Different national approaches to compliance with international standards and regulations

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World Bank Centre for Financial Reporting Reform

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National Initiatives For Strengthening Accounting Education
» This session provides a brief overview of IFAC’s International Education Standards, with illustrations of different ways that best practices can be used to **achieve the goals** of the standards.

» Using these standards as a **framework** can help organizations move forward systematically in pursuing **best practices** and meeting EU regulations.
Review of International Education Standards
International Education Standards

International Education Standards (IESs):

» prescribe standards of generally accepted “good practice” in the education and development of professional accountants

» promote consistency and convergence in high quality accounting education

» represent benchmarks that the education programs of IFAC member bodies are expected to meet
Skills and abilities required of professional accountants include:

» technical expertise
» excellent communications skills
» business advisory skills
» solid financial analysis capabilities
» strong values and ethics
» high degree of integrity and objectivity
» ability to adapt quickly to a changing environment
International Education Standards

» The IESs aim to help candidates develop an attitude of lifelong learning – arguably more important than any other skill to ensure they can adapt to changes.

» IESs focus on learning outcomes, not inputs (although inputs - for example in terms of minimum years of study or work experience – are sometimes included).

» Learning outcomes have required levels of proficiency – Foundation, Intermediate, Advanced.
International Education Standards – “Cradle to Grave”

Entry to Professional Education
IES 1

Required Education
IES 2, 3, 4

Exams
IES 6

Experience
IES 5

Professional Qualification

Continuing Professional Development
IES 7

Engagement Partners
IES 8
Sample PAOs for illustrations
CPA Canada

Professional Education Program

- **Capstone Integrative Module**
- **Elective 1**: Performance Management
- **Elective 2**: Finance
- **Elective 3**: Assurance
- **Elective 4**: Taxation
- **Common Final Evaluation**
- **Core Module 1**: Financial Accounting and Reporting
- **Core Module 2**: Management accounting, Planning, and Control

30 months relevant work experience

Start here

Pre-requisite courses and exams

Select any 2 Electives

Both required

As part of degree, separate through tertiary education, or through courses offered by CPA
THEORETICAL EDUCATION for French CPA’s

University Route
4-5 years

Business-school Route
3 years

Extra university (ex: INTEC)

TRAINEESHIP + SEMINAR DAYS

Diploma of Expert Comptable (CPA)

Professional accountant

Expert comptable (CPA)

Commissaire aux comptes (auditor)
IES 1: Entry Requirements to Professional Accounting Education Programs (2014)
IES 1: Entry Requirements to Professional Accounting Education Programs

» IES 1 provides the entry requirements that should be present in an IFAC member body’s program of professional accounting education and practical experience

» Entry requirements help ensure that students hoping to become professional accountants have a background that enables them to have a reasonable probability of success in their education, exams, and experience
IES 1: Illustration – Canada

» Requires undergraduate degree and specific pre-requisite courses before entering CPA professional program

» Includes a professional education program separate from university programs

Pre-requisite courses and exams:

- Core Module 1: Financial Accounting and Reporting
- Core Module 2: Management accounting, Planning, and Control

2 Electives

Capstone level:

- Capstone 1
- Capstone 2
- CFE

Both required

Work experience

University degree Required before Core level

As part of degree, separate through tertiary education, or through courses offered by CPA
IES 1: Illustration - France

FRANCE

High School Certificate or equivalent

Practical experience
3 years

Development of competencies
2 years

Acquisition of knowledge
3 years

University track

Colleges, other Institutes

« Grandes écoles » (Business Schools)

VOE

CPA Qualification
(« Diplôme d’expertise comptable – DEC »)
3 exams including 1 thesis

Professional experience (3 years)
Paid work in firm + training activities

DSCG
7 exams
+ 1 option
« Masters »

Business School Degree
Masters Degrees
INTEC’s DSCG

Masters CCA
Other Masters

Masters
Undergraduate Degree

DSCG
7 exams
+ 1 option
« Masters »

Masters
Undergraduate Degree

Masters
Undergraduate Degree

DSCG
13 exams
+ 1 option
« Undergraduate »

Business School Degree
Masters Degrees
INTEC’s DSCG

Professional experience (3 years)
Paid work in firm + training activities

University track

Colleges, other Institutes

« Grandes écoles » (Business Schools)

VOE

High School Certificate or equivalent
IES 2: IPD – Technical Competence

» Prescribes learning outcomes for technical competence

» Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures.

» Professional competence is the integration and application of:
  (a) technical competence
  (b) professional skills
  (c) professional values, ethics, and attitudes
IES 2: IPD – Technical Competence

11 Competence Areas are prescribed, together with levels of proficiency to be achieved by the end of IPD and specific Learning Outcome statements.

1. Financial accounting and reporting – Intermediate
   Example LO: “Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.”

   Example LO: “Analyze financial and non-financial data to provide relevant information for management decision making.”

3. Finance and financial management – Intermediate
IES 2: IPD – Technical Competence

4. Taxation – Intermediate
5. Audit and assurance – Intermediate
6. Governance, risk management, and internal control – Intermediate
7. Business laws and regulations – Intermediate
8. Information technology – Intermediate
10. Economics – Foundation
11. Business strategy and management - Intermediate
IES 2: Illustration - France

FRANCE

- High School Certificate or equivalent

Professional experience (3 years)
- Paid work in firm + training activities

CPA Qualification
- « Diplôme d’expertise comptable - DEC »
- 3 exams including 1 thesis

Development of competencies
- 2 years

Acquisition of knowledge
- 3 years

Practical experience
- 3 years

University track

Colleges, other Institutes

- « Grandes écoles » (Business Schools)

- VOE

DSCG
- 7 exams
- + 1 option
- « Masters »

- Business School Degree
- Masters Degrees
- INTEC’s DSCG

- Competitive entrance exam
- INTEC’s DGC
- BTS /DUT
- Foreign Degrees

- Masters CCA
- Other Masters

- Masters
- Undergraduate Degree

DCG
- 13 exams
- + 1 option
- « Undergraduate »

- Business School Degree
- Masters Degrees
- INTEC’s DCG

- BTS /DUT
- Foreign Degrees

- Masters CCA
- Other Masters

- Masters
- Undergraduate Degree

High School Certificate or equivalent
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<th></th>
<th>DCG PROGRAM</th>
<th>Type</th>
<th>Hours</th>
<th>ECTS</th>
<th>Coeff</th>
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<td>Introduction to Law</td>
<td>Written</td>
<td>150</td>
<td>12</td>
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<td>Written</td>
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<td>1,5</td>
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<td>18</td>
<td>1,5</td>
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<tr>
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<tr>
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<td>(12)</td>
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### IES 2: Illustration - France

**FRANCE**

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<th>Hours</th>
<th>ECTS</th>
<th>Coeff</th>
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<td>20</td>
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<td>1</td>
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<tr>
<td>3. Advanced management accounting</td>
<td>Written</td>
<td>180</td>
<td>20</td>
<td>1,5</td>
</tr>
<tr>
<td>4. Accounting and audit</td>
<td>Written</td>
<td>180</td>
<td>20</td>
<td>1,5</td>
</tr>
<tr>
<td>5. Management information systems</td>
<td>Written</td>
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<tr>
<td>6. Oral test on economics, partially in english</td>
<td>Oral</td>
<td>120</td>
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<td>7. Professional Skills (12 week internship or activity report)</td>
<td>Oral</td>
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<td>15</td>
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<tr>
<td>8. Optional foreign language test</td>
<td>Written</td>
<td>(15)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 1000 h 120
IES 3: IPD – Professional Skills (2015) and
IES 3: IPD – Professional Skills

4 Competence Areas, all at the Intermediate level

1. Intellectual skills - solve problems, make decisions, exercise professional judgment

2. Interpersonal and communication skills - work and interact effectively with others

3. Personal skills – demonstrate appropriate attitudes and behavior

4. Organizational skills - work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available
IES 4: IPD – Professional Values, Ethics, Attitudes

3 Competence Areas, all at the Intermediate level

1. **Professional skepticism and professional judgment** – possess a questioning mindset, critically evaluate, form well-reasoned conclusions

2. **Ethical principles** – explain and apply ethical principles and determine ethical consequences (based on IESBA *Code of Ethics for Professional Accountants* and national requirements)

3. **Commitment to the public interest** – relate the concepts of ethics, governance, laws & regulation, and consequences to the profession and the public
IES 3 & 4: Illustration – Canada

Capstone Integrative Module:
- Focused on team and project management, strategy, communications, and leadership
- Assessed via Board report, oral team presentation, team and peer evaluations
- Assessed on written and oral communication, negotiations, teamwork, etc.
IES 5: IPD – Practical Experience (2015)
IES 5: IPD – Practical Experience

Practical experience:

» Refers to workplace activities that are relevant to developing professional competence

» Needs to be sufficient to allow candidates to develop and demonstrate the necessary technical competence, professional skills, and professional values, ethics, and attitudes
IES 5: IPD – Practical Experience

Practical experience:

» can be gained in whatever roles are deemed appropriate (e.g., general accountant, management accountant, auditor)

» can be completed at the same time as, or after, the education requirements

» should be under the guidance and direction of a professional accountant (practical experience supervisor)

» should be assessed, recorded and reviewed periodically (e.g., using training logs)
Two work experience paths
(1) CPA pre-approved program: training positions are pre-approved by the profession
(2) Experience verification: relevant experience at an employer of the candidate’s choice

- Must have a CPA mentor and meet regularly
- Must meet competence requirements (technical and enabling), monitored by mentor
Practical Experience period

» During this period the trainee will complete diverse assignments under the oversight of a training supervisor, who is also a CPA/Auditor.

» The trainee is a paid employee of the firm.

» 3 years, of which 2 in an audit firm.

» In France, or in a European Union Country.

» Monitored by the Profession.
IES 5: Illustration - France

**Practical experience requirements**

» Varied assignments
  » CPA («expert-comptable »)
  » Auditor (« commissaire aux comptes »)

» Study days: 21 days over 3 years, including
  » e-learning (119 hours over 3 years),
  » Face to face training days with tests to validate competencies acquired through work experience: accounting, audit, advisory, preparation for final exam

» Half yearly and quarterly reports
IES 5: Illustration - France

Practical experience requirements

» Gradual acquisition of competencies:
  » To prepare candidates for the full scope of activities of a member of the profession
  » To address all stages of an assignment with a client
  » To experience assignments in different areas
  » To build up candidates to professional competencies exceeding execution of basic tasks

» A certificate is issued upon completion of the practical experience requirement
  » The certificate is required to enroll in the final DEC Exams
IES 6: IPD – Assessment of Professional Competence

» Related to requirements in IESs 2, 3, and 4, which all require assessment

» Assessment activities need to have high levels of reliability, validity, equity, transparency, and sufficiency, and be based on verifiable evidence

» Assessment is the responsibility of IFAC member bodies, but other stakeholders such as employers, regulators, licensing bodies, universities, colleges, and private education providers may provide substantive input into assessment activities
Examples of assessment activities may include, but are not limited to:

» written and/or oral examinations
» objective testing
» computer-assisted testing
» workplace assessment of competence by mentors or employers
» review of a portfolio of evidence on completion of workplace activities
FRANCE

ACCOUNTING EXPERT DIPLOMA (DEC)

3 final tests

- Written test on professional regulations and ethics
  1 hour, coef. 1

- Elaboration and discussion on a thesis (400h)
  1 hour, coef. 4

- Written test on audit and assurance
  4 hours, coef. 3

Average mark for three tests >50%
Oral test >50%
No individual test < 30%
Issue of the ACCOUNTING EXPERT Diploma
IES 6: Illustration – Canada

Assessment of competence:

**Pre-requisite exams:** length varies depending on route taken

**Core 1 and 2 exams:** 4 hour exams each, mix of question types

**Elective exams:** 3 to 4 hours

**Capstone 1:** written Board report, oral team presentation, team and peer evaluations

**Common Final Exam:** written integrative exam - *13 hours over 3 consecutive days!*

Work experience – competencies documented and assessed

2 Electives

Both required

Pre-requisites
IES 7: Continuing Professional Development (CPD) (2014)
IES 7: Continuing Professional Development

» IES 7 requires IFAC member bodies to:
  » foster a commitment to lifelong learning among professional accountants
  » facilitate access to CPD opportunities and resources for their members
  » adopt prescribed requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures
  » have a systematic process for monitoring compliance and sanctioning non-compliance
IES 7: Continuing Professional Development

Meeting CPD requirements can be measured using:

» Output-based
demonstrate competence has been maintained;
evidence is objectively verified and measured

» Input-based
requiring 120 hours over rolling 3 years, including
60 hours verifiable, with a minimum of 20 hours per year

» Combination
with elements of input and output approaches
IES 7: Illustration – Canada

- CPD reporting is input-based:
  - annual minimum of 20 hours (minimum 10 verifiable)
  - minimum 120 hours per cycle (minimum 60 verifiable)
  - 3-year rolling cycle, in accordance with IES 7
- 4 hours of business ethics training required every cycle
- Monitored through sample audit – relevant content, length
IES 8: Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2016)
» Professional accountants performing the role of Engagement Partner are required to develop and maintain professional competence that is demonstrated by the achievement of specific learning outcomes related to technical competence, professional skills, and professional values, ethics, and attitudes.

» These additional learning objectives build on the requirements in IES 2, 3, and 4.
IES 8: Illustration – Canada

Additional requirements for auditors: IPD
» Must choose Assurance and Taxation elective modules
» Must show depth in Assurance and Tax in CFE responding
» Work experience must be include Assurance (1,250 hours of which 625 in Auditing)
Additional requirements for audit licensure: CPD

» Specific CPD courses required on practice management and standards (e.g., IFRS, ISA, Canadian GAAP, standards for reviews and compilations)
» Mandatory auditor and firm reviews assess compliance with practice standards
Questions?
Thank you!