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Agenda Item

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Committee: International Accounting Education Standards Board

Meeting Location: Istanbul

Meeting Date: November 6 to 8, 2006

PRACTICAL EXPERIENCE

Objectives of Agenda Item

- To consider a revised draft of a proposed International Education Practice Statement (IEPS) on Practical Experience;
- To approve the proposed IEPS for exposure; and
- To agree the release date for and length of any exposure period.

Background

At the IFAC Education Committee meeting in Stockholm in August 2004, it was agreed that further guidance would be developed to assist with the implementation of IES 5, *Practical Experience Requirements*. This would include an update of the Education Committee's 1998 discussion paper on Practical Experience, which was written before the development of IES 1–6. It was subsequently agreed that guidance would take the form of an International Education Guideline (IEG), now re-titled an International Education Practice Statement (IEPS).

The first stage of the project involved a questionnaire sent to selected member bodies in January 2006. 20 responses were received, representing a wide range of Practical Experience systems around the world. After consideration of questionnaire responses, and studying accompanying documentation on Practical Experience requirements submitted by member bodies, the Task Force began work to draft an early version of a proposed IEPS for the IAESB's meeting in Santiago in July 2006.

At that meeting, the IAESB expressed general support for the work done by the Task Force, and for the overall structure and content of the early draft of the IEPS, and a number of suggestions for improvement were made. Following the meeting, the Task Force substantially redrafted the proposed IEPS, making a number of substantive changes including:

- “Toning down” the language used throughout the proposed IEPS to make it more appropriate to a good practice guidance document;
- Restructuring the document so that it more closely follows the structure of IES 5;
- Removing any proposals where the proposed IEPS went beyond the requirements of IES 5;

- Doing more to highlight the concept of Initial Professional Development (IPD);
- Developing Table 1 to make it more relevant to a range of professional accounting environments, and also improving the graphic design and layout of the Table;
- Removing references to “sustained” professional competence and adopting new terminology reflecting the need for repeated demonstration of competence instead;
- Including additional guidance on the role of the mentor (especially in assessing competence);
- Placing less emphasis on the possibility of remote mentoring, and including the concept as one way in which the requirements for a period of experience under the guidance of a mentor could be achieved; and
- Ensuring that guidance is provided for stakeholders in terms of all 9 sub-headings in IES paragraph 26.

CAG Commentary

An Issues Paper highlighting the major issues and Task Force proposals in the proposed IEPS was prepared for the CAG’s meeting in September 2006.

There was general support from CAG members for the overall (combined) approach adopted by the Task Force, and in particular for the introduction of the concept of “Initial Professional Development” (IPD) which was felt to be a valuable and important concept, stressing the education and development continuum for professional accountants.

A number of specific suggestions for IAESB consideration were made by CAG members, including:

- Changing terminology used from “trainees” to “staff accountants,” which it was felt would be more appropriate in the US environment (it was noted, however, that “trainee” was a defined term for a student undertaking a period of practical experience);
- Ensuring the consistency of the proposed IEPS with the EU 8th Directive;
- Stressing Bloom’s taxonomy more overtly in the proposed IEPS, and in particular stressing the need for “synthesizing” knowledge as trainees approach qualification as professional accountants; and
- Giving further consideration to the idea of recognizing relevant prior experience, perhaps for a maximum of 1 year, similar to the recognition of graduate education (although it was noted that, as IES 5 does not allow this, it would be impossible to contradict the standard in the proposed IEPS).

There was considerable discussion concerning the role of the mentor in a period of practical experience. CAG members noted that, in many environments, there was a shortage of appropriately-qualified individuals able to act as mentors. It was also difficult to identify and motivate potential mentors. The CAG therefore welcomed the introduction of the concept of “remote mentors,” but stressed that it was important to ensure that the quality of mentorship remained high where remote mentors were used. Some problems with the use of remote mentors in audit practice environments were also anticipated. It was suggested that member bodies could also consider appointing full-time “staff mentors” to mentor trainees unable to find a mentor in their workplace.

Material Presented

Agenda Item 3-1 Proposed IEPS – “*Practical Experience Requirements – Initial Professional Development for Professional Accountants*”

Agenda Item 3-2 Proposed IEPS – Marked-up version tracking changes from document seen by IAESB in July 2006 (Word).

Action Requested

The IAESB is asked to:

- Consider the revised draft of the proposed International Education Practice Statement (IEPS) on Practical Experience, and the CAG’s comments on the Task Force’s proposals outlined above;
- Conduct a page-by-page review of the proposed IEPS and, if appropriate, approve the proposed IEPS for exposure; and
- Agree the release date for and length of any exposure period.