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Agenda Item

4-1

Committee:	IAESB Consultative Advisory Group
Meeting Location:	New York
Meeting Date:	February 9, 2010
SUBJECT:	Revision of IES 6- Issues and Task Force Proposals on Public Consultation (02/10)

Introduction

1.   The aim of this paper is to assist the IAESB CAG in its discussion of the issues related to the revision of IES 6. Specifically, the paper will (1) provide background information on the revision of IES 6; and (2) identify issues for CAG discussion on the public consultation phase of the project.

Background

2.   *IES 6 Assessment of Professional Capabilities and Competence* was issued in 2004, and became effective 1 January 2005. The revision of IES 6 is part of the larger project that aims to revise and redraft all standards IES1-8.

September 2009 CAG Meeting

3.   At its September meeting the CAG indicated that the objectives of the revision project serve the public interest because the Standards target member bodies, provide valuable assistance to developing member bodies, and continue to maintain Standards that are of high quality. CAG members also made the following suggestions relating to the Standards:

- Should be principles-based, specify constraints, emphasize process, and consider the whole career of the professional accountant;
- Should first emphasize core competence and then address the competence of specializations;
- Need to consider issues on mobility for professional accountants, this being an important concern for the public interest; and
- Should not become too detailed when identifying the required competence of a professional accountant, but that member bodies needed to define the required competence for their jurisdictions.

October 2009 IAESB Meeting

4.   The IAESB agreed that for IES 6, the standard would be redrafted to comply with the new *IAESB Drafting Conventions* within the *Framework for International Education Standards for Professional Accountants*. However, the revision would also consider changes in the content of the standard. In particular:

- A greater emphasis would be placed on the *principles* of assessment in IES 6;
- Specific material related to assessment that occurs in other IESs and other IAESB pronouncements could be relocated to IES 6;
- The revision should consider the range of assessments that could be permitted;
- Assessment throughout the period of practical experience could also be included;
- The scope of the standard could include the assessment of (a) professional capabilities and competence, or (b) professional capabilities alone.

Discussion
Public Interest Issues
5. **Project Issues and Objective**
    As a result of the IAESB discussion at its October 2009 meeting the project issues that will be considered by the task force are:
    - Clarify the standard's scope to focus only on principles of assessment.
    - Consider whether the standard should apply to assessment over IPD, including practical experience and CPD.
    - Determine whether the content of the standard should and can be consolidated within other standards or remain a stand-alone standard.
    - Broaden the standard to apply to all members of IFAC member bodies (professional accountants).
    - Clarify the standard to eliminate repetition and duplication by transferring content to guidance to ensure that the standard is easily understood by its target audience.

    In following up on these issues the task force will consult with the public on the importance of these issues, revise the content of the Standard to address these issues, and consult with the public on changes to the Standard. In pursuing this approach the task force is addressing the project's objectives of improving the clarity the Standard by implementing the IAESB drafting conventions, ensuring consistency the concepts and principles of the new Framework, and clarifying the Standard as a result of experience gained from implementation of the Standards by IFAC member bodies.

    > **Action requested:**
    > 1) **Do you agree that these project issues are significant to the revision of IES 6? Are there other issues which you consider significant in the revision of IES 6?**
    >
    > 2) **Does the task force's approach in addressing the project objectives continue to be in the public interest? If not what should the task force consider in its approach?**

Technical Issues

How should we define assessment?

6.   Before the task force determines the focus of IES 6 it is important to define what we mean by assessment. The current definition of assessment in the IAESB Glossary is as follows.

"All forms of tests of professional competence, whether in writing or otherwise, including examination, carried out at any time throughout the learning process."

- The term "test" seems a little antiquated and limiting and could be replaced with "evaluation" or "appraisal".

- The definition infers that assessment is broader than just a written examination and this is consistent with the approach that will be taken in the revised IES 6.

- The definition could be extended to include both capabilities and competence.

- The term "the learning process" is a little ambiguous and could be replaced by "IPD and CDP".

- The revised Framework describes "learning and development" as incorporating "all the different processes, activities, and outcomes contributing to the achievement of competence" (paragraph 16). The draft IAESB Glossary indicates that learning and development can be split into the two elements of IDP and CPD. Thus, the "learning and development process" could replace the "learning process" in the definition of assessment.

7.   The suggested revised definitions for assessment are as follows

Option 1: All forms of evaluation of professional capabilities and competence, whether in writing or otherwise, including examination, carried out at any time throughout the period of IDP and CPD.

Option 2: All forms of evaluation of professional capabilities and competence, whether in writing or otherwise, including examination, carried out at any time throughout the learning and development process.

Action requested:
  3) **Which of the two alternate revised definitions of assessment do you think is more suitable?**
  4) **Are there any other changes you would suggest to the revised definition of assessment?**

What are the principles of assessment?

8.   A principles-based approach to assessment may ensure that there is greater consistency and clarity about assessment across IDP and CDP. Also, focusing on principles recognises the multiplicity of pathways that member bodies adopt in the learning and development of professional accountants.

9.   A review of the literature reveals some variation in what experts regard as principles of assessment. Some "principles" in research papers and websites look more like best practice assessment methods or tips for the design of assessment tools. For

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example, McMillan (2000) lists 11 basic principles to guide assessment and they include: appropriately incorporates technology, good assessment uses multiple methods, assessment decision-making is influenced by a series of tensions, and assessment contains error.

If we assume that principles of assessment are high level criteria to guide the design of assessment tools that could apply to all phases of IDP and CPD, then we suggest the following five principles.

i.   *Reliability*

Reliability refers to consistency of an assessment. If an assessment is totally reliable it would mean that different assessors acting independently would come to the same judgment about a piece of work.

ii.   *Validity*

A valid assessment is one which assesses what it was intended to assess.

iii.   *Fairness and equity*

Assessment practices should be fair, not biased, and equitable across all groups of candidates to minimize disadvantage.

iv.   *Transparency*

The processes used to assess candidates should be transparent. That is, as much as possible the processes should be communicated to stakeholders.

v.   *Coverage and integration*

Assessment should be comprehensive in its coverage of the area that is being assessed and should assess candidates' ability to integrate material from different areas to a range of situations and contexts.

10.   The current paragraphs in IES 6 that seem to capture principles of assessment include the following. It is proposed that in a revised IES 6, in the Requirement section, the five principles would be stated more explicitly.

> *p.15   The critical consideration is whether the assessments are reliable, valid and credible. Reliable assessments produce consistent, objective results over time. Valid assessment methods assess the desired outcomes and may use quantitative and qualitative measures. Assessments need to be acceptable to stakeholders and the public interest.*

This refers to reliability and validity.

> *p.16. The assessments need to be appropriate for the professional knowledge, professional skills and professional values, ethics and attitudes being evaluated.*

This seems to be dealing with validity and coverage.

> *p.7. The IFAC member body shall apply an assessment process that ensures individuals:*

a)   *have a sound technical knowledge of the specific subjects of the curriculum;*
b)   *can apply technical knowledge in an analytical and practical manner;*
c)   *can extract from various subjects the knowledge required to solve many-sided or complex problems;*
d)   *can solve a particular problem by distinguishing the relevant information from the irrelevant in a given body of data;*
e)   *can, in multi-problem situations, identify the problems and rank them in the order in which they need to be addressed;*
f)   *appreciate that there can be alternative solutions and understand the role of judgment in dealing with them;*
g)   *can integrate diverse areas of knowledge and skills;*
h)   *can communicate effectively with users by formulating realistic recommendations in a concise and logical fashion; and*
i)   *can identify ethical dilemmas.*

This paragraph captures many aspects of the coverage and integration principle.

Action requested:
   5) **Do you agree that the proposed five principles capture adequately the goals of assessment? If not, what changes do you suggest?**

What should be included in the Explanatory section of the revised standard?

11.   It is proposed that the criteria to determine whether or not material should be included in the Explanatory section of the revised standard are as follows:

- Material should be included if it assists readers to understand the requirements that have been included in the standard, or to understand the reasons why certain requirements have been included in the standard.
- Material should not be included if its function is to assist in implementation of a standard. Implementation material should be included in practice statements.

Following these criteria, it is proposed that illustrations will be provided in the Explanatory section to elaborate on how the five principles apply to the assessment of the learning and development of professional accountants. Some examples are provided in Appendix 1.

Action requested:
   6) **Do you agree with the proposed criteria for determining the coverage of the Explanatory section of the revised IES 6? If not, what changes do you suggest?**

Should IES 6 focus solely on principles?

12.   At the October 2009 IAESB meeting the Board expressed a preference for aspects of assessment currently included in other IESs to be transferred to IES 6. Currently, IES 6 focuses primarily on the final assessment and various aspects of assessment are included in IES 1-5 and 7.

13.   There are two options:

Option 1 All aspects of assessment from IDP to CDP will be included in IES 6;

Option 2 IES 6 should focus only on the principles of assessment and all specifics of assessment should be retained in IES 1-5 and in IES 7.

An analysis of the assessment items currently included in other IESs is provided in the Appendix 2.

> **Action requested:**
>   7) **Do you support option 1 or option 2?**

Public consultation

14.   It is important to engage in public consultation with stakeholders to obtain their views on the above issues. It is also important to consider any impact that a revision of IES 6 may have on stakeholders.

15.   The task force is aware that the other taskforces will also be engaging in public consultation with stakeholders. Thus, in the interests of reducing "stakeholder fatigue" we propose working with the IES 7 taskforce who intend to develop an on-line survey of stakeholders. The task force proposes adding specific questions to their survey that will address the change in focus for the standard as well as some specific changes in the content of IES 6.

16.   The task force seeks your input in relation to the questions that we should include in the public consultation process.

> **Action requested:**
>   8) **What types of questions/issues should be addressed in the public consultation for the revision of IES 6?**

Proposed Way Forward

17.   The comments/advice of the CAG will be used to inform the IAESB's discussion on consulting the public in revising IES 6.

Appendix 1

Examples of illustrations that may be included in the Explanatory section of the revised IES 6

An assessment is **reliable** if in marking an examination paper two or more assessors using the same marking scale arrive at the same grade. The results of an oral examination may be reliable if each oral examination is undertaken by two assessors working as a team, and if a record of the candidate's answers and the assessors comments are kept in recorded form. Reliability may be impacted by ambiguously worded examination questions, too many alternatives provided within an examination paper, vague and subjective marking scales and instructions, poorly trained markers and under-qualified markers.

It may not be **valid** to assess professional judgment in a written case study examination if it simply involved the candidate replicating the specific requirements of a certain accounting standard. Also, in assessing high-level auditing skills, it may not be valid to base this solely on the results of a written examination. Mentored work experience may also contribute to this assessment.

Fairness and equity can be impacted if a written question in an examination paper contains questions which require knowledge that would only be possessed by candidates working in an audit firm, or candidates residing in particular locations.

Assessment processes need to **transparent** to help ensure confidence in the processes used to assess the learning and development of a professional accountant.

Over the course of IDP the assessment should provide **coverage** of all subject areas that are relevant to assessing the capabilities and competencies of a professional accountant. This could be through a single final examination and/ or through continuous assessment using various forms of assessment leading up to the final examination.

Assessment processes need to be developed to evaluate whether candidates are able to **integrate** elements across a range of areas and apply them in the context of a professional accountant's work.

Appendix 2

Assessment material currently contained in other IESs

No.	Name	Par	Page	Description	Move /Cross reference in IES 6(1.- "Yes" or 2.- "No")	Recommendation
IES 1	Entry Requirements to a Program of Professional Accounting Education	11	2	The assessment of equivalence of qualifications to university degree entry standard should be cross-checked with standard reference sources, together with information available to the member bodies of IFAC (see note below). Even with these aids, evaluating qualifications can be complicated and difficult, with an accurate evaluation possible only after reviewing specific, detailed information about courses and curricula.	2	None
		2	1	The aim of this IES is to ensure that students hoping to become professional accountants have an educational background that enables them to have a reasonable possibility of achieving success in their studies, qualifying examinations and practical experience period. To fulfill this requirement, member bodies may require certain entrants to take pre-entry proficiency tests.	2	None
		1	1	This Standard (IES) lays down the entry requirements for an IFAC member body's program of professional accounting education and practical experience. It also provides some commentary on how to assess entry-level qualifications.	1	Make cross reference
		12	2	Member bodies should address disabilities in four parts: Establish a written policy.Establish a process for identification and assessment of candidates with disabilities.Establish a review cycle and evaluation approach to periodically reassess the policy and the processes.	2	None
IES 2	Content of Professional Accounting Education Programs	24-(b)	4	content, concepts, structure and meaning of reporting for organizational operations, both for internal and external use, including the information needs of financial decision makers and a critical assessment of the role of accounting information in satisfying those needs;	2	None
		24-(i)	4	the nature of auditing and other assurance services, including risk assessment and fraud detection, and the intellectual and procedural bases for performing them;	2	None
		5	1	The intellectual skills required include understanding, application, analysis and evaluation. Over a lifetime's career, professional skills, values, ethics and attitudes are more important than the professional knowledge base obtained at the point of qualification.	1	Importance of skills and values
		20	3	Information technology has transformed the role of the professional accountant. The professional accountant not only uses information systems and exercises IT controls skills, but also plays an important role as part of a team in the evaluation, design and management of such systems.	2	None
		16	2	Students may take non-accounting degrees, or no degrees at all, and then acquire the necessary knowledge of professional accountancy subjects through studying for the examinations of a professional body. In this case, the syllabus of the professional body needs to cover all the subject content listed here. In addition, the subjects and elements of the program may be integrated, for example, incorporating aspects of IT knowledge in specific accounting courses.	1	It is important to mention in the IES 6: The syllabus of the professional body needs to cover all the subjects that provide evidence of the competencies of the candidate.
IES 3	Professional Skills and General Education	4	1	This IES also addresses the non-business related studies that contribute to the development of these skills and may form part of general education. It does not cover professional accounting education, professional values, ethics and attitudes, practical experience requirements, or assessment of professional competence (please refer to IES 2, Content of Professional Accounting Education Programs, IES 4, Professional Values, Ethics and Attitudes, IES 5, Practical Experience Requirements and IES 6, Assessment of Professional Capabilities and Competence).	2	None
		14	2	Intellectual skills are often divided into six levels. In ascending order, these are: knowledge, understanding, application, analysis, synthesis (to combine knowledge from several areas, predict and draw conclusions) and evaluation. It is important that candidates have reached the highest levels at the point of qualification.	1	At the point of qualification the candidate must have the highest levels
		21-(d)	4	experience in inquiry and evaluation of quantitative data;	2	None
		23	5	Candidates may also take non-accountancy degrees and then acquire the necessary knowledge of professional accountancy subjects through studying for the examinations set by professional bodies. Candidates may also acquire key skills through experience at work, combined with studying for the examinations. This combination would include elements of general knowledge and skills and thus develop the competence and capabilities, including the underlying technical knowledge, required to qualify as a professional accountant.	2	

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IES 4	Professional Values, Ethics and Attitudes			None	2	None
IES 5	Practical Experience Requirements	20	3	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.	1	Make cross reference
		26-(d)	4	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);	1	Make cross reference (the candidate needs to receive proper direction, supervision, mentoring).
		26-(e)	4	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);	2	None
IES 7	Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence	23	4	Learning activity can be measured in terms of effort or time spent, or through a valid assessment method which measures competence achieved or developed.	1	Make cross reference
		36	6	(b) measured using a valid competence assessment method.	2	None
		38	6	Verification of competence for output-based systems is an objective assessment that competence has been developed or maintained. Verification is to be provided by a competent source in a position to confirm that the competence has been developed and maintained using a valid method or technique. The assessment should clearly identify the outcome or competence achieved, which may be the result of a particular learning activity or an extended development program that involves numerous learning activities, the achievement of performance outcomes (e.g., from the work environment) or other means (e.g., professional re-examinations).	1	Description of what the assessment involves
		46-(b)	7	including the review and assessment of learning plans or CPD documents in practice inspection programs; and/or	2	None
		Appendix/ Competency Map	9	The competency map can assist professional accountants to assess their current levels of competence and identify targets for development. Competency maps have been developed by some IFAC member bodies, and by some employers to assist professional accountants plan and develop their careers.	1	Competency Map provides evidence of what should be asses. However is to specific for a principle.
		Appendix/ Learning Map	9	Within higher education the use of this knowledge is largely determined by the assessment regime of examinations, course work and projects. This affects both the relative attention which students give to different aspects of their program and the way in which knowledge is structured and understood.	2	None
		Appendix/ Evidence for Verification in an Input-based Approach	10	Independent assessments that a learning activity has occurred	2	None
		Appendix/ Evidence for Verification in an Output-based Approach	11	Assessments of learning outcomes achieved	2	None
		Appendix/ Evidence for Verification in an Output-based Approach	11	Competency maps developed by the member body against which the member completes a self-assessment and provides supporting evidence on request	2	None

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