Exposure Draft
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Proposed Revised International Education Standard

IES 5, Practical Experience Requirements for Aspiring Professional Accountants
PROPOSED INTERNATIONAL EDUCATION STANDARD 5 (REVISED) PRACTICAL EXPERIENCE REQUIREMENTS

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Introduction

Scope of this Standard (Ref Para A1)

1. This International Education Standard (IES) prescribes the practical experience required for aspiring professional accountants as part of Initial Professional Development (IPD).

2. This IES is addressed to IFAC member bodies, who are responsible for ensuring that the practical experience of aspiring professional accountants meets the requirements set out in this IES. In addition, this IES will provide guidance to educational organizations, employers, regulators, government authorities, and any other stakeholders which support the practical experience of professional accountants.

3. Practical experience is a component of Initial Professional Development. IPD is learning and development through which individuals first develop competence leading to performing the role of a professional accountant. Practical experience refers to workplace and other activities that are relevant to developing competence.

4. After the completion of IPD, practical experience may be required to bring professional accountants to a level of competence needed for other roles, such as that of a statutory auditor, other forms of specialization, or those which are regulated by a non-IFAC member body. In addition, all professional accountants undertake lifelong learning to develop and maintain professional competence (see IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence).

5. Practical experience adds to general education and professional accounting education during IPD. The public expect that a professional accountant will apply their experience and knowledge in carrying out their role. However, the variety of roles that professional accountants perform means that the requirements for practical experience may vary from one IFAC member body to another, and even within one IFAC member body which offers different types of membership. IFAC member bodies are able 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. Mentors or supervisors, and employers have important roles in planning and monitoring practical experience gained by aspiring professional accountants.

Effective Date

7. This IES is effective on or after [date].

Objective

8. The objective of an IFAC member body is to establish that aspiring professional accountants acquire appropriate and sufficient practical experience to demonstrate competence in the role of a professional accountant before assuming that role.
Requirements

Practical Experience (Ref Para A2–A4)

9. IFAC member bodies shall require that practical experience is part of the IPD of aspiring professional accountants.

10. IFAC member bodies shall require that the practical experience is of sufficient duration and intensity to enable aspiring professional accountants to demonstrate they have gained the professional knowledge, professional skills, and professional values, ethics and attitudes required for performing their work with professional competence.

11. IFAC member bodies shall establish their preferred approach to measure practical experience from one of the following three methods:
   • output-based approach,
   • input-based approach, or
   • a combination of input-based and output-based approaches.

Output-Based Approach (Ref Para A5)

12. Those IFAC member bodies implementing an output-based approach shall require the aspiring professional accountant to demonstrate that practical experience has been obtained by measuring their competence against a competency map specific to their role and development plan, or through a skills assessment.

Input-Based Approach (Ref Para A6-9)

13. Those IFAC member bodies implementing an input-based approach shall require the aspiring professional accountant to demonstrate that practical experience has been obtained by an input measure such as time, e.g., either years of experience or hours of work completed.

Combination approaches (Ref Para A10)

14. Those IFAC member bodies implementing a combination of input- and output-based approaches shall comply with the requirements of input- and output-based approaches, as applicable, as set out in paragraphs 12 and 13.

Mentors and Monitoring (Ref Para A11-14)

15. IFAC member bodies shall require that practical experience be conducted under the direction of a mentor or supervisor, who is a professional accountant.

16. IFAC member bodies shall require that the practical experience be verifiable and recorded in a consistent form prescribed by the IFAC member body and/or regulatory body where applicable.

17. IFAC member bodies shall require that the records of practical experience are reviewed periodically by the mentor or supervisor.

18. IFAC member bodies shall assess whether the practical experience completed by aspiring professional accountants is sufficient.
Explanatory Material

Scope (Ref Para 1-6)

A1. Practical experience provides a professional environment in which aspiring professional accountants 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 develop at progressive levels of responsibility while under appropriate levels of supervision.

Requirements

*Practical Experience* (Ref Para 9-11)

A2. IPD includes general education, professional accounting education, practical experience and assessment. The exact combination of these components may vary depending on a range of factors including, for example, the complexity and variety of tasks, special knowledge required, level of autonomy, and required level of judgment of the role the aspiring professional accountant is expected to have at the end of IPD. The combination of practical experience and education might also vary according to the rules laid down by individual IFAC member bodies and in accordance with national and local laws, the requirements of regulatory authorities, and public expectations.

A3. In determining what constitutes an appropriate balance between professional accounting education and practical experience, member bodies may consider the following:
   a. Some programs of professional accounting education that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods, and secondments, may contribute part of the practical experience requirement.
   b. 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 to perform accounting activities has been achieved. Experience gained at work equips aspiring professional accountants with many of the practical skills needed to become competent professional accountants.
   c. Practical experience may be obtained after a program of accounting education or concurrently with a program of such education.

A4. In setting the approach and requirements for practical experience IFAC member bodies may consider a number of factors including:
   a. The public interest, including knowledge of the local environment, including public expectations and any relevant regulatory requirements.
b. The needs of the aspiring professional accountant, including an understanding of the role(s) that the aspiring professional accountants are expected to have upon completion of IPD.

c. The needs of the employer, including efficiency and cost-effectiveness, whether that employer is in industry, government or public practice.

d. The needs of the IFAC member body, including regulatory requirements, efficiency and cost-effectiveness.

**Output-Based Approach** (Ref Para 12)

A5. IFAC member bodies may identify the outcomes or competence to be achieved during practical experience to assist reliable monitoring. The evidence that could be used for assessment purposes in an output-based approach could include measurement of learning outcomes achieved in accordance with a competency map, reviews of a research project or reflective essay, and work logs compared against an appropriate competency map.

**Input-Based Approach** (Ref Para 13)

A6. Input-based approaches are often used as a proxy for measuring development of competence due to the ease of measurement and verification that they provide. Input-based approaches have limitations; for example, they do not always measure the learning outcomes or competence developed. Traditionally, input-based approaches are based on time, for example, hours spent on relevant activities or total duration (days, months or years) of practical experience.

A7. The evidence that could be used for measurement purposes in an input-based approach includes attendance records, time sheets, workplace diaries and a work log book or journal.

A8. IFAC member bodies setting a requirement on an input-based approach may consider the structure and relevance of education programs completed by aspiring professional accountants. Programs of professional accounting education which deliver outcomes similar to the outcomes derived from measured work-based experience (such as internships) may in some jurisdictions contribute to the total requirement for practical experience. Equally, where a substantial program of professional accounting education has been completed, such as a Master’s degree in Accounting, an IFAC member body may elect to reduce the practical experience element. For example, an IFAC member body choosing the input-based approach might consider three years of practical experience, or two years with a Master’s degree in accounting or other relevant subject, or a combination of a minimum of five years total of accounting education and practical experience.

A9. Regardless of the balance of the component parts, there is typically an expectation by the public that a professional accountant has completed a minimum combined period of education and practical experience and IFAC member bodies are encouraged to reflect this in setting their requirements.

**Combination Approach** (Ref Para 14)

A10. Approaches which combine the elements of both input-and output-based approaches might be constructed by the IFAC member body. Input units might be considered as contributing to
output competences being measured. Achievement of particular competences might either be used to verify input or in some cases replace a portion of the input requirement.

*Mentors and Monitoring* (Ref Para 15-18)

A11. Mentors or supervisors can represent an important link between aspiring professional accountants and IFAC member bodies. They may be responsible for the planning of the practical experience period and provide guidance to aspiring professional accountants. IFAC member bodies may wish to provide training for mentors or supervisors and put in place both assistance and quality control programs.

A12. IFAC member body mentors or supervisors may be assisted in performing the mentoring function by others, some of whom may not be professional accountants.

A13. The purpose of the mentor or supervisor reviewing the record of practical experience periodically is to check that requirements set by the IFAC member body or regulatory authority are being met. In addition, this periodic review can also be used to monitor an individual’s progress against expected rates of progress established for the aspiring professional accountants. If the aspiring professional accountant’s progress within the program does not match the anticipated progress rate, the mentor or supervisor has an opportunity to review the situation with the individual to discover the reasons why and what can be done to improve it. This periodic monitoring will provide an opportunity for the mentor or supervisor, the employer and the aspiring professional accountant to comment on the practical experience obtained to date and contribute to the aspiring professional accountant’s future development.

A14. To support aspiring professional accountants acquiring sufficient practical experience, IFAC member bodies may consider the following activities:

a. Establishing a system, that may take a sampling approach, to monitor and report the practical experience obtained;

b. Providing detailed written guidance for employers, member body mentors or supervisors and aspiring professional accountants regarding the program of practical experience and their respective roles and responsibilities;

c. Establishing a mechanism for approving employers as suitable for providing the appropriate practical experience for aspiring professional accountants;

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 can be reviewed to ensure that aspiring professional accountants would receive appropriate direction, supervision, mentoring, counseling and evaluation;

e. Establishing a system of periodic reporting by employers to cover changes, if any, in the planned nature, scope and content of practical experience undertaken by aspiring professional accountants;

f. Assessing, prior to completion of IPD, the practical experience gained on the basis of written submissions possibly supported by oral submissions made by aspiring professional accountants (see also IES 6, *Assessment of Professional Competence*);
g. Encouraging employers to provide feedback to aspiring professional accountants and to mentors/supervisors and acknowledge when competences have been achieved;

h. Monitoring employers previously approved and mentors or supervisors. IFAC member bodies may advise on areas for improvement or might recommend that approval be withdrawn if conditions have changed to the extent that relevant experience criteria are not being met; and

i. Undertaking a periodic and timely study of the competences required by professional accountants to help to ensure that the practical experience gained is appropriate.