

# Different national approaches to compliance with international standards and regulations


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*National Initiatives For Strengthening Accounting Education*



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 LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG  
Ministère des Finances



# Purpose

- » 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



# International Education Standards

## **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”



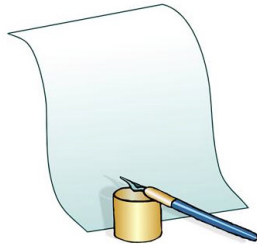
Entry to  
Professional  
Education

IES 1



Required  
Education

IES 2, 3, 4



Exams

IES 6

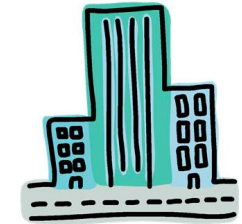


Experience

IES 5

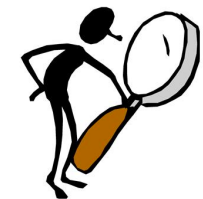


Professional  
Qualification



Continuing  
Professional  
Development

IES 7



Engagement  
Partners

IES 8

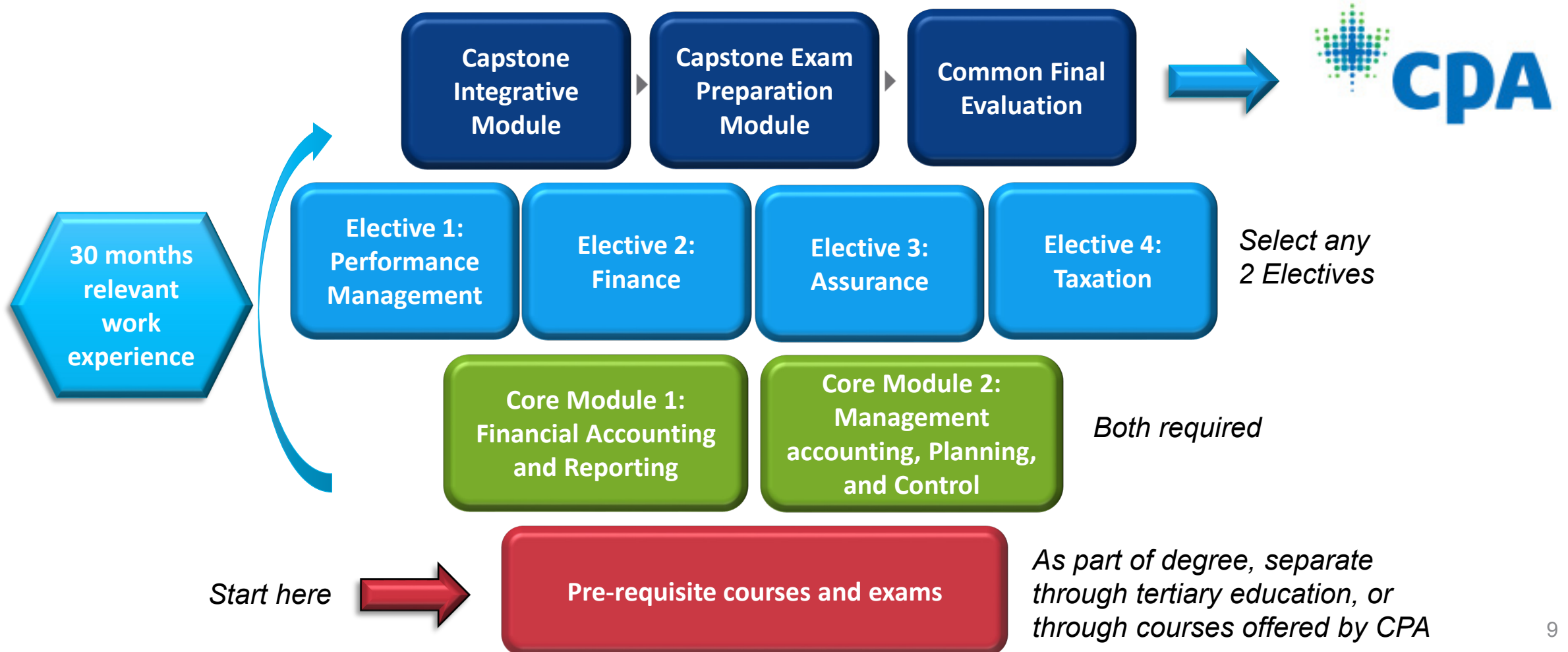


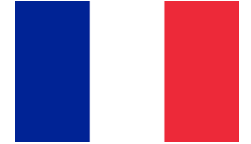
**Sample PAOs for illustrations**





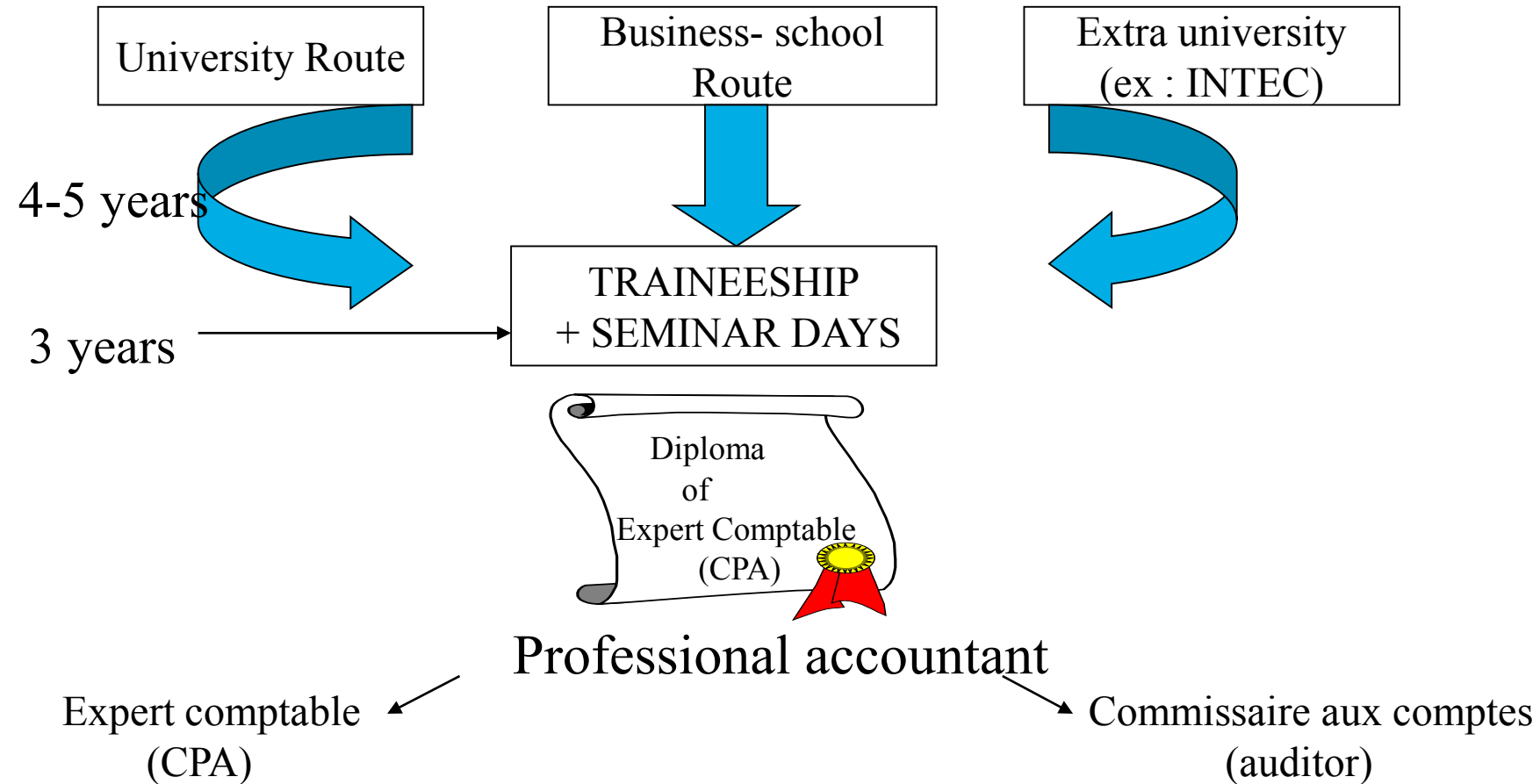
## Professional Education Program





# THEORETICAL EDUCATION

## for French CPA 's



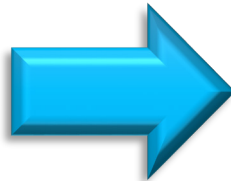


# IES 1: Entry Requirements to Professional Accounting Education Programs (2014)





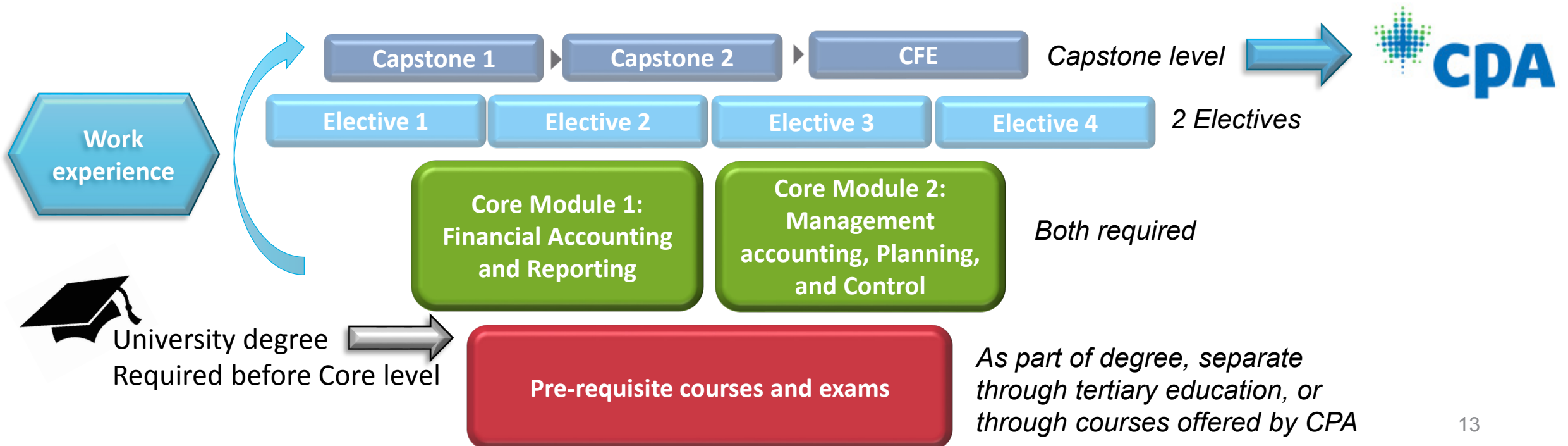
# IES 1: Entry Requirements to Professional Accounting Education Programs

- 
- » 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

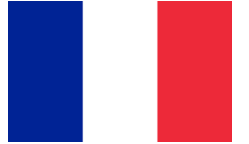
# IES 1: Illustration – Canada



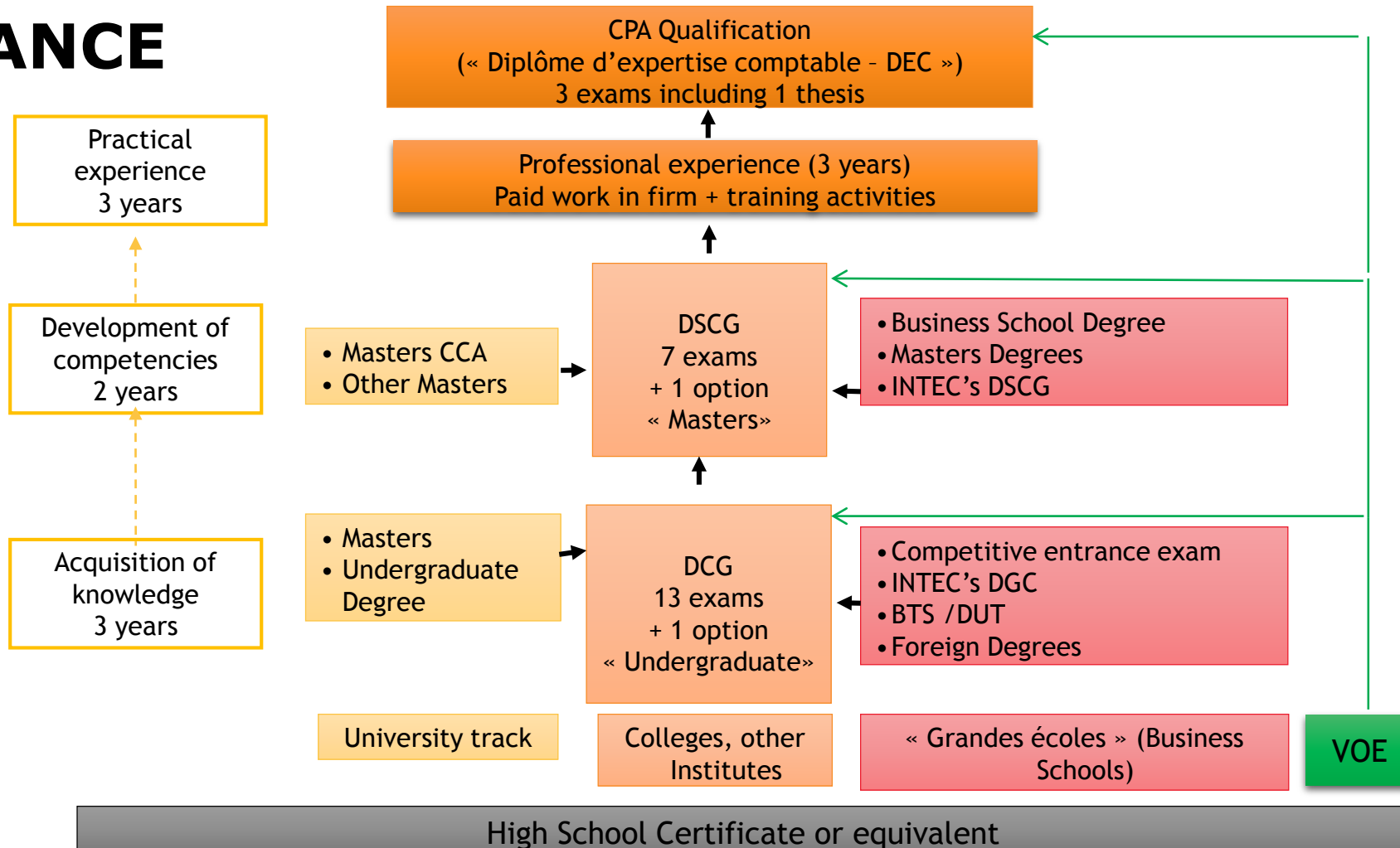
- » Requires undergraduate degree and specific pre-requisite courses before entering CPA professional program
- » Includes a professional education program separate from university programs



# IES 1: Illustration - France



## FRANCE





# IES 2: Initial Professional Development (IPD) – Technical Competence (2015)



## 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.**



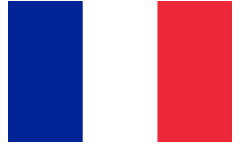
1. Financial accounting and reporting – Intermediate  
Example LO: “Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.”
2. Management accounting – Intermediate  
Example LO: “Analyze financial and non-financial data to provide relevant information for management decision making.”
3. Finance and financial management – Intermediate

## IES 2: IPD – Technical Competence

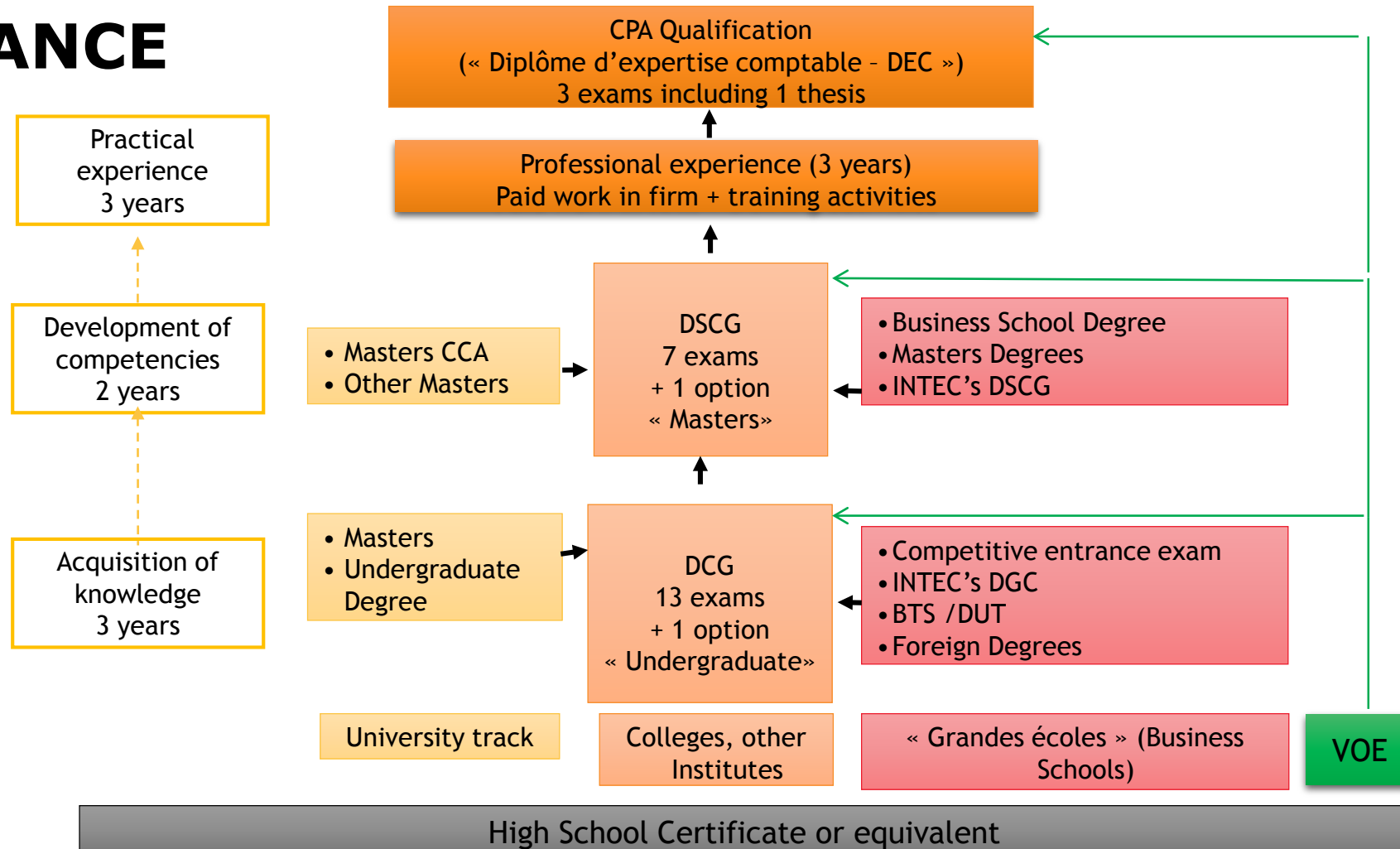


4. Taxation – Intermediate
5. Audit and assurance – Intermediate
6. Governance, risk management, and internal control – Intermediate
7. Business laws and regulations – Intermediate
8. Information technology – Intermediate
9. Business and organizational environment – Intermediate
10. Economics – Foundation
11. Business strategy and management - Intermediate

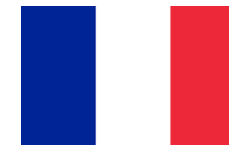
# IES 2: Illustration - France



## FRANCE



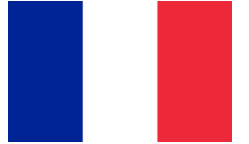
# IES 2: Illustration - France



## FRANCE

DCG PROGRAM	Type	Hours	ECTS	Coeff
1. Introduction to Law	Written	150	12	1
2. Company Law	Written	150	12	1
3. Employment law	Written	150	12	1
4. Taxation Law	Written	150	12	1
5. Economics	Written	210	18	1,5
6. Corporate Finance	Written	150	12	1
7. Management	Written	210	18	1,5
8. Management Information systems	Written	210	18	1,5
9. Introduction to accounting	Written	150	12	1
10. Advanced accounting	Written	150	12	1
11. Management accounting	Written	210	18	1,5
12. Business English	Written	150	12	1
13. Professional Skills (8 week internship or activity report)	Oral	60	12	1
14. Optional foreign language test	Written		(12)	1
<b>TOTAL</b>		<b>2100 h</b>	<b>180</b>	

# IES 2: Illustration - France



## FRANCE

DSCG Program	Type	Hours	ECTS	Coeff
1. Advanced taxation and employment law	Written	180	20	1,5
2. Finance	Written	140	15	1
3. Advanced management accounting	Written	180	20	1,5
4. Accounting and audit	Written	180	20	1,5
5. Management information systems	Written	140	15	1
6. Oral test on economics, partially in english	Oral	120	15	1
7. Professional Skills (12 week internship or activity report)	Oral	60	15	1
8. Optional foreign language test	Written		(15)	1
<b>TOTAL</b>		<b>1000 h</b>	<b>120</b>	



**IES 3: IPD – Professional Skills (2015) and  
IES 4: IPD – Professional Values, Ethics  
and Attitudes (2015)**



## 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



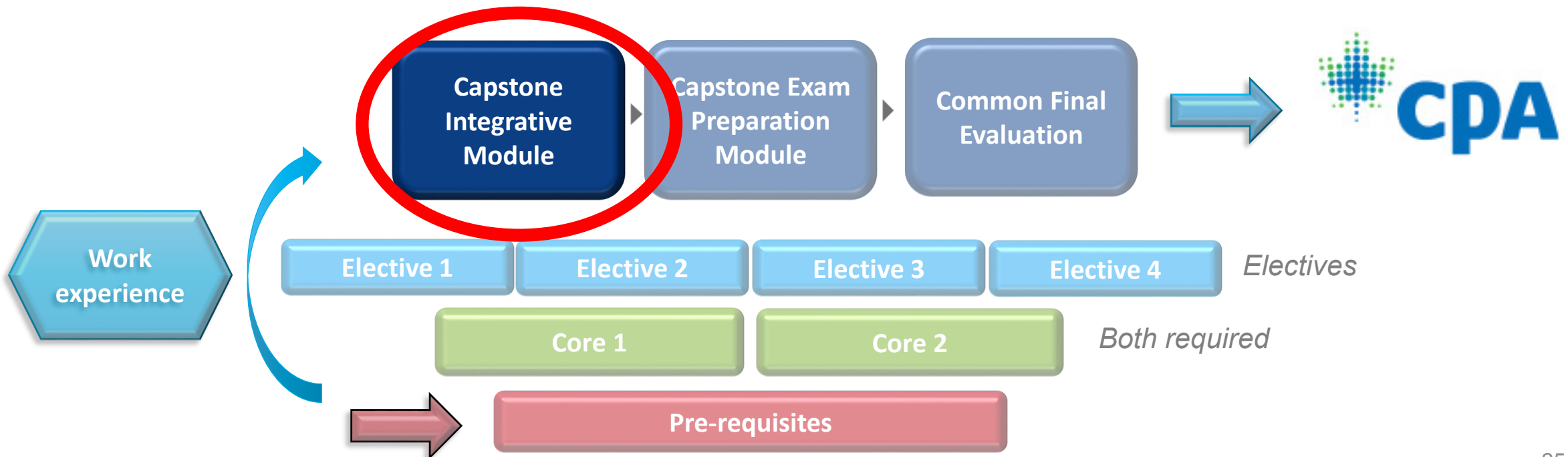


# IES 3 & 4: Illustration – Canada



## 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)

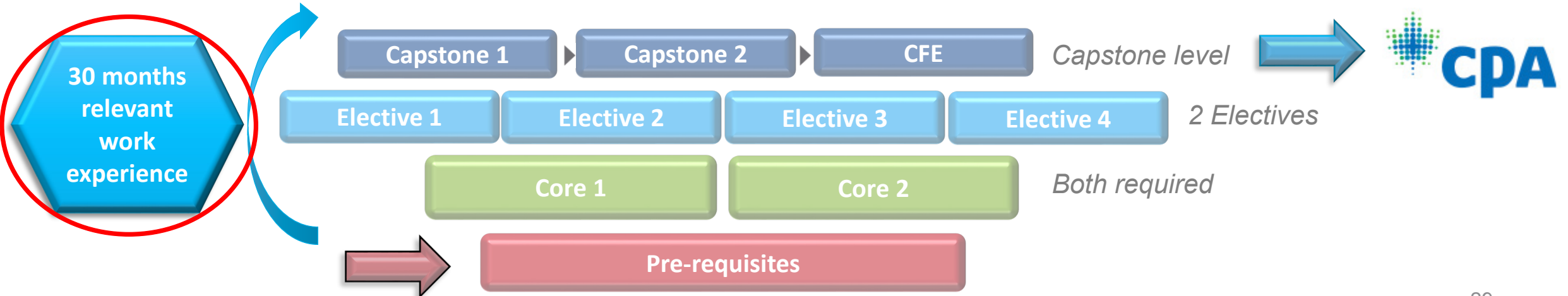


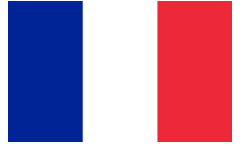


## Two work experience paths

- (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

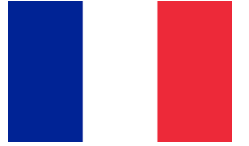
- Must have a CPA mentor and meet regularly
- Must meet competence requirements (technical and enabling), monitored by mentor





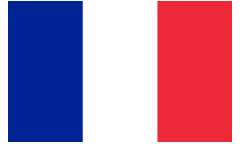
### **Practical Experience period**

- » 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.



### **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



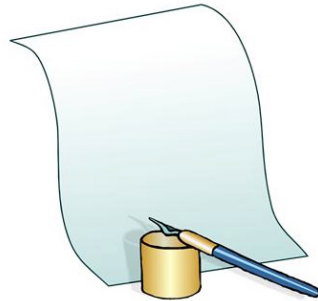
### **Practical experience requirements**

- » 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



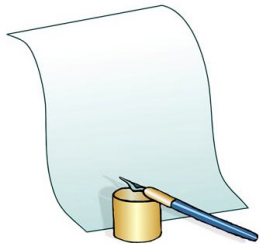


# IES 6: IPD – Assessment of Professional Competence (2015)



## IES 6: IPD – Assessment of Professional Competence

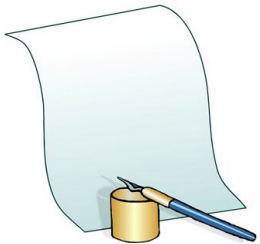
- » Related to requirements in IESs 2, 3, and 4, which *all* require assessment
- » Assessment activities need to have high levels of **reliability**, **validity**, **equity**, **transparency**, and **sufficiency**, and be based on **verifiable evidence**
- » Assessment is the responsibility of IFAC member bodies, but other stakeholders such as employers, regulators, licensing bodies, universities, colleges, and private education providers may provide substantive input into assessment activities



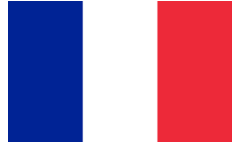
## IES 6: IPD – Assessment of Professional Competence

**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



# IES 6: Illustration - France



**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



## Assessment of competence:

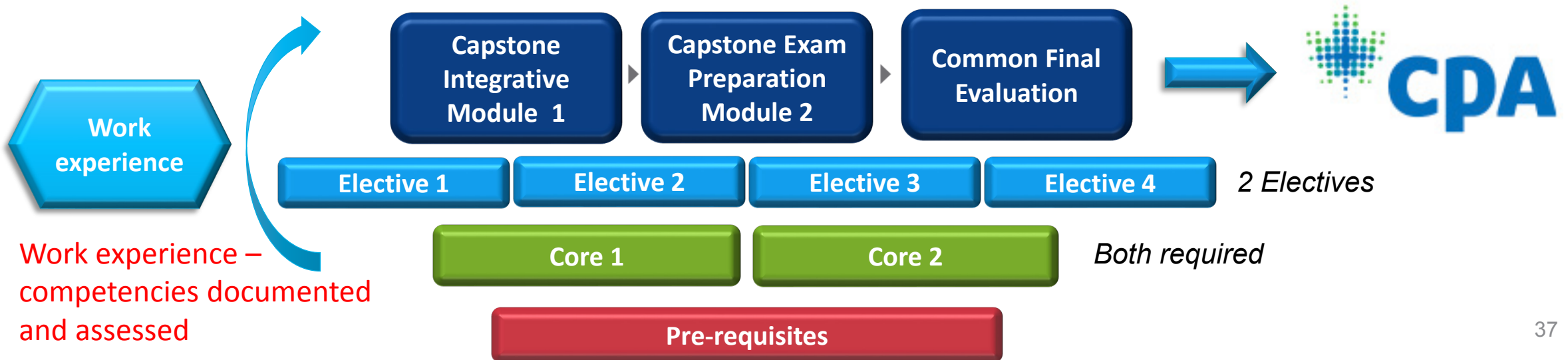
**Pre-requisite exams:** length varies depending on route taken

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

**Elective exams:** 3 to 4 hours

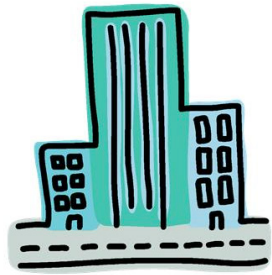
**Capstone 1:** written Board report, oral team presentation, team and peer evaluations

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



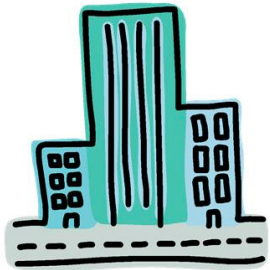


# IES 7: Continuing Professional Development (CPD) (2014)



# 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**

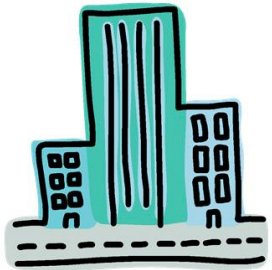
*demonstrate competence has been maintained;  
evidence is objectively verified and measured*

» **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

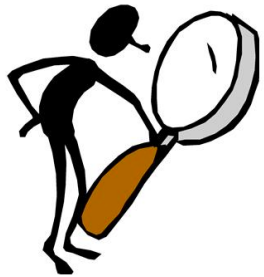




**IES 8: Professional Competence for  
Engagement Partners Responsible  
for Audits of Financial Statements  
(2016)**



## IES 8: Professional Competence for Engagement Partners



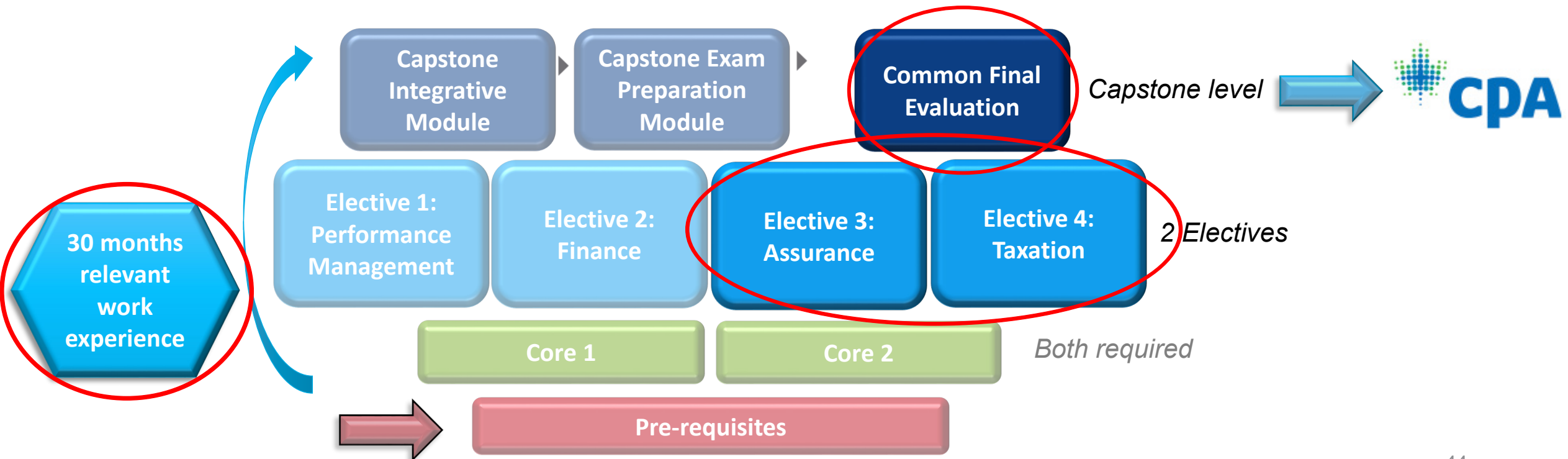
- » Professional accountants performing the role of Engagement Partner are required to develop and maintain professional competence that is demonstrated by the achievement of **specific learning outcomes** related to technical competence, professional skills, and professional values, ethics, and attitudes
- » These additional learning objectives **build on** the requirements in IES 2, 3, and 4

# IES 8: Illustration – Canada



## Additional requirements for auditors: IPD

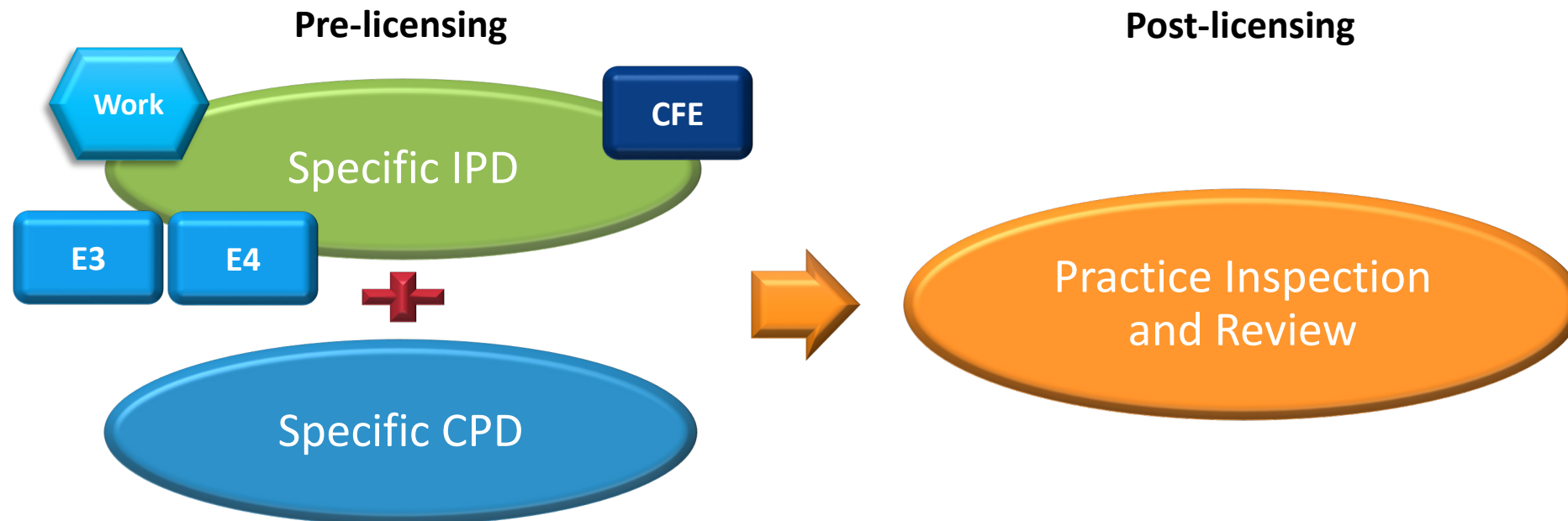
- » Must choose Assurance and Taxation elective modules
- » Must show depth in Assurance and Tax in CFE responding
- » Work experience must include Assurance (1,250 hours of which 625 in Auditing)





## 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?**

The background is a low-poly, faceted orange pattern. The polygons are of various sizes and orientations, creating a textured, crystalline appearance. The colors range from light, pale orange to a darker, more saturated orange, with some areas appearing slightly darker due to the shading of the facets.

**Thank you!**