

*International Education Practice Statement 3*

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Practical Experience  
Requirements — Initial  
Professional Development for  
Professional Accountants



International Federation  
of Accountants

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The mission of the International Federation of Accountants (IFAC) is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant.

The International Accounting Education Standards Board (IAESB) issues, under its own authority, International Education Practice Statements (IEPS), which assist in the implementation of generally accepted "good practice" in the education and the development of professional accountants by providing advice or guidance on how to achieve "good practice."

The IAESB, an independent standard-setting board within IFAC, develops standards and guidance on pre-qualification education, training, and continuing professional education and development for all members of the accountancy profession. The international Public Interest Oversight Board (PIOB) for the accountancy profession oversees the activities of the IAESB.

This publication may be downloaded free-of-charge from the IFAC website: <http://www.ifac.org>. The approved text of this IEPS is published in the English language.

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# INTERNATIONAL EDUCATION PRACTICE STATEMENT

## IEPS 3

### PRACTICAL EXPERIENCE REQUIREMENTS – INITIAL PROFESSIONAL DEVELOPMENT FOR PROFESSIONAL ACCOUNTANTS

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## **Introduction**

1. International Education Practice Statements (IEPSs) assist IFAC member bodies to implement generally accepted good practice in educating and developing professional accountants.
2. International Education Standard (IES) 5, *Practical Experience Requirements* states the practical experience IFAC member bodies should require their members to obtain before qualifying as professional accountants. IFAC member bodies follow this standard in setting detailed practical experience requirements for their trainees.
3. IFAC member bodies are responsible for implementing IESs. The International Accounting Education Standards Board (IAESB) recognizes, however (a) the wide diversity of culture and language, and of educational, legal, and social systems, in the countries of their member bodies, (b) the wide variety of functions accountants perform, and (c) that IFAC member bodies are at different stages in developing their pre-qualification educational programs.
4. This IEPS provides guidance in implementing IES 5. The guidance is not prescriptive and IFAC member bodies may identify and implement other approaches in meeting the requirements of IES 5.

## **Objectives of a Period of Practical Experience**

5. A period of practical experience has two objectives:
  - (a) to enable trainees to develop and demonstrate the professional knowledge, professional skills, and professional values, ethics and attitudes required to perform their work competently; and
  - (b) to help trainees develop the skills they need to maintain competence.
6. Students gain the professional knowledge, professional skills, and professional values, ethics and attitudes through a combination of formal education and practical experience. This combination may vary by member body.
7. Although the professional knowledge and professional skills required by professional accountants will likely change as their careers develop, the professional values, ethics and attitudes required of professional accountants endure. These are first developed in pre-qualification education programs, and are demonstrated in the workplace during a period of practical experience.
8. A period of practical experience guided by a mentor or a development program enables trainees to integrate knowledge gained from formal education with workplace experience. This enables trainees to develop their professional knowledge and professional skills, and demonstrate their competence.
9. Practical experience benefits others as well as the trainee:

- **IFAC member bodies** gain members with the professional knowledge, professional skills, and professional values, ethics and attitudes required to strengthen the profession and serve the public interest.
- **Employers** gain employees with professional knowledge, professional skills, and professional values, ethics and attitudes that add value to their businesses. Employers that support trainees during their period of practical experience may benefit from (a) greater employee satisfaction and staff retention, and (b) more effective succession planning.
- **Mentors** apply and develop their own knowledge and skills (especially interpersonal skills) which may count towards mentors' own continuing professional development (CPD) requirements. They also contribute to the development of their professional bodies, and to the profession as a whole.

### **Initial Professional Development (IPD)**

10. Developing professional competence at the pre-qualification stage through practical experience may be thought of as “initial professional development” (IPD). This is the first stage of a learning continuum that continues throughout a professional accountant’s career. After qualification, professional development continues through continuing professional development (CPD). IPD and CPD share a number of common factors, including:
- their focus on developing the professional competence required to perform a work role to the expected standard;
  - the importance of effectively assessing performance;
  - the development by employers of competence frameworks for employees, and employee development programs, at both pre- and post-qualification stages; and
  - the importance of trainees and professional accountants developing habits of reflection and self-review in relation to their learning.

IFAC member bodies may, therefore, consider developing an integrated system of professional development that encompasses both pre- and post-qualification.

## Definitions

11. The following terms used in this IEPS are defined in the *Framework for International Education Statements*:

**Assessment:** all forms of tests of professional competence, whether in writing or otherwise, including examinations, carried out at any time throughout the learning process.

**Candidate:** any individual who is enrolled for assessment as part of a professional accountancy education program.

**Capabilities:** the professional knowledge; professional skills; and professional values, ethics and attitudes required to demonstrate competence.

**Competence:** being able to perform a work role to a defined standard, with reference to real working environments.

**Continuing Professional Development (CPD):** learning activities for developing and maintaining the capabilities of professional accountants to perform competently within their professional environments.

**Education:** a systematic process aimed at developing knowledge, skills and other capabilities within individuals. It includes “training.”

**Learning:** a broad range of processes whereby an individual acquires capabilities.

**Mentor:** professional accountants who are responsible for guiding and assisting trainees and for assisting in the development of the trainees’ competence.

**Post-qualification:** the period after qualification as an individual member of an IFAC member body.

**Practical experience:** work experience, undertaken by a trainee or a qualified professional accountant that is relevant to the work of professional accountants. The program of experience enables the individuals’ development of professional competence (including professional behaviour) in the work place and provides a means whereby individuals can demonstrate the achievement of professional competence in the work place.

**Pre-qualification:** the period before qualification as an individual member of an IFAC member body.

**Professional accountant:** a person who is a member of an IFAC member body.

**Professional knowledge:** those topics that make up the subject of accountancy as well as other business disciplines that, together, constitute the essential body of knowledge for professional accountants.

**Professional skills:** the various types of abilities required to apply professional knowledge, and professional values, ethics and attitudes appropriately and effectively in a professional context.

**Professional values, ethics and attitudes:** are the professional behavior and characteristics that identify professional accountants as members of a profession. They include the

principles of conduct (i.e., ethical principles) generally associated with, and considered essential in, defining the distinctive characteristics of professional behavior.

**Qualification:** qualification as a professional accountant means, at a given point in time, an individual is considered to have met, and continues to meet, the requirements for recognition as a professional accountant.

**Relevant experience:** participation in work activities in an environment appropriate to the application of professional knowledge; professional skills; and professional values, ethics and attitudes.

**Student:** an individual following a course of study, including a trainee. In the context of professional education, a student is an individual undertaking a course or a program of study deemed necessary for the education of professional accountants, whether general or professional in nature.

**Trainee:** an individual undertaking pre-qualification work experience and training within the work place.

**Training:** pre- and post-qualification educational activities, within the context of the workplace, aimed at bringing a student or professional accountant to an agreed level of professional competence.

This IEPS introduces the following new term<sup>1</sup>:

**Formal Education:** the non-workplace based component of an accounting education program.

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<sup>1</sup> This term will be added to the *Framework for International Education Statements* when it is next updated.

## Scope and Structure of this IEPS

### Scope of this IEPS

12. The aim of this IEPS is to provide guidance for IFAC member bodies implementing the requirements of IES 5, *Practical Experience Requirements*. This IEPS also provides guidance for employers, mentors and trainees on their roles and responsibilities regarding a period of practical experience.
13. IFAC member bodies are likely to adopt elements of different approaches in meeting the requirements of IES 5:
  - (a) Input-based approaches — by establishing a set period of practical experience that is considered appropriate for demonstrating competence when qualifying as a professional accountant.
  - (b) Output-based approaches — by requiring professional accountants to demonstrate, by way of outcomes, development of an appropriate level of competence when qualifying as a professional accountant.
  - (c) Combined approaches — by effectively and efficiently combining elements of the input- and output-based approaches, setting the amount of required experience and measuring the outcomes<sup>2</sup>.

IFAC member bodies should consider the requirements of any relevant regulators when choosing their approach to implementing IES 5.

14. Input-based systems have traditionally been used to measure the development of competence because of the ease of their measurement and verification. These systems have the advantage of facilitating comparison between systems adopted by different IFAC member bodies. Input-based approaches have limitations, however. For example, they do not measure performance outcomes or the level of developed competence.
15. In output-based systems, it can be challenging to set, to measure and to verify competences, but doing this allows trainees to demonstrate the professional knowledge, professional skills, and professional values, ethics and attitudes required of professional accountants.
16. In the context of the combined approach IES 5's requirements for a period of practical experience include a variety of input measures, including the requirement to complete a minimum three-year period of practical experience before qualifying as a professional accountant (IES 5, paragraph 11). IES 5 also acknowledges the overall goal of measuring outcomes, such as trainees demonstrating achieved competences (IES 5, paragraph 12).

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<sup>2</sup> IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* (paragraphs 30-42) contains a more detailed discussion of approaches to measuring learning, and the advantages and disadvantages of the three approaches set out above.



### **Structure of this IEPS**

17. Section 1 provides guidance to IFAC member bodies in meeting the requirements of IES 5 regarding the period of practical experience (IES 5, paragraphs 10 to 17). It suggests how IFAC member bodies may (a) meet the requirement for a minimum three-year period of practical experience for trainees to qualify as professional accountants, and (b) use elements of an output-based approach to assess competence developed by trainees during that period.
18. Section 2 provides guidance to IFAC member bodies in meeting the requirements of IES 5 regarding monitoring and control of trainees during the period of practical experience (IES 5, paragraphs 18 to 26). It includes specific guidance on (a) the roles and responsibilities of the mentor, (b) recording and assessing practical experience, and (c) working effectively with employers.
19. Suggested content of (a) practical experience requirements and (b) additional guidance that IFAC member bodies may provide for mentors, employers, and trainees is provided in the appendices to this IEPS.

## Section 1: Practical Experience Requirements

### Overview

20. This section of this IEPS provides guidance to IFAC member bodies on meeting the requirement of IES 5 for a period of practical experience that is long enough and intensive enough to permit candidates to demonstrate the professional knowledge, professional skills, and professional values, ethics and attitudes required for (a) performing their work with professional competence, and (b) continuing to grow this throughout their careers (IES 5, paragraph 10).
21. In meeting the requirements of IES 5, IFAC member bodies should consider adopting a combined approach – requiring a minimum three-year period of practical experience and adopting elements of an output-based approach to assess competence developed by trainees during that period.

### Period of Practical Experience<sup>3</sup>

22. A period of practical experience (a) gives trainees exposure to workplace activities over time, which contributes to developing and maintaining professional competence, and (b) enables trainees to observe and engage in real-life situations requiring the identification of ethical dilemmas or situations requiring professional judgment. This helps to develop ethical sensitivity and judgment.
23. IES 5 (paragraph 11) requires a minimum period of three years of practical experience. IFAC member bodies may interpret and state this requirement in a number of ways, including:
  - setting requirements for trainees to gain experience across a range of specific work-related areas during the minimum three-year period;
  - setting requirements for trainees to gain experience in work-related areas directly related to their intended professional specialization(s) during this minimum three-year period;
  - setting requirements for trainees to complete a set number of hours or days over a defined period to meet the minimum three-year requirement;
  - setting requirements for trainees to complete a set number of hours or a percentage of the overall period of practical experience in specific work-related areas during the minimum three-year period; and
  - setting requirements for the minimum three-year period to make it more suitable to the background and intended career path of the trainee.
24. IFAC member bodies may consider setting requirements, as illustrated in paragraph 26 below, for recognizing practical experience gained by a trainee under a program established by another institution<sup>4</sup>.

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<sup>3</sup> Note – all items in this subsection relate to input measures.

<sup>4</sup> These may include other IFAC member bodies.

25. IFAC member bodies may also consider setting requirements, as illustrated in paragraph 26 below, for recognizing part-time and/or voluntary work as part of a trainee's period of practical experience.
26. In situations such as those described in paragraphs 24 and 25 above, IFAC member bodies may set requirements that include, for example:
  - that trainees demonstrate that their experience meets the requirements for practical experience set by the member body they wish to join; and/or
  - that trainees demonstrate the relevance of their practical experience to their current/future role; and/or
  - that only part of that practical experience will be recognized by the member body the trainee wishes to join.
27. To ensure that (a) trainees gain practical experience relevant to their current and future work roles, and (b) competence developed through practical experience does not become outdated, IFAC member bodies may specify a maximum period during which trainees gain the required practical experience.

### **Linking Practical Experience and Formal Education**

28. To successfully develop the professional knowledge, professional skills, and professional values, ethics and attitudes, it is important to link a trainee's period of practical experience to their formal education constructively and coherently. For example, it may be necessary for trainees to demonstrate a certain level of technical knowledge of a topic before exercising professional judgment on that topic. This link may be achieved in different ways, such as:
  - trainees completing their formal education before undertaking a period of practical experience; or
  - trainees undertaking a period of practical experience concurrent with their formal education.

In both cases a mapping should be done that links the formal education and competences/outcomes of the practical experience.

29. If education programs include substantial internships (periods of workplace experience undertaken during the accounting education program), IFAC member bodies may recognize relevant experience as contributing to the overall practical experience requirement.
30. The IAESB recognizes that some systems of accounting education emphasize the formal education component, which may include a significant proportion of practical accounting application. IES 5 (paragraph 11) allows such a period of relevant graduate professional education to contribute no more than 12 months to the practical experience requirement.
31. IFAC member bodies may wish to consider whether it is helpful to formalise the trainee's obligations relating to practical experience.

### **Demonstrating Professional Competence<sup>5</sup>**

32. IES 5 (paragraph 10) requires trainees to undertake a period of practical experience that permits them to demonstrate their professional knowledge, professional skills, and professional values, ethics and attitudes.
33. IFAC member bodies will determine (a) the specific competences required of trainees for their environment, and (b) the defined standard for competence in one or more work roles. In setting the defined standard for competence in a particular work role, IFAC member bodies may require trainees to demonstrate a continued ability to perform relevant roles or tasks to a level appropriate for qualifying as a professional accountant.
34. IFAC member bodies may establish a framework for practical experience that includes the areas outlined in IES 5, paragraph 17. IFAC member bodies will need to ensure that trainees gain practical experience sufficient to develop and demonstrate competence in each of these areas.
35. One example of a framework for practical experience, based on these areas, is presented in Table 1 overleaf, covering:
  - Gaining Responsibility;
  - Business Awareness;
  - Application of Professional Values, Ethics and Attitudes;
  - Application of Technical Knowledge; and
  - Professional Skills.

The priority and importance of certain topics described in the table will vary depending on the development of an individual's career.

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<sup>5</sup> Note – all items in this subsection relate to output measures.

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FOR PROFESSIONAL ACCOUNTANTS

**Table 1: Illustrative Practical Experience Framework**

	<b>Gaining Responsibility</b>	<b>Business Awareness</b>	<b>Application of Professional Values, Ethics and Attitudes</b>	<b>Application of Technical Knowledge</b>	<b>Professional Skills</b>
<b>AREAS</b>	<p><i>Working at progressive levels of responsibility</i></p> <p>See IES 5, paragraph 17 (e)</p>	<p><i>An understanding of relevant organizations, how business works, and the business environment.</i></p> <p>See IES 5, paragraph 17 (a), (c)</p>	<p><i>Recognizing issues, using knowledge and experience to assess implications, and making confident decisions and recommendations</i></p> <p>See IES 5, paragraph 17 (d)</p>	<p><i>The ability to relate the work of a professional accountant to other business functions and activities</i></p> <p>See IES 5, paragraph 17 (b)</p>	<p>IES 3, <i>Professional Skills</i>, groups the professional skills required by professional accountants under five main headings:</p> <ul style="list-style-type: none"> <li>• Intellectual skills;</li> </ul>
<b>LEVELS</b>	<p><b>Level 1</b></p> <p>Gathering Information</p>	<p>Developing knowledge of relevant organizations, industries and markets, the business risks associated with them, and the business environment.</p>	<p>Developing an enquiring mind through asking pertinent questions, raising helpful queries and identifying issues.</p>	<p>Developing knowledge of the accounting and other technical areas relevant to the trainee’s work role. Describing the relevant technical standards and rules.</p>	<ul style="list-style-type: none"> <li>• Technical and functional skills;</li> <li>• Personal skills;</li> <li>• Interpersonal and communication skills; and</li> </ul>
	<p><b>Level 2</b></p> <p>Analysis and Options</p>	<p>Analyzing relevant organizations’ environments, structures and business objectives, and the business environment.</p>	<p>Identifying key issues and understanding the implications of different courses of action.</p>	<p>Relating technical studies to practical work, and understanding how the breadth of technical knowledge impacts on work.</p>	<ul style="list-style-type: none"> <li>• Organizational and business management skills.</li> </ul>

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	<p><b>Level 3</b> Applying Knowledge and Skills in a Workplace</p>	<p>Critically assessing performance, making recommendations for improvement, giving advice, and applying relevant reporting requirements.</p>	<p>Exercising ethical sensitivity and judgment and applying professional values, ethics and attitudes in the workplace.</p>	<p>Applying technical knowledge in the workplace.</p>	<p>During their period of practical experience, trainees at all levels need to develop these professional skills to a level appropriate for the work being performed.</p>
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36. Trainees undertaking specific work roles will require competences relevant to those roles. IFAC member bodies should take into account the requirement for some trainees to gain practical experience in those specific areas.
37. IFAC member bodies may consider developing simulations and/or similar activities that supplement practical experience. Activities may include:
  - work-based projects;
  - “in-tray” type activities;
  - case studies; and
  - role-play.

Education programs may provide opportunities to explore and practise certain activities, such as fraud detection, using simulation, where the workplace may not provide such experience.

These activities are not intended to be a substitute for practical experience.

38. So that trainees will gain the relevant experience required for qualifying as professional accountants, IFAC member bodies may consider encouraging trainees and employers to explore opportunities such as secondment or job rotation.

### **Updating Practical Experience Requirements**

39. IFAC member bodies may regularly review practical experience requirements to ensure that they remain current and relevant. Competences required of trainees during their period of practical experience change over time. IFAC member bodies may therefore (a) consult with others, including employers and regulators, and/or (b) conduct periodic studies, to review the competences required of professional accountants and update their practical experience requirements accordingly.
40. Although minor changes to practical experience requirements can be made as and when necessary, IFAC member bodies will need to conduct a major review of these requirements when updating syllabus requirements. This review needs to take account of changes in the work and competences required of professional accountants. In conducting the review, the member body may consult a number of stakeholders, including:
  - employers (including members of any Recognized Employer scheme as described in paragraph 61, and others);
  - academia;
  - mentors;
  - professional accountants (i.e., members of the member body);
  - regulators; and
  - trainees.

## Section 2: Monitoring and Control

### Overview

41. This section provides guidance to IFAC member bodies in meeting the requirements of IES 5 regarding monitoring and control of a period of practical experience (IES 5, paragraphs 18 to 26).
42. Specific guidance is given in this section on (a) the role and responsibilities of the mentor, (b) recording and assessing practical experience, and (c) working effectively with employers (including establishing Recognized Employer schemes for those IFAC member bodies that choose to do so).

### Role and Responsibilities of Mentors

43. Mentors help trainees in many ways, including helping them develop and demonstrate the professional knowledge, professional skills, and professional values, ethics and attitudes required of professional accountants. The term, “mentor” is intended to convey the concept of experienced professional accountants regularly passing on their experience, guiding trainees, and assisting trainees in merging formal learning with practical experience.
44. Mentors’ responsibilities will vary with the specific environment in which the mentors and trainees operate. All mentors should aim to:
  - understand trainees’ work, and their need to gain relevant practical experience to qualify as a professional accountant;
  - regularly review trainees’ experience;
  - support trainees’ access to varied practical experience;
  - communicate regularly and effectively with trainees, and with trainees’ line managers where appropriate;
  - provide trainees with appropriate supervision, mentoring, counseling, and evaluation;
  - provide feedback to trainees on their practical experience, and assess their achievement of competences; and
  - report to IFAC member bodies on their assessment of trainees’ (a) application of ethical judgment, (b) behavior, and (c) development of the professional knowledge and skills required to qualify as a professional accountant.
45. IFAC member bodies should consider limiting the maximum number of trainees reporting to one mentor, taking into account the need for the mentor to provide each trainee with appropriate supervision, mentoring, counseling, and evaluation.



### **Establishing a Mentoring Process**

46. IFAC member bodies may consider establishing a formal mentoring process, supported by appropriate documentation (e.g., roles and responsibilities). That documentation will likely identify key elements such as:
- identifying potential mentors;
  - appointing, approving, and training mentors;
  - monitoring mentors; and
  - alternative mentoring arrangements (where necessary).

#### *Identifying Potential Mentors*

47. An important part of the mentoring process is a mechanism for encouraging suitably qualified and experienced members of IFAC member bodies to apply to become mentors. This could include:
- IFAC member bodies encouraging suitable professional accountants, including retirees, to volunteer as mentors (IFAC member bodies may publish and advertise the advantages of carrying out this role);
  - IFAC member bodies encouraging employers to identify potential mentors within their organization;
  - trainees identifying and approaching potential mentors within their organization; and/or
  - regulatory authorities or similar bodies appointing mentors.

#### *Appointing, Approving, and Training Mentors*

48. IFAC member bodies may establish appointment/approval and training systems to enable them to select and train mentors. In doing so, IFAC member bodies may develop formal criteria for becoming a mentor, similar to those set out for illustrative purposes below:

##### *Mentors have a current understanding of:*

- the member body's admissions policy;
- the member body's code of ethics;
- issues facing the profession;
- the professional knowledge and professional skills required of trainees;
- expectations associated with mentoring;
- professional and technical issues relevant to practical experience; and
- any other specific requirements and responsibilities that relate to mentoring.

*Mentors are:*

- of sufficient professional standing to undertake their responsibilities as a mentor;
- interested in training future members of the profession;
- able to advise, counsel, evaluate, motivate, and provide direction to trainees;
- available for scheduled consultations with trainees;
- able to influence (at least to an extent) the work assignments trainees receive; and
- willing and able to participate in programs of mentor training.

*Monitoring Mentors*

49. IFAC member bodies may consider establishing a system of periodic monitoring to help ensure that mentors continue to (a) meet the member body’s criteria regarding knowledge, skills and professional standing, and (b) provide appropriate supervision, mentoring, counseling and evaluation for their trainee(s). Such a system could include:
- desk-based monitoring of mentors (requiring documentation establishing mentors’ knowledge, skills, professional standing, and activities);
  - regular training and evaluation sessions;
  - obtaining feedback from trainees on their mentors’ performance;
  - site visits to mentors (perhaps as part of a Recognized Employer site visit); and
  - assessing and re-appointing mentors.

*Alternative Mentoring Arrangements*

50. The IAESB recognizes that suitably qualified mentors may not always be available in a trainee’s workplace. Where this is the case, IFAC member bodies should consider establishing alternative mentoring arrangements, which could include:
- a) A team of trained remote mentors who meet the member body’s criteria for mentors, and who are available where an employer is unable to provide such expertise. In these circumstances, it is essential that the remote mentor, the IFAC member body (and/or regulatory authority), the trainee, and the employer make an extra effort to work together. For example, establishing a “Mentor Charter for Trainees” that details the required support and the obligations of all parties can support that effort.
  - b) Seeking the support of suitably qualified mentors from individuals providing professional services to the employer, such as accountants and business advisors. Independence rules may prevent the auditor from undertaking this role.

**Recording Practical Experience**

51. IES 5 (paragraph 19) requires mentors to periodically review trainees’ records of practical experience. IFAC member bodies may therefore require trainees to periodically record their practical experience in paper or web-based logbooks, potentially in “real-time” for timely

control, audit, and feedback. By using these records, mentors and/or IFAC member bodies can regularly monitor the relevance, depth, and length of experience.

52. Records of trainees' practical experience support the mentors' ability to provide timely feedback to trainees and/or IFAC member bodies on any shortcomings well before the end of the period of practical experience. The mentor's verification of these records provides the:
  - member body with evidence that the period of practical experience has allowed trainees to demonstrate competence;
  - employer with evidence useful for appraising the trainee; and
  - trainee with evidence of experience that may be used when seeking future employment.
53. IFAC member bodies should consider reviewing trainees' records of practical experience periodically, using an appropriate sampling methodology where it is not practicable to review all records.

### **Assessing Practical Experience**

54. As suggested in paragraph 34 above, IFAC member bodies may develop a framework for practical experience appropriate for their environment that directs mentors, employers and trainees to the areas in which trainees are expected to gain practical experience.
55. In that case, the member body may require the mentor to confirm, in writing, that the trainee has demonstrated the required competences. As discussed in paragraph 33 above, IFAC member bodies may require trainees to demonstrate a continued ability to perform relevant roles or tasks to a level appropriate for qualifying as a professional accountant.
56. Mentors may assess trainees' competence in several ways, including through:
  - direct observation of trainees' work;
  - third party reports on trainees' work;
  - discussion with trainees of their work and learning (e.g., as part of an appraisal process); and
  - formal interview (in conjunction with or in addition to appraisal and/or a performance review interview).
57. Evidence and documentation that mentors may require to support their assessment of trainees' competence could include:
  - practical experience training records;
  - learning logs, learner diaries, or similar records; and
  - portfolios of evidence (e.g., accounts prepared by the trainee, meeting reports, spreadsheet models, etc).
58. As part of the assessment, IFAC member bodies should encourage mentors to provide regular feedback to trainees on their achievement of competences. Feedback from mentors

should take place at least annually (preferably more frequently), rather than only at the end of a period of practical experience.

59. IES 5 (paragraph 18) requires the IFAC member body, before admitting a candidate to membership, to ensure the acceptability of the practical experience candidates have gained. To assess trainees' practical experience against its requirements for membership, the member body may require trainees, mentors and/or employers to document experience gained and competences achieved, including through:
- training records signed by the mentor;
  - trainees' learning logs, or similar records;
  - trainees' portfolios of evidence;
  - records of appraisals, performance reviews, and/or meetings with mentors; and
  - reports by the mentor to the member body validating practical experience gained and competences achieved by the trainee.

Any deficiencies identified by the mentor and/or the member body will need to be addressed prior to admission to membership. In these situations constructive feedback provided by the mentor and/or member body will be helpful to the trainee in responding to the deficiencies.

### **Working with Employers**

60. Employers play a vital role in (a) working with IFAC member bodies and trainees to ensure the completion of a period of practical experience that satisfies IFAC member bodies' requirements, (b) identifying and supporting mentors, and (c) helping to match mentors with trainees.
61. In some cases, IFAC member bodies and employers may choose to enter into formal arrangements to provide relevant practical experience and support to trainees. Such arrangements may be called "Recognized Employer" schemes, or by a similar title. Guidance on establishing these is given in paragraphs 64 to 65 below.
62. In other cases, IFAC member bodies and employers may choose not to enter into any such formal arrangements. Guidance for IFAC member bodies on working effectively with employers that are not Recognized Employers is given in paragraphs 72 to 75 below. In each case, the member body should ensure that the employer evidences the suitability of the training environment.
63. To ensure that the objectives of a period of practical experience are met, regular and effective communication between the member body, the mentor, the employer and the trainee is essential. IFAC member bodies will need to ensure that appropriate mechanisms are in place to facilitate regular communication between these parties.

**Establishing Recognized Employer Schemes**

- 64. IFAC member bodies may consider establishing a Recognized Employer (or similarly titled) scheme that recognizes employers that provide an environment in which trainees can gain relevant practical experience.
- 65. Recognized Employer schemes may recognize employers for a fixed period of time, after assessing their ability to provide relevant practical experience. They may also include a mechanism for renewing approvals after re-assessment. A process for revoking Recognized Employer status may also be needed where it becomes clear that an employer is no longer able or willing either to provide relevant practical experience, or to abide by the principles and rules of the scheme.

*Assessing and Approving the Practical Experience Environment*

- 66. IFAC member bodies establishing a Recognized Employer scheme may encourage employers to adopt four basic principles for trainees’ IPD during a period of practical experience, similar to those illustrated in Table 2 below:

**Table 2: Illustrative Recognized Employer Principles for Initial Professional Development**

<b>RECOGNIZED EMPLOYER PRINCIPLES FOR INITIAL PROFESSIONAL DEVELOPMENT</b>	
1.	Employers work with mentors and trainees to identify trainees’ development needs.
2.	Appropriate practical experience is provided to meet trainees’ development needs, including their need to meet the practical experience requirements of the relevant IFAC member body.
3.	Practical experience is monitored by the employer, usually via a mentor appointed by the employer in conjunction with the relevant IFAC member body.
4.	Trainees are regularly appraised, at least once per year (preferably more frequently), and their development needs re-assessed.

67. IFAC member bodies may need to collect and assess evidence from employers to ensure that they are (a) following the principles set out by the member body, and (b) providing a suitable environment for trainees to gain practical experience. Evidence could include:
- employment contracts;
  - job descriptions and role profiles;
  - employer training policies;
  - specific documents relating to the roles and responsibilities of trainees and mentors;
  - staff handbook;
  - appraisal/performance review documents; and
  - time sheets.
68. IFAC member bodies may adopt additional requirements for Recognized Employers that prepare trainees for qualification in specialist areas, such as audit. In some jurisdictions, such employers are referred to as “Approved Training Organizations,” or a similar name.

*Monitoring Employers Previously Recognized*

69. Periodic monitoring of Recognized Employers helps to ensure a continuing, suitable environment in which trainees can gain practical experience. IFAC member bodies may therefore establish monitoring systems for Recognized Employers that include regular site visits. These could include:
- meetings with employer representative(s) and reviews of employer documentation and training records; and
  - meetings with mentors and trainees to determine an employer’s continued adherence to the Recognized Employer scheme.

*Establishing a System of Periodic Reporting*

70. Where it is impractical to regularly visit all Recognized Employers, as described in paragraph 69 above, IFAC member bodies may establish alternative systems of periodic reporting that monitor employers’ adherence to the Recognized Employer scheme. Such systems could include:
- periodic, desk-based monitoring of employer documentation and training records; and
  - obtaining feedback from mentors and trainees (by mail, telephone or e-mail).
71. In establishing a system of monitoring Recognized Employers, IFAC member bodies may choose to combine elements of (a) periodic site visits, (b) regular desk-based monitoring, and (c) feedback from mentors and trainees.

### **Working with Employers that are not Recognized Employers**

72. Employers that are not members of a Recognized Employer scheme or similarly titled scheme may still, in many cases, be able to provide the practical experience required by a member body. This is often the case where trainees gain practical experience in the corporate sector. In such situations, the member body, together with mentors and trainees, will need to work with the employer to:
- plan the trainee’s practical experience so that it meets the employer’s needs, as well as the practical experience requirements of the member body;
  - ensure that the trainee gains a breadth and depth of practical experience, at increasing levels of complexity and responsibility; and
  - provide evidence that the trainee has gained the competences necessary for qualifying as a professional accountant.
73. To assist trainees before they begin a period of education leading to qualification as a professional accountant, IFAC member bodies should consider publishing easily accessible practical experience requirements and guidance that detail the expected roles and responsibilities of mentors, employers and trainees. Examples are provided, for illustrative purposes only, in the appendices to this IEPS.
74. Sometimes it is clear that an employer is unable or unwilling to provide the required practical experience. In this case, the member body will need to inform both the employer and the potential trainee, ideally before recognition, that alternative arrangements need to be made to meet the member body’s requirements for qualifying as a professional accountant.
75. IFAC member bodies may wish to establish periodic monitoring systems of trainees who work for employers that are not Recognized Employers to ensure that trainees continue to gain the relevant practical experience required to qualify as professional accountants. These could include:
- more frequent/more in-depth monitoring of mentors, to ensure that they continue to provide adequate supervision, mentoring, counseling, evaluation, support and advice to trainees;
  - more frequent/more in-depth monitoring of trainees’ records, to ensure that trainees are gaining relevant experience likely to satisfy the member body’s admissions requirements;
  - obtaining feedback from mentors and trainees (in person, or by mail, telephone or e-mail) on the suitability of the practical experience environment; and
  - meetings (if possible) with mentors and employer representative(s) to discuss trainees’ progress and the practical experience environment.

## Appendix 1: Illustrative Guidance for Mentors, Employers and Trainees

IFAC member bodies should consider developing easily accessible practical experience requirements. IFAC member bodies should also consider guidance for employers, mentors and trainees which is clear and appropriate to the environment to which it relates. Suggested content (for illustrative purposes only) for these is provided below.

### Suggested Content of Practical Experience Requirements

<b>Mentors</b>
<ul style="list-style-type: none"> <li>• State how mentors may be authorized to act as mentors;</li> <li>• Outline mentor obligations;</li> <li>• State any ethical principles and conduct (e.g., they must meet the member body’s CPD requirements);</li> <li>• Specify who can carry out the mentor role (i.e., experienced members of an IFAC member body);</li> <li>• Specify knowledge and skills requirements for mentors;</li> <li>• State practical experience requirements and requirements for the mentor’s periodic review of the trainee’s experience;</li> <li>• Specify the relationship and accessibility of the trainee to mentors (e.g., knowledge of trainee’s work required);</li> <li>• Specify any training, skills and monitoring requirements for mentors; and</li> <li>• Specify the mentor’s role in monitoring and assessing practical experience.</li> </ul>
<b>Employers</b>
<ul style="list-style-type: none"> <li>• State practical experience requirements and requirements for the employer’s periodic review of the trainee’s experience;</li> <li>• Consider different employer needs (e.g., employers in industry, employers in practice);</li> <li>• Reinforce quality of experience and support needed for trainees; and</li> <li>• Specify criteria for Recognized Employer status, the application process, and the monitoring regime.</li> </ul>
<b>Trainees</b>
<ul style="list-style-type: none"> <li>• State practical experience requirements, including records to be maintained;</li> <li>• Specify how the mentor and trainee should interact;</li> </ul>



- Specify trainee and member body obligations;
- State ethical principles and conduct;
- State how monitoring may be conducted; and
- State how trainees may gain experience in an environment where the employer is not a Recognized Employer.

### **Suggested Content of Guidance**

#### **Mentors**

- State technical requirements for practical experience;
- State the mentor role and responsibilities;
- Specify qualification requirements for mentors;
- Specify knowledge and skills required of mentors;
- State how to conduct reviews of experience and the importance of feedback to development of trainees;
- Specify how planning can contribute to competence development;
- Specify advisory services for problem resolution in mentoring;
- State the benefits of mentoring to all parties;
- Specify how updating of requirements may occur; and
- Specify the training available for mentors.

#### **Employers**

- State technical requirements for practical experience – competences, timeframes, recording, and mentor involvement;
- State requirements of Recognized Employer status, and how and when employers will be monitored;
- State mentor responsibilities and frequency of trainee reviews;
- Specify effective review methods;
- Specify how employers may support trainees;
- Specify how updating of requirements may occur; and
- Specify details of consultative processes to update practical experience requirements.

### **Trainees**

- State technical requirements on practical experience – competences required, timeframes and recording of experience;
- Specify who can act as a mentor;
- Specify how the trainee/mentor relationship should work;
- Specify ways of obtaining experience and gaining employer support;
- State benefits of practical experience;
- State ethical obligations; and
- Specify how updating of requirements may occur.

## **Appendix 2: Additional Illustrative Guidance for Trainees**

In some circumstances, trainees themselves may play a substantial role in establishing suitable conditions for obtaining the practical experience required by their member body. Where this is the case, IFAC member bodies should consider publishing additional guidance for trainees to help them:

- a) Obtain employment that will allow them to complete the required period of practical experience;
- b) Obtain guidance from a suitably qualified mentor, enabling trainees to demonstrate the professional knowledge; professional skills; and professional values, ethics and attitudes required of professional accountants; and
- c) Plan and record the period of practical experience to ensure that both the trainee's and the employer's objectives are met.

Suggested content (for illustrative purposes only) of such guidance is provided below:

<b>AREA (a) - Obtaining Relevant Employment</b>	
<b>Suggested Content of Guidance</b>	<b>Rationale</b>
<p>The workplace presents exposure to diverse situations and opportunities, and a variety of challenges.</p> <p>The workplace provides trainees with an ethical environment.</p> <p>Access to suitable mentors to direct and guide experience is available.</p> <p>Development opportunities are provided for the trainee.</p> <p>Achieves the practical experience requirement of the member body.</p> <p>Provides an understanding of what is required to qualify as a professional accountant.</p> <p>Ideally, work with a Recognized Employer.</p>	<p>Enables trainees to appreciate the variety of workplace challenges and ways to respond to challenges, while being guided in a supportive environment.</p> <p>Enables trainees to develop the required professional values, ethics and attitudes required of professional accountants.</p> <p>The mentor’s planning and guidance of experience enables a better range and depth of experience and learning.</p> <p>Trainees will be provided with access to learning opportunities as a result of exposure to diverse situations through feedback, and possible further opportunities for appropriate skills/knowledge development.</p> <p>Enables them to understand and meet the member body’s requirements and ensures they become competent professional accountants.</p> <p>Provides trainees with a clear understanding of the value of practical experience, and trainees’ and mentors’ roles and responsibilities, enabling trainees to achieve the necessary requirements in a planned and supported way.</p> <p>Recognized Employers provide a supportive environment in which trainees are developed and become competent professional accountants.</p> <p>Provides a full understanding of, and compliance with, member body requirements.</p>

<b>AREA (b) – Obtaining Guidance from a Suitably Qualified Mentor</b>	
<b>Suggested Content of Guidance</b>	<b>Rationale</b>
<p>Mentors are experienced members of an IFAC member body.</p> <p>Mentors have knowledge and understanding of trainees’ work.</p> <p>Mentors are able to provide opportunities for trainees to gain relevant experience.</p> <p>Mentors have an understanding of the member body’s requirements.</p> <p>Mentors are able to provide guidance and support to trainees.</p>	<p>Mentors will have the knowledge, understanding and experience to support trainees’ development.</p> <p>Mentors are aware of the trainees’ work activities and outputs, and can identify the trainees’ strengths and weaknesses/areas for development.</p> <p>Mentors help establish a planned approach to experience to ensure that trainees increase their level of responsibility and effectively achieve the required experience and competence.</p> <p>Mentors are aware of what the member body requires of trainees, and can help incorporate those requirements within the workplace. This provides an efficient way of obtaining experience and demonstrating competence that meets the member body’s requirements.</p> <p>Trainees are given feedback and coached to achieve the appropriate level of competence. Trainees’ skills are developed and improved.</p>

<b>AREA (c) – Planning and Recording Practical Experience</b>	
<b>Suggested Content of Guidance</b>	<b>Rationale</b>
Need to align employer objectives with member body requirements.	As trainees obtain experience and develop, they continue to add value to their employer’s business. This also provides a structure to achieve the competence required by the member body.
Clear objectives for attaining competence.	A planned approach ensures the development and demonstration of competences, and meeting the member body’s requirements.
Includes exposure to relevant, up-to-date and emerging work practices.	Experience enables trainees to apply in practice what they have studied.
Competences to be achieved.	Experience has clear outcomes and benefits, motivates trainees, and helps to keep them engaged and effective.
Progressive levels of responsibility.	Trainees will be given responsibility as they develop and demonstrate competence. They will gain broader exposure and develop and demonstrate additional skills, including interpersonal and managerial skills.
Consideration of ethical issues.	Trainees will meet the requirements set out in IES 4, <i>Professional Values, Ethics and Attitudes</i> , prescribing the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification.
Recording practical experience.	Assists trainees in planning work activities, understanding and reflecting on how they have applied competence gained at work, and providing evidence to the member body of experience gained.





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