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## Members in Education, November 2003

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# Members in Education

November 2003

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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## IFAC Releases First International Education Standards

IFAC  
update

The International Federation of Accountants (IFAC) Education Committee has released its first International Education Standards for Professional Accountants (IESs) along with supporting documents that explain the framework of the standards and how they are to be used. The standards, which are based on previously issued education guidelines, prescribe the essential elements of education—and practical experience—needed to become a professional accountant. Titles of the new documents are:

- *Framework for International Education Statements*
- *Introduction to International Education Standards*
- *IES 1, Entry Requirements to a Program of Professional Accounting Education*
- *IES 2, Content of Professional Accounting Education Programs*
- *IES 3, Professional Skills*
- *IES 4, Professional Values, Ethics and Attitudes*
- *IES 5, Practical Experience Requirements*
- *IES 6, Assessment of Professional Capabilities and Competence*

Designed to be of assistance primarily to IFAC member bodies, the standards provide an important framework for all those interested in ensuring the high-quality performance of professional accountants, including statutory/regulatory authorities involved with accounting education. Additionally, adoption of the standards will help to promote consistency and convergence in the accounting education processes adopted throughout the world.

“It is important to note that these standards establish essential elements (e.g., subject matter, methods and techniques) that education and development programs are expected to contain and have the potential for

international recognition, acceptance and application,” states Warren Allen, chairman of IFAC’s Education Committee. Although the standards are prescriptive in nature, they cannot override authoritative local pronouncements or regulations.

All member bodies are expected to comply with the standards effective Jan. 1, 2005.

The Framework for International Education Statements sets out the objectives and operating procedures of the Education Committee and explains the nature, scope and authority of three forms of guidance:

- International Education Standards for Professional Accountants (IES)
- International Education Guidelines for Professional Accountants (IEG)
- International Education Papers for Professional Accountants (IEP)

To ensure that the standards reflect the current environment in which professional accountants operate, the Education Committee seeks input on the development of the standards through an extensive consultative process. All standards and guidelines developed by the committee are released on exposure and comments are carefully considered prior to the final IES or IEG being issued. The framework also includes a glossary of the terms used in the standards.

### Introduction to International Education Standards

The Introduction document provides background information about the purpose, scope and development of IES. It explains the scope of issues covered in the standards, and discusses ways the standards may be adopted and applied to the education programs of IFAC member bodies. Additionally, the

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Introduction provides commentary on different teaching methods and the integration of education and practical experience to develop a foundation for lifelong learning.

### **IES 1, Entry Requirements to a Program of Professional Accounting Education**

IES 1 prescribes the requirements for entry to an IFAC member body's program of professional accounting education and practical experience. Its aim is to ensure that students striving 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.

The standard requires candidates to have education that is at least equivalent to what is required for admission into a recognized university degree program or its equivalent. It also provides some commentary on how to assess entry-level qualifications.

### **IES 2, Content of Professional Accounting Education Programs**

IES 2 prescribes the professional accountancy knowledge that all candidates need to function competently as professional accountants. The standard sets out the knowledge required in three key areas: accounting, finance and related knowledge; organizational and business knowledge; and IT knowledge. It also identifies the subjects to be covered in each of these key areas.

The knowledge may be gained in an academic environment (i.e., a university degree) or within a member body's own program of professional study. The standard acknowledges the constant change and expansion of knowledge required for professional accountants, the necessity to adapt to the needs of the market and, therefore, the weighting of subjects can vary from one program to another.

### **IES 3, Professional Skills**

IES 3 prescribes that individuals who seek to qualify as professional accountants acquire a mix of skills in the following areas: intellectual; technical and functional; personal; interpersonal and communications; and organizational and business management. The nature of these skills is described in the standard. This standard also addresses how general education, which may be gained in a variety of ways and contexts, contributes to the acquisition of these skills, and encourages lifelong learning.

### **IES 4, Professional Values, Ethics and Attitudes**

Professional values, ethics and attitudes identify professional accountants as members of a profession and should shape everything they do as professionals. IES 4 specifies that professional accounting education programs should provide candidates with a framework of professional values, ethics and attitudes for exercising professional judgment and for acting in an ethical manner that is in the best interest of society and the profession. The program should lead to a commitment to:

- The public interest and sensitivity to social responsibilities;
- Continual improvement and lifelong learning;
- Reliability; responsibility, timeliness, courtesy and respect; and
- Laws and regulations.

### **IES 5, Practical Experience Requirements**

This standard aims to ensure that candidates seeking to qualify as professional accountants have acquired the practical experience considered necessary before presenting themselves to the public as professional accountants. It prescribes a minimum of three years of practical experience is required before qualification as a professional accountant. The standard allows up to 12 months of professional education (beyond undergraduate) with a strong element of practical accounting application to contribute to the period of practical experience.

### **IES 6, Assessment of Professional Capabilities and Competence**

IES 6 sets out that the IFAC member body is responsible for having in place appropriate assessment procedures to ensure candidates possess the required professional capabilities and competencies before awarding qualification as a professional accountant. This standard prescribes that a significant proportion of this final assessment should test underpinning theoretical knowledge as well as the practical application of knowledge. It also provides examples of those capabilities and competencies.

In addition to the above pre-qualification standards, which had previously been exposed for comment, the Education Committee was planning to re-expose a proposed standard on continuing professional development by Nov. 1, 2003.

IFAC is the worldwide organization for the accountancy profession. Its mission is to develop and enhance the profession to enable it to provide services of consistently high quality in the public interest. Its current membership consists of 155 professional accountancy bodies in 114 countries, representing more than 2.4 million accountants in public practice, education, government service, industry and commerce.

The AICPA and NASBA are among IFAC's member bodies that participate in the Education Committee's deliberations, along with the U.S. representative on the committee. In addition, both organizations have provided input on the exposure drafts of the above pre-qualification standards as well as on the proposed continuing professional development standards.

The standards can be downloaded free of charge from the IFAC Web site:



[www.ifac.org](http://www.ifac.org)

For more information, contact Bea Sanders, Director, Academic and Career Development.



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## IFAC Report on Rebuilding Public Confidence in Financial Reporting

An International Federation of Accountants (IFAC) task force comprised of representatives from six countries

(Australia, Canada, France, Japan, the United Kingdom and the United States) has issued a report entitled *Rebuilding Public Confidence in Financial Reporting: An International Perspective*.



[www.ifac.org/credibility/](http://www.ifac.org/credibility/)

The report includes recommendations for strengthening corporate governance,

improving audit effectiveness, and raising the standard of regulation of issuers. It suggests actions that should be taken not only by the accountancy profession, but also by all those involved in the financial reporting process, including management, audit committees, boards of directors, analysts, and regulators.

## Minority Scholarship awards Winners

Recognizing the shortage of minorities in the accounting profession, the AICPA's Scholarship for Minority Accounting Students provides awards to outstanding minority graduate and undergraduate students who show significant potential to become certified public accountants. The mission of the Minority Initiatives Committee (MIC) is to actively integrate minorities into the accounting profession to become CPAs and enhance their upward mobility. The MIC has administrative responsibility for several programs to meet this objective, including: the AICPA Scholarships for Minority Accounting Students, University Outreach Programs, the Accounting Scholars Leadership Workshop, College Residency Grants, Doctoral Fellowships for Minority Accounting Students, Faculty

Development Programs, the Ph.D. Project and the "Be a Star in Business" advertising campaign.

For the 2003–2004 academic year, 154 scholarships were awarded in excess of \$500,000. In addition to being top academic students at their universities, scholarship recipients demonstrate leadership skills, work full or part time, have completed internships in accounting-related positions and have participated in other extracurricular activities. Over the last 10 years, the AICPA, through the AICPA Foundation, has awarded more than \$6 million in minority accounting scholarships. For a list of scholarship winners and an application for the 2004–2005 academic year, visit the scholarship section of the AICPA Minority Initiatives Web site:



[www.aicpa.org/members/div/career/mini/index.htm](http://www.aicpa.org/members/div/career/mini/index.htm)

*Note:* Applications will be available beginning Mar. 1, 2004, for the 2004–2005 academic year.

## Efforts to Increase Minority Ph.D.'s Remains a Priority

A college professor is often one of the most influential people who guide the career decisions of young people. Their knowledge of the work environment and their work experiences provide students with a road map of potential career opportunities in accounting and as a CPA. The

AICPA Fellowships for Minority Doctoral Students recognizes this fact and was established to enable more minorities to enter and move ahead in academe and the accounting profession. The program has been in existence in various forms for the past 30 years and has gained momentum in conjunction with the Ph.D. Project, a program supported by the AICPA. Since inception, 44 individuals have received their Ph.D. in Accounting and are serving as role models at universities across the

country. Currently there are 18 doctoral students receiving fellowships.

For a list of current Doctoral Fellowship recipients and a fellowship application, visit the Fellowship section of the AICPA Minority Initiatives Web site:



[www.aicpa.org/members/div/career/mini/index.htm](http://www.aicpa.org/members/div/career/mini/index.htm)

*Note:* that applications for the 2004–2005 academic year will be available beginning Jan. 2004 and are due Apr. 2004.

## Call for 2004 Professor/Practitioner Cases

The deadline to submit case proposals for the 2004 Professor/Practitioner Case Development Program is Dec. 1, 2003. Refer to *The CPA Letter* July/Aug. issue for information about the call for cases. Selected cases are copyrighted by the AICPA, published and distributed to academic institutions, and made available online. Accepted cases are further considered for invited presentation at one of several education-oriented conferences. An additional recognition for the authors whose cases are

selected for development is that each of the authors will be able to attend one AICPA conference of their choice, fee registration waived.

For detailed information and an application:



[www.aicpa.org/members/div/career/edu/ppcdp.htm](http://www.aicpa.org/members/div/career/edu/ppcdp.htm)



[educat@aicpa.org](mailto:educat@aicpa.org)

## AICPA's Competency Self-Assessment Tool (CAT)

AICPA's Competency Self-Assessment Tool for Business and Industry/New Finance (CAT) may be used by students, educators, finance professionals, and employers to strategically plan career development. The CAT offers each of these stakeholder groups a great way to compile an "inventory" of their key competencies as well as a "procurement list" of the competencies needed for future success. Moreover, the tool provides specific suggestions for the training, education, and development that will prepare users for a desired career move.

The CAT is now available online, and it is backed up by extensive research about the knowledge, skills and abilities that are required and valued in a wide variety of financial job categories. Upon entering—through CPA2Biz—users are prompted to select a Profile representing the job category that they are targeting for the future. These profiles range from Staff Accountant—Entry Level (which may be appropriate for an accounting student) to CFO—Publicly Held Corporation (for a more seasoned professional or for someone interested in pre-requisite competencies for her ultimate career goal.) Educators may use the profiles to provide

career counseling to students and alums, as well as for their own development. Although the CAT is not designed for use by third parties, employers may adapt the profiles for many purposes, including: preparation of job descriptions and requisitions; screening candidates for positions; evaluating employees; and for succession planning.

Once a Profile is selected, the user is presented with a grid describing a single competency identified with the desired position. Levels of proficiency (Basic, Intermediate, and Advanced) associated with the competency are described in detail so users may assess their current level. Users check off their self-assessment of proficiency for each competency, and this information is stored for later analysis. The desired level for the targeted position is also indicated on the grid for the user's reference.

Once the grid is completed for all the competencies that the user chooses to assess, the analysis and planning activities may begin. Users may view a Gap Analysis, which is a graphic representation comparing the profile's desired proficiency to the user's current proficiency in each competency. This "inventory" allows users to clearly identify areas that need to be addressed. The next step is to build a learning plan or "procurement list." The tool enables users to select those competencies that are most in need of development (up to four are suggested). Next, the

tool produces a listing of learning opportunities offered by the AICPA, state CPA societies, and alternative self-directed activities—such as a reading list. Users may also enter learning plans they design themselves. A Learning Plan Summary report allows users to plan and document their development by entering targeted starting dates and completion dates for each selected activity. (Both the GAP Analysis and Learning Plan may be downloaded in HTML format for printing.)

A recent addition to the CAT is the 360-Degree Assessment Report. This feature provides a customized form that users can distribute to their superiors, subordinates, customers, colleagues and others for their assessment of the user's proficiency level (Basic to Advanced) with respect to each competency. The 360-Degree Assessment Report provides users with valuable insight on how others view their proficiency, and much can be learned from this exercise.

The CAT is a dynamic resource. Feedback from users and changes in the finance environment are continuously monitored by AICPA staff and periodically reviewed by a task force with expertise in the New Finance. This ensures that content is current and functionality is state-of-the-art. The best way to learn more about the CAT is to use it. For access:



[www.cpa2biz.com/cat](http://www.cpa2biz.com/cat)

## CPA Exam Update in the *JofA*

The paper version of the exam will be given for the last time on Nov. 5 and 6. Beginning Apr. 5, 2004, the computer-based test (CBT) will be offered year-round at Prometric and state-board-of-accountancy-authorized testing centers across the United States and its territories.

A series of articles on the CBT titled "Special Report—Professional Issues" is appearing in the *Journal of Accountancy* (*JofA*). Questions and answers designed to help candidates prepare for the CBT appeared in the Sept. issue.



[www.aicpa.org/pubs/jofa/sep2003/special.htm](http://www.aicpa.org/pubs/jofa/sep2003/special.htm)

Future issues of the *JofA* will provide details on an exam tutorial and include interviews in which state society leaders, educators and CPA firm partners offer their views of the computerized exam. Also, CPA candidates scheduled to take a prelimi-

## cpa exam update

nary version of the test in the coming months will give readers their firsthand impressions of the experience.

The Oct. issue features an interview with Mike Bolas, a corporate practitioner, adjunct accounting professor and member of the AICPA committee that developed the test's content. Mr. Bolas offers insights into what the CBT is and how it will benefit the public interest.

The Dec. issue of the *JofA* will feature an interview with David Costello, President and CEO of the National Association of State Boards of Accountancy. The Jan. issue will contain an article offering insights and comments from CPA Exam review course providers.



[www.aicpa.org/pubs/jofa/oct2003/special.htm](http://www.aicpa.org/pubs/jofa/oct2003/special.htm)

For more information and the latest news about the CBT:



[www.cpa-exam.org](http://www.cpa-exam.org)