>
<u>Technical competence</u>	<u>Technical competence is defined as the ability to apply professional knowledge to perform a role to a defined standard.</u>
<u>Technical accounting staff</u>	<u>Staff engaged in technical accounting work who are directed by or support professional accountants.*</u> <i>Explanation:</i> <i>“Technical accounting staff” includes staff customarily known as “accounting technicians” and covers staff engaged in technical support roles across all areas of accountancy. The term does not refer to trainees who are in the process of qualifying as professional accountants.</i>
<u>Trainee</u>	<u>An individual undertaking pre-qualification* work experience and training* within the workplace.</u> <i>Explanation:</i> <i>A trainee is an individual who is undertaking a practical experience or workplace training program for qualification as a professional accountant.</i>
<u>Training</u>	<u>Learning and development* activities that complement education and practical experience. It has a practical bias, and is usually conducted in the workplace or a simulated work</u>

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Training

Explanation

~~Training includes workplace based education and experience activities for developing an individual's competence to perform tasks relevant to the role of the professional accountant. Training may be undertaken while performing actual tasks (on the job training) or indirectly through instruction or workplace simulation (off the job training). Training is conducted within the context of the workplace, with reference to the specific roles or tasks performed by professional accountants. It can include any activity purposefully designed to improve the ability of an individual to fulfill the practical experience requirements for qualification as a professional accountant.~~

Transparency (of assessment)

In relation to assessment*, whether details of an assessment activity*, such as competence areas to be assessed and timing of the activity, are disclosed publicly.

Validity

Quality or state describing whether a measurement approach measures what needs to be measured.

Verifiable evidence

Evidence that is objective, capable of being proven and stored in written or electronic form.

Work log

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.

