

Proposed International Education Practice Statement

Practical Experience
Requirements – Initial
Professional Development for
Professional Accountants



International Federation
of Accountants

REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB), an independent standard-setting body within the International Federation of Accountants (IFAC), approved this exposure draft, *Practical Experience Requirements – Initial Professional Development for Professional Accountants* for publication on January 1, 2007. This proposed International Education Practice Statement (IEPS) may be modified in light of comments received before being issued in final form.

Please submit your comments, preferably by email, so that they will be received by **March 31, 2007**. All comments will be considered a matter of public record. Comments should be addressed to:

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Email responses should be sent to: Edcomments@ifac.org

Copies of this exposure draft may be downloaded free-of-charge from the IFAC website at <http://www.ifac.org>.

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides some background to, and an explanation of, the proposed International Education Practice Statement (IEPS) *Practical Experience Requirements – Initial Professional Development for Professional Accountants*, approved for exposure by the International Accounting Education Standards Board (IAESB) in January 2007.

IEPSs assist IFAC member bodies to implement generally accepted good practice in educating and developing professional accountants.

Background

Trainees gain the professional knowledge, professional skills, and professional values, ethics and attitudes they require to perform their work with professional competence through a combination of formal education and practical experience. A period of supervised practical experience under the guidance of a mentor enables trainees to integrate knowledge gained through formal education with experience in real work environments. This leads to a deeper understanding of the capabilities and competence required of a professional accountant than could be gained through formal education alone.

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. This proposed IEPS provides guidance for IFAC member bodies on good practice in implementing IES 5. This IEPS is also relevant for IFAC member bodies implementing IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* and IES 8, *Competence Requirements for Audit Professionals*.

Content of Proposed IEPS

The proposed IEPS is divided into two parts. Section 1 provides guidance on good practice in meeting the requirements of IES 5 regarding the period of practical experience. It suggests how 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.

Section 2 provides guidance to member bodies on good practice in meeting the requirements of IES 5 regarding monitoring and control of trainees during the period of practical experience, including specific guidance on (a) the role of the mentor, (b) recording and assessing practical experience, and (c) working effectively with employers.

Significant Proposals

Initial Professional Development

The proposed IEPS introduces the concept of “Initial Professional Development” (IPD) at the pre-qualification stage, as the first stage of a learning continuum for professional accountants. After qualification, development continues through continuing professional development (CPD).

It is proposed that IFAC member bodies may consider developing an integrated system of professional development that encompasses both pre- and post-qualification stages.

Combined Approach to Meeting IES 5 Requirements

The proposed IEPS suggests that member bodies should consider adopting a combined approach to meeting the requirements of IES 5 – meeting the requirement for a minimum three-year period of practical experience while adopting elements of an output-based approach to assess competence developed by trainees during that period. Examples are provided as to how member bodies may (a) choose to interpret the minimum three-year requirement, and (b) set defined standards for competence.

Illustrative Framework for Practical Experience

IFAC member bodies determine the specific competences required of professional accountants at point of qualification, relevant to their environment. There are, however, a number of generic areas of professional knowledge and professional skills the IAESB believes are relevant for all professional accountants, which may be demonstrated through a period of practical experience. These are set out as an illustrative framework for practical experience in Table 1 in the proposed IEPS.

Simulation

The IAESB recognizes that some students may find it difficult to gain practical experience in specific areas. To enable such students to demonstrate competence the proposed IEPS suggests that member bodies may choose to develop simulations that supplement practical experience.

Role of the Mentor

The proposed IEPS includes specific guidance on the role of the mentor, and suggests that member bodies establish a mentoring process that includes procedures for:

- identifying potential mentors;
- appointing and/or approving mentors;
- monitoring mentors; and
- assessing and re-appointing mentors.

The draft IEPS also introduces the concept of a remote mentor - a mentor appointed by the IFAC member body to supervise a trainee's period of practical experience, where the trainee's employer is unable to provide a suitably qualified mentor.

Establishing a “Registered Employer” Scheme

The proposed IEPS suggests that member bodies may choose to establish a scheme that recognizes employers providing a supportive environment in which trainees gain relevant practical experience, setting a number of criteria that may be monitored to ensure that the quantity and quality of experience provided is acceptable.

Assessment of Practical Experience

The proposed IEPS highlights the role of the mentor in assessing trainees' practical experience. A number of examples are given of ways in which this assessment may be carried out.

Guide for Commentators

The IAESB would like to receive comments on all matters addressed in this proposed IEPS, particularly the "Significant Proposals" summarized above. Anyone offering comments should refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make explicit suggestions for proposed changes to wording. The IAESB would also like to hear from respondents agreeing with the proposals in this exposure draft.

The IAESB is particularly interested in comments on the matters set out below:

- 1) What are respondents' views on the introduction of the concept of "Initial Professional Development" (IPD)? Is this helpful to member bodies and trainees (and others)? Please explain.
- 2) What are respondents' views on the usefulness of the framework for practical experience (Table 1)? Is the table helpful and complete? Please explain your views.
- 3) The IAESB has tried to develop guidance that can be applied by member bodies across a range of training environments. What are respondents' views on the applicability of the proposed guidance for accountants training in business and/or SMEs/SMPs?

INTERNATIONAL EDUCATION PRACTICE STATEMENT

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 set detailed practical experience requirements for their trainees in accordance with this standard.
3. IFAC member bodies are responsible for the implementation of IESs. The International Accounting Education Standards Board (IAESB) recognizes, however, (a) the wide diversity of culture, language, and educational, legal, and social systems in the countries of their member bodies, (b) the wide variety of functions accountants perform, and (c) that member bodies are at different stages in developing their pre-qualification educational programs.
4. This IEPS provides guidance on good practice in implementing IES 5. This IEPS is also relevant for IFAC member bodies implementing IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence* and IES 8, *Competence Requirements for Audit Professionals*.

Objectives of a Period of Practical Experience

5. The objectives of a period of practical experience are to:
 - (a) 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) help trainees develop the skills they need to maintain competence.
6. Students gain the professional knowledge, professional skills, and professional values, ethics and attitudes they require to perform their work competently through a combination of formal education and practical experience. Different combinations of formal education and practical experience are required for qualification as a professional accountant in different parts of the world.
7. Although the professional knowledge and professional skills required by a professional accountant are likely to change as their career develops, the professional values, ethics and attitudes required of professional accountants endure. These are first developed in pre-qualification education programs, and are demonstrated in real work environments through a period of practical experience.
8. A period of practical experience under the guidance of a mentor enables trainees to integrate knowledge gained through formal education with experience in real work environments. 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 business. Employers that support trainees during their period of practical experience may benefit from greater employee satisfaction and staff retention, and more effective succession planning.
- **Mentors** apply and develop their own knowledge and skills (especially interpersonal skills) which may count towards mentors' own CPD requirements. They also contribute to the development of their professional body, 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)¹. 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:
- the focus of both IPD and CPD 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 systems encompassing 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 activities.

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

¹ This term is defined in paragraph 11 below.

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 terms²:

Registered Employer: an organization, or a unit within an organization, accepted by the IFAC member body as providing a suitable environment in which trainees gain relevant experience before qualification as professional accountants.

Initial Professional Development (IPD): pre-qualification training activities through which trainees acquire and demonstrate the competence required of professional accountants.

² These terms 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 good practice guidance for IFAC member bodies seeking to implement the requirements of IES 5, *Practical Experience Requirements*. Although IFAC member bodies retain overall responsibility for meeting its requirements, this IEPS also provides guidance for employers, mentors and trainees on their roles and responsibilities regarding a period of practical experience.
13. Member bodies are likely to adopt elements of different approaches to 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 at the time of qualification 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 at the time of qualification 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 outcomes³.
14. Input-based systems have traditionally been used to measure the development of competence because of the ease of their measurement and verification. One of their advantages is that they may facilitate comparison between systems adopted by different member bodies. Input-based approaches have limitations, however. For example, they do not measure performance outcomes or the level of competence developed.
15. In the context of output-based systems, it can be challenging to set, measure and 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. IES 5's requirements for a period of practical experience include (a) 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), and (b) requirements for measuring outcomes, such as the requirement that trainees demonstrate competences achieved (IES 5, paragraph 12).

³ 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 member bodies on good practice in meeting the requirements of IES 5 regarding the period of practical experience (IES 5, paragraphs 10 to 17). It suggests how 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 member bodies on good practice 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), including specific guidance on (a) the role of the mentor, (b) recording and assessing practical experience, and (c) working effectively with employers.
19. Suggested content (for illustrative purposes only) of (a) practical experience requirements and (b) additional guidance that 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 member bodies on meeting the requirement of IES 5 for a period of practical experience to be long enough and intensive enough to permit candidates to demonstrate the professional knowledge; professional skills; and professional values, ethics and attitudes required for performing their work with professional competence, and for continuing to learn throughout their careers (IES 5, paragraph 10).
21. In meeting the requirements of IES 5, member bodies should consider adopting a combined approach – meeting the requirement for 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 Experience⁴

22. A period of practical experience (a) gives trainees exposure to real 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 the period of practical experience to be at least three years. Member bodies may interpret and express this requirement in a number of ways, including:
 - setting requirements for trainees to gain experience across a range of specific work-related areas during a minimum three-year period of practical experience;
 - setting requirements for trainees to gain experience in work-related areas directly related to their intended professional specialism(s) during a minimum three-year period of practical experience;
 - 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 within the minimum three-year period; and
 - setting differential requirements of three years or more, depending on the background and intended career path of the trainee.

⁴ Note – all items in this subsection relate to input measures.

24. 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 institution⁵.
25. 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, member bodies may set requirements including, 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
 - trainees demonstrate the relevance of their practical experience to their current/future role; and/or
 - only part of the practical experience gained will be recognized by the member body the trainee wishes to join.
27. To ensure that trainees gain practical experience relevant to their current and future work roles, and that competence developed through practical experience does not become outdated, member bodies may specify a maximum period in which trainees can 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 trainees require, it is important that a trainee's period of practical experience is linked to their formal education in a constructive and coherent way. For example, it may be necessary for trainees to demonstrate a certain level of technical knowledge before exercising professional judgment on that topic. This link may be achieved in at least three ways, including by:
 - requiring trainees to complete their formal education before undertaking a period of practical experience; and/or
 - requiring trainees to undertake a period of practical experience concurrent with their formal education; and/or
 - providing a mapping that links the formal education program and practical experience competences/outcomes.
29. Where formal education programs include substantial internships (periods of real work experience undertaken during the accounting education program), member bodies may recognize relevant experience as contributing to the overall practical experience requirement, provided that experience was gained under the direction of a mentor.
30. The IAESB recognizes that some systems of accounting education emphasize the formal education component, which may contain a significant proportion of practical accounting

⁵ These may include other IFAC member bodies.

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.

Demonstrating Professional Competence⁶

31. 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.
32. Member bodies will determine (a) the specific competences required of trainees, as appropriate 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, member bodies may require trainees to demonstrate a continued ability to perform relevant roles or tasks to a level appropriate for qualification as a professional accountant.
33. Member bodies may establish a framework for practical experience including the areas outlined in IES 5, paragraph 17. Good practice suggests that member bodies ensure trainees gain practical experience sufficient to develop and demonstrate competence in each of these areas.
34. A sample 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;
 - Information Technology (IT); and
 - Professional Skills.

IT, while included as a separate column in Table 1 for illustrative purposes, enables the application of the other areas set out above.

⁶ Note – all items in this subsection relate to output measures.

Table 1: Illustrative Practical Experience Framework

	Gaining Responsibility	Business Awareness	Application of Professional Values, Ethics and Attitudes	Application of Technical Knowledge	Information Technology (IT)	Professional Skills
AREAS	<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, making confident decisions and recommendations</i></p> <p>See IES 5, paragraph 17 (d)</p>	<p><i>The ability to relate accounting work to other business functions and activities</i></p> <p>See IES 5, paragraph 17 (b)</p>	<p><i>Trainees need to demonstrate a general level of knowledge of IT and IT control, plus knowledge and understanding of the competence elements relating to one of the three additional roles set out in IEPS 2.1.⁷</i></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"> • Intellectual skills;
LEVELS	<p>Level 1</p> <p>Gathering Information</p>	<p>Understanding relevant organizations, industries and markets and 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>Understanding the technical basis and content for work.</p>	<p>Understanding general IT and IT control issues as they relate to the work of a professional accountant, and their effect on the organization and the business environment.</p>	<ul style="list-style-type: none"> • Technical and functional skills; • Personal skills; • Interpersonal and communication skills; and

⁷ IEPS 2.1, *Information Technology for Professional Accountants* provides additional guidance for member bodies on the development of IT competences.

PRACTICAL EXPERIENCE REQUIREMENTS – INITIAL PROFESSIONAL DEVELOPMENT
FOR PROFESSIONAL ACCOUNTANTS

	Level 2 Analysis and Options	Analyzing relevant organizations' environments, structures and business objectives; and the business environment.	Identifying key issues and understanding the implications of different courses of action.	Relating theoretical studies to practical work, and understanding how the breadth of technical knowledge impacts on work.	Analyzing IT and IT control systems and processes, and understanding the impact of changes in these on the organization.	<ul style="list-style-type: none"> Organizational and business management skills. <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>
	Level 3 Applying Knowledge and Skills in a Real Work Environment	Critically assessing performance, making recommendations for improvement, giving advice, and applying relevant reporting requirements.	Exercising ethical sensitivity and judgment and applying professional values, ethics and attitudes in real work environments.	Applying technical knowledge in real work environments.	Applying general IT and IT control, and user role knowledge and skills to make recommendations for improvement, and giving advice.	

35. Individuals undertaking specific work roles will require competences relevant to those roles. IES 8, *Competence Requirements for Audit Professionals*, contains specific requirements for a period of relevant experience required of an individual assuming the role of audit professional.
36. 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.
37. To gain the relevant experience required for qualification as a professional accountant, member bodies may consider encouraging trainees to explore opportunities such as secondment or job rotation with their current employer.

Updating Practical Experience Requirements

38. Member bodies may regularly review practical experience requirements to ensure they remain current and relevant. Competences required of trainees during their period of practical experience change over time. Member bodies may therefore (a) consult with others, including employers, and/or (b) conduct periodic studies, to review the competences required of professional accountants and update their practical experience requirements accordingly.
39. Although minor changes to practical experience requirements can be made as and when necessary, good practice suggests that the member body conduct a major review of these requirements when updating syllabus requirements. This 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 “Registered Employer” scheme, and others);
 - academe;
 - mentors;
 - professional accountants (i.e., members of the member body); and
 - trainees.

Section 2: Monitoring and Control

Overview

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

Role of the Mentor

42. 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.
43. Mentors’ specific responsibilities may vary with the environment in which the mentor and their trainee(s) operate. Good practice suggests, however, that all mentors should aim to:
 - understand trainees’ work, and their need to gain relevant practical experience for qualification as a professional accountant;
 - regularly review trainees’ experience;
 - influence 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 member bodies on their assessment of trainees’ (a) application of ethical judgment, (b) behavior, and (c) development of the professional knowledge and skills required for qualification as a professional accountant.
44. 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

45. Member bodies may consider establishing a formal mentoring process, supported by appropriate documentation (e.g., process flowcharts). It will likely identify key elements of such a process, including:
- identifying potential mentors;
 - appointing, approving and training mentors;
 - monitoring mentors; and
 - alternative mentoring arrangements (where necessary).

Identifying Potential Mentors

46. An important part of the mentoring process is a mechanism by which suitably qualified and experienced members of IFAC member bodies are encouraged to apply to become mentors. This could include:
- member bodies encouraging suitable professional accountants, including retirees, to volunteer to become mentors (member bodies may publish and advertise the advantages of carrying out this role);
 - 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

47. Member bodies may establish appointment/approval and training systems to enable them to select and train the most qualified applicants. In doing so, 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 the mentoring process;
- professional and technical issues relevant to practical experience; and
- any other specific requirements and responsibilities in relation 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 received by trainees; and
- willing and able to participate in programs of mentor training.

Monitoring Mentors

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

Alternative Mentoring Arrangements

49. The IAESB recognizes that suitably qualified mentors may not always be available in a trainee's workplace, particularly in small and medium-sized enterprises and in the corporate sector. Where this is the case, 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. This may be done, for example, by establishing a "Mentor Charter for Trainees" that details the required support and the obligations of all parties.
 - b) Seeking the support of suitably qualified mentors from those 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

50. IES 5 (paragraph 19) requires mentors to periodically review trainees' records of practical experience. 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. Using these records, mentors and/or member bodies can regularly monitor the relevance, depth, and length of experience.
51. Records of practical experience support the mentor's ability to provide timely feedback to trainees and/or 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 employees; and
 - trainee with evidence of experience that may be used when seeking future employment.
52. Member bodies should consider reviewing trainees' records of practical experience periodically, using an appropriate sampling methodology where it is not practicable to review all trainees' records.

Assessing Practical Experience

53. As suggested in paragraph 33 above, member bodies may develop a framework for practical experience appropriate for their environment that directs mentors, employers and trainees to the areas in which they are expected to gain practical experience.
54. Where this is the case, the member body may require the mentor to confirm, in writing, that the trainee has demonstrated the required competences. As discussed in paragraph 32 above, member bodies may require trainees to demonstrate a continued ability to perform relevant roles or tasks to a level appropriate for qualification as a professional accountant.
55. 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).
56. Evidence and documentation that mentors may require to support their assessment of trainees' competence could include:
 - practical experience training records;
 - learning logs, trainee diaries, or similar records; and

- portfolios of evidence (e.g., accounts prepared by the trainee, meeting reports, spreadsheet models, etc).
57. As part of the assessment, member bodies should encourage mentors to provide regular feedback to trainees on their achievement of competences. Good practice suggests that this should take place at least annually (preferably more frequently), rather than only at the end of a period of practical experience.
58. IES 5 (paragraph 18) requires that, before admitting a candidate to membership, the IFAC member body should ensure that the practical experience candidates have gained is acceptable. In order 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 certifying 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.

Working with Employers

59. Employers, in many cases, play vital roles in (a) working with IFAC member bodies and trainees to ensure the completion of a period of practical experience that satisfies member bodies' requirements, (b) identifying and supporting mentors, and (c) helping to match mentors and trainees.
60. 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 titled "Registered Employer" schemes, or similar. Guidance on establishing these is given in paragraphs 62 to 69 below.
61. In other cases, IFAC member bodies and employers may choose not to enter into any such formal arrangements. Guidance for member bodies on working effectively with non-registered employers is given in paragraphs 70 to 74 below.

Establishing Registered Employer Schemes

62. IFAC member bodies may consider establishing a "Registered Employer" (or similarly titled) scheme that recognizes employers that provide an environment in which trainees gain relevant practical experience.

63. “Registered 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 Registered Employer status may also be needed where it becomes clear that an employer is no longer able either to provide relevant practical experience, or to abide by the principles and rules of the member body’s scheme.

Assessing and Approving the Practical Experience Environment

64. Member bodies establishing a “Registered 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 “Registered Employer” Principles for Initial Professional Development

“REGISTERED EMPLOYER” PRINCIPLES FOR INITIAL PROFESSIONAL DEVELOPMENT
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, and their development needs re-assessed.

65. 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.
66. Member bodies may adopt additional requirements for registered 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 similar.

Monitoring Employers Previously Registered

67. Periodic monitoring of registered employers helps to ensure a continuing, suitable environment for gaining practical experience. Member bodies may therefore establish

monitoring systems for registered 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 "Registered Employer" scheme.

Establishing a System of Periodic Reporting

68. Where it is impractical to regularly visit all registered employers, as described in paragraph 67 above, member bodies may establish alternative systems of periodic reporting that monitor employers' adherence to the "Registered Employer" scheme. Such systems could include:

- periodic, desk-based monitoring of employer documentation and training records; and
- obtaining feedback from mentors and trainees (by post, telephone or e-mail) to determine an employer's continued adherence to the requirements of the "Registered Employer" scheme.

69. In establishing a system of monitoring registered employers, 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 Non-Registered Employers

70. Employers that are not members of a "Registered Employer" or similar scheme may still, in many cases, provide the practical experience required by a member body. This is often the case for trainees gaining practical experience in the corporate sector. In such situations, the member body, together with mentors and trainees, will likely 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 qualification as a professional accountant.

71. In order to assist trainees before they begin a period of education leading to qualification as a professional accountant, 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 of the content of such practical experience requirements and guidance are provided, for illustrative purposes only, in the appendices to this IEPS.

72. Sometimes it is clear that an employer is unable or unwilling to provide the required practical experience. In this case, good practice suggests that the member body inform both the employer and the potential trainee, ideally before registration, that alternative arrangements need to be made to meet the member body's requirements for qualification as a professional accountant.
73. 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. Good practice suggests that member bodies ensure that appropriate mechanisms are in place to facilitate regular communication between these parties.
74. Member bodies may wish to establish periodic monitoring systems of non-registered 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 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 they are gaining relevant experience likely to satisfy the member body's admissions requirements;
 - obtaining feedback from mentors and trainees (in person, or by post, telephone or e-mail) as to 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

Good practice suggests that member bodies should consider developing easily accessible (a) practical experience requirements and (b) guidance for employers, mentors and trainees which are clear and appropriate to the environment to which they relate. Suggested content (for illustrative purposes only) for these is provided below:

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

<ul style="list-style-type: none"> • State ethical principles and conduct; • State how monitoring may be conducted; and • State how trainees may gain experience in a non-registered employer environment.
<p>Suggested Content of Guidance for Mentors</p>
<ul style="list-style-type: none"> • Technical requirements for practical experience; • Mentor role and responsibilities; • Qualification requirements for mentors; • Knowledge and skills required of mentors; • How to conduct reviews of experience and the importance of feedback to development of trainee; • Effective planning of a trainee’s period of experience; • Advisory services for problem resolution in mentoring; • Benefits of mentoring to all parties; • How updating of requirements may occur; and • Training available for mentors.
<p>Suggested Content of Guidance for Employers</p>
<ul style="list-style-type: none"> • Technical requirements for practical experience – competences, timeframes, recording, and mentor involvement; • Requirements of “Registered Employer” status, and how and when employers will be monitored; • Mentor responsibilities and frequency of trainee reviews; • Effective review methods; • How they may support trainees; • How updating of requirements may occur; and • Details of consultative processes to update practical experience requirements.
<p>Suggested Content of Guidance for Trainees</p>
<ul style="list-style-type: none"> • Technical requirements on practical experience – competences required, timeframes and recording of experience; • Who can act as a mentor;

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- How the trainee/mentor relationship should work;
- Ways of obtaining experience and gaining employer support;
- Benefits of practical experience;
- Ethical obligations; and
- 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, 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 trainee and employer objectives are met.

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

AREA (a) - Obtaining Relevant Employment	
Suggested Content of Guidance	Rationale
Work environment presents exposure to diverse situations and opportunities, and a variety of challenges.	Enables trainees to appreciate the variety of workplace challenges and ways to respond to challenges, while being guided in a supportive environment.
Work environment provides trainees with an ethical environment.	Enables trainees to develop the required professional values, ethics and attitudes required of professional accountants.
Trainees have access to suitable mentors to direct and guide experience.	Planning and guidance of experience provided by the mentor enables a better range and depth of experience and learning.
Development opportunities are provided for the trainee.	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.
Achieves the practical experience requirement of their professional body.	Enables them to meet the member body's requirements and ensures they become competent professional accountants.
Requirements for qualification as a professional accountant.	There will be clear understanding of the value of practical experience, and trainees' and mentors' roles and responsibilities, enabling them to achieve the necessary requirements in a planned and supported way.
Compliance with member body requirements relating to employer responsibilities.	There is a full understanding of, and compliance with, member body requirements relating to both registered and non-registered employers.

AREA (b) – Obtaining Guidance from a Suitably Qualified Mentor	
Suggested Content of Guidance	Rationale
Mentors are experienced members of an IFAC body.	Mentors will have the knowledge, understanding and experience to support trainees' development.
Mentors have knowledge and understanding of trainees' work.	Mentors are aware of the trainees' work activities and outputs, and can identify the trainees' strengths and weaknesses/areas for development.
Mentors are able to provide opportunities for trainees to gain relevant experience.	Mentors help establish a planned approach to experience to ensure that trainees increase their level of responsibility and achieve the required experience and competence in an effective way.
Mentors have an understanding of the member body's requirements.	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.
Mentors are able to provide guidance and support to trainees.	Trainees are given feedback and coached to achieve the appropriate level of competence. Trainees' skills are developed and improved.

AREA (c) – Planning and Recording Practical Experience	
Suggested Content of Guidance	Rationale
Alignment of employer objectives and 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.	There is a planned approach to ensuring 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 are given.	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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