

## **INTERNATIONAL EDUCATION STANDARDS FOR PROFESSIONAL ACCOUNTANTS**

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### **Abstract**

The mission of International Accounting Education Standards Board (IAESB) is to serve the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education. Enhancing education through developing and implementing International Education Standards (IESs) should increase the competence of the global accountancy profession, contributing to strengthened public trust. Developing and implementing IESs can also contribute to other desirable outcomes, including: reduction in international differences in the requirements to qualify and work as a professional accountant; facilitation of the global mobility of professional accountants; and provision of international benchmarks against which IFAC member bodies can measure themselves.

*Keywords: accountancy education, public trust, professional accountant, standards.*

### **The role of International Accounting Education Standards Board**

The International Accounting Education Standards Board is an independent standard-setting body that serves the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education. Through its activities, the IAESB enhances education by developing and implementing International Education Standards, which increases the competence of the global accountancy profession—contributing to strengthened public trust. The vision of the IAESB is to work in the public interest to develop high-quality accounting education standards and guidance that are adopted and applied internationally. The IAESB is focused on developing the professional knowledge, skills, values, ethics, and attitudes of the accountancy profession. It develops and issues publications on pre-qualification education and training of professional accountants, and on continuing professional education and development for members of the accountancy profession. These publications include: International Education Standards (IESs), International Education Practice Statements (IEPSs), International Education Information Papers (IEIPs), and support material, such as toolkits or interpretation guidance.<sup>1</sup> The IAESB also acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and

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<sup>1</sup> IAESB: International Accounting Education Standards Board Fact Sheet, [www.iaesb.org](http://www.iaesb.org)

to assist in the advancement of accountancy education programs worldwide, particularly where this will assist economic development.

### **The requirements of International Education Standards**

IAESB enhances education by developing and implementing of eight International Education Standards. IESs establish standards for IFAC member bodies for initial professional development and for continuing professional development.

#### **IES 1: Entry requirements to program of professional accounting education**

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. 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. Fundamentally, the quality of a profession cannot be maintained and improved if the individuals who enter it are not prepared to meet the necessary standards. All IFAC member bodies should try to attract the best quality individuals to the study of accountancy. Ultimately, the quality of the profession depends on the quality of the candidates it can attract. Entry requirements are the first step in this process. Higher entry requirements may allow professional education and practical experience requirements to be met in a shorter period of time.

It is important that candidates from all possible educational routes, whether starting from secondary, further or higher education, achieve a comparable level of professional competence at the point of qualification. 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. 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. University degree programs may be recognized by statute, an approved nonstatutory body or the market. Recognition and evaluation of degree programs can focus on the content, length and other quality aspects.

#### **IES 2: Content of professional accounting education programs**

This Standard (IES) prescribes the knowledge content of professional accounting education programs that candidates need to acquire to qualify as professional accountants. The aim of this IES is to ensure that candidates for membership of an IFAC member body have enough advanced professional accountancy knowledge to enable them to function as competent professional accountants in an increasingly complex and changing environment.

The content of professional accounting education should consist of: 1) accounting, finance and related knowledge; 2) organizational and business knowledge; and 3) information technology knowledge and competences.<sup>2</sup> The accounting, finance and related knowledge component should include the following subject areas: financial accounting and reporting; management accounting and control; taxation; business and commercial law; audit and assurance; finance and financial management; and professional values and ethics. The organizational and business knowledge component should include the following subject areas: economics; business environment; corporate governance; business ethics; financial markets; quantitative methods; organizational behavior; management and strategic decision making; marketing; and international business and globalization. The information technology component should include the following subject areas and competences: general knowledge of IT; IT control knowledge; IT control competences; IT user competences; and one of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems.

### **IES 3: Professional skills and general education**

The aim of this IES is to ensure that candidates for membership of an IFAC member body are equipped with the appropriate mix of skills (intellectual, technical, personal, interpersonal and organizational) to function as professional accountants. This enables them to function throughout their careers as competent professionals in an increasingly complex and demanding environment.

The required intellectual skills include the following: the ability to locate, obtain, organize and understand information from human, print and electronic sources; the capacity for inquiry, research, logical and analytical thinking, powers of reasoning, and critical analysis; and the ability to identify and solve unstructured problems which may be in unfamiliar settings. Technical and functional skills include: numeracy (mathematical and statistical applications) and IT proficiency; decision modeling and risk analysis; measurement; reporting; and compliance with legislative and regulatory requirements. Personal skills include: self-management; initiative, influence and self-learning; the ability to select and assign priorities within restricted resources and to organize work to meet tight deadlines; the ability to anticipate and adapt to change; considering the implications of professional values ethics and attitudes in decision making; and professional skepticism. Interpersonal and communication skills include the ability to: work with others in a consultative process, to withstand and resolve conflict; work in teams; interact with culturally and intellectually diverse people; negotiate acceptable solutions and agreements in professional situations; work effectively in a cross-cultural setting; present, discuss, report and defend views effectively through formal, informal, written and spoken communication; and listen and read effectively, including a sensitivity to cultural and language differences. Organizational and business management skills include:

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<sup>2</sup> IFAC: Handbook of International Education Pronouncements, 2010 Edition, p.40 [www.ifac.org](http://www.ifac.org)

strategic planning, project management, management of people and resources, and decision making; the ability to organize and delegate tasks, to motivate and to develop people; leadership; and professional judgment and discernment.

#### **IES 4: Professional values, ethics and attitudes**

This Standard (IES) prescribes the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification. While the approach of each program to the learning of professional values, ethics and attitudes will reflect its own national and cultural environment and objectives, as a minimum all programs should include: the nature of ethics; differences of detailed rules-based and framework approaches to ethics, their advantages and drawbacks; compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality; professional behavior and compliance with technical standards; concepts of independence, skepticism, accountability and public expectations; ethics and the profession: social responsibility; ethics and law, including the relationship between laws, regulations and the public interest; consequences of unethical behavior to the individual, to the profession and to society at large; ethics in relation to business and good governance; and ethics and the individual professional accountant: whistle-blowing, conflicts of interest, ethical dilemmas and their resolution.

#### **IES 5: Practical experience requirements**

The aim of this IES is to ensure that candidates seeking to qualify as professional accountants have acquired the practical experience considered appropriate at the time of qualification to function as competent professional accountants. The period of practical experience in performing the work of professional accountants should be a part of the pre-qualification program. This period should be long enough and intensive enough to permit candidates to demonstrate they have gained the professional knowledge, professional skills, and professional values, ethics and attitudes required for performing their work with professional competence and for continuing to grow throughout their careers. The period of practical experience should be a minimum of three years. A period of relevant graduate (beyond undergraduate, e.g., master's) professional education with a strong element of practical accounting application may contribute no more than 12 months to the practical experience requirement.

The member body and/or regulatory authority should ensure that the practical experience candidates have gained is acceptable. Experience leading to qualification as a professional accountant should be conducted under the direction of a mentor who is an experienced member of an IFAC member body. For a program of practical experience to be effective, it is necessary for the professional body or regulatory authority, the trainee, mentor and the employer to work together. The program of practical experience should be mutually beneficial to both the trainee and the

employer and be developed together. A record of the practical experience gained should be reviewed periodically by the mentor.

**IES 6: Assessment of professional capabilities and competence**

The professional capabilities and competence of candidates should be formally assessed before the qualification of professional accountant is awarded. This assessment is the responsibility of the IFAC member body, and should be carried out by an IFAC member body, or the relevant regulatory authority with substantive input from an IFAC member body. The assessment of professional capabilities and competence should: require a significant proportion of candidates' responses to be in recorded form; be reliable and valid; cover a sufficient amount of the whole range of professional knowledge, professional skills, and professional values, ethics and attitudes for the assessment to be reliable and valid; and be made as near as practicable to the end of the pre-qualification education program.

**IES 7: Continuing professional development (CPD)**

Member bodies should promote the importance of continuous improvement of competence and a commitment to lifelong learning for all professional accountants. Member bodies should facilitate access to CPD opportunities and resources to assist professional accountants in meeting their responsibility for lifelong learning. Member bodies should require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities. The responsibility for developing and maintaining competence rests primarily with each professional accountant.

The objective of CPD is to assist professional accountants to develop professional competence to provide services of high quality in the public interest. Measurement of completion of CPD can be achieved by at least three different approaches:<sup>3</sup>

- 1) Input-based approaches— member bodies operating an input-based approach should require the professional accountant to: complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent learning units should be verifiable; complete at least 20 hours or equivalent learning units in each year; track and measure learning activities to meet the above requirements;
- 2) Output-based approaches— member bodies implementing an output-based approach should require the professional accountant to demonstrate the maintenance and development of relevant competence by periodically providing evidence that has been objectively verified by a competent source and measured using a valid competence assessment method;
- 3) Combination approaches—by effectively and efficiently combining elements of the input- and output-based approaches, setting the amount of learning activity required and measuring the outcomes achieved.

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<sup>3</sup> IFAC: Handbook of International Education Pronouncements, 2010 Edition, p.74

### **IES 8: Competence requirements for audit professionals**

This International Education Standard (IES) prescribes competence requirements for audit professionals, including those working in specific environments and industries. IFAC member bodies need to establish policies and procedures that will allow members to satisfy the requirements of this IES before they take on the role of an audit professional. The responsibility for the development and assessment of the required competence is shared by IFAC member bodies, audit organizations, regulatory authorities, and other third parties. 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. This IES is based on the platform for all professional accountants established by IES 1 to 7. The aim of this IES is to ensure that professional accountants acquire and maintain the specific capabilities required to work as competent audit professionals.

### **Conclusion**

Enhancing education through developing and implementing International Education Standards should increase the competence of the global accountancy profession and contribute to strengthened public trust. To meet the continual challenges facing the global economy, the accountancy profession needs to ensure that individuals who become professional accountants achieve an agreed level of competence, which is then maintained. Competence is developed and sustained through initial education and practical experience, followed by continuing professional development. The profession, therefore, needs to set and meet high educational standards in these three areas. Enhancing education serves the public interest by contributing to the ability of the accountancy profession to meet the needs of decision makers. The IESs assist professional accountancy organizations, regulators, employers, academics, and students by prescribing principles for the learning and development of professional accountants. They provide IFAC member bodies and stakeholders interested in accounting education with a common reference point or benchmark. Globally accepted standards should minimize differences among countries and jurisdictions, thus reducing international differences in the requirements to qualify and work as a professional accountant. In addition, they should increase the opportunity for mobility of labor, and in doing so, contribute to the global economy.

### **References**

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2. IAESB: Strategy and Work Plan 2014-2016, 2013.
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5. [www.ifac.org](http://www.ifac.org)