Qualification Requirements

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Contents

1. NATURE OF COMMON CONTENT REQUIREMENTS FOR NATIONAL QUALIFICATIONS

Nature and Placement of Common Content Qualification Requirements

1. **The requirements in this document, the Learning Outcomes and Knowledge document and the Skills Framework document are collectively termed "common content qualification requirements".**

2. The term "common content qualification requirements" means: any common content requirement that needs to be fulfilled by a qualification program for the qualification of an entry level professional accountant of a participating institute (theoretical education including academic level, practical experience requirements, ethical education requirements, competencies and skills, quality control, etc.). These requirements are included in this document, and in the Learning Outcomes and Knowledge document and the Skills Framework document. The Common Content Steering Group may promulgate additional requirements in further documents. Such requirements in these documents are clearly distinguished from guidance, which helps participating Institutes, those performing self assessments (see the Compliance Manual), and review teams understand the requirements.

Full Compliance with Common Content Qualification Requirements

3. **Participating Institutes are required to achieve full compliance with common content qualification requirements.**

4. As a matter of principle, Common Content only includes material qualification requirements. Consequently, in principle, full compliance with common content qualification requirements means compliance with every qualification requirement.

5. Since both common content requirements and qualification programs are subject to continual change, full compliance in terms of a point in time may never be practically achieved. However, departures from common content qualification requirements identified in the self assessment and review processes would need to be adequately addressed in a qualification program by a plan of remedial action that would need to have been implemented by the time of the next self assessment and review. Of course, given the continual change in both common content qualification requirements and qualification programs, new issues may arise.

6. Full compliance as a matter of principle is required because there is no meaningful way to determine a basis for continuing acceptance for membership using any concept of partial compliance, e.g., for the purposes of portability.

Effective Date of Changes to Common Content Qualification Requirements

7.   It would be unreasonable to expect qualification programs to be changed immediately after changes have been made to common content qualification requirements. Consequently, changes to the common content qualification requirements need to have an effective date. The length of the effective date would depend upon the nature and extent of the changes. For minor changes, the minimum time period for implementation of new common content qualification requirements would be at least two years (i.e., the effective date would be at least two years after the changes have been approved by the Steering Group). The maximum allowable period for major changes to common content qualification requirements would be five years (i.e., the effective date would be at most five years after the changes have been approved by the Steering Group). The former takes into account that even those participating Institutes that control their qualification programs have due processes in place that require some time for the implementation of new requirements. The latter takes into account that major changes to common content qualification requirements may lead to the need for changes in legislation in those jurisdictions where the participating Institutes do not control their qualification programs. Early adoption of new common content qualification requirements not yet effective is permitted.

8.   With the exception noted in the following sentence, the effective date of all common content qualification requirements issued by the Common Content Steering Group in its meeting on October 4 , 2010 is January 1, 2013. The effective date for the common content qualification requirements in relation to integrated multidisciplinary education and assessment as described in the Skills Framework and in the Skills Framework and Assessment Sections of the General Qualification Requirements is January 1, 2016.

Common Content Requirements with respect to New Pronouncements

9.   As a matter of principle, qualification programs are expected to implement new pronouncements (e.g., new accounting or auditing standards, etc.) prior to their effective dates. However, some new or changed pronouncements (hereinafter referred to as "new pronouncements") are of greater importance than others in relation to the common content qualification requirements (e.g., as intimated through the knowledge levels), and therefore a participating Institute may have good reasons not to need to implement a particular pronouncement in its entirety by its effective date. Consequently, there would be no departure from common content qualification requirements when an Institute can provide adequate evidence that a new pronouncement has been considered for implementation but has reached the conclusion that the new pronouncement or a part thereof need not be implemented until a later date, but nevertheless on a timely basis in the circumstances. However, once common content qualification requirements have been updated to reflect a new pronouncement and such updated requirements have become effective (see discussion on effective date of common content qualification requirements above), an Institute will need to have implemented the pronouncement avoid a departure from common content qualification requirements.

Capabilities and Their Transferability

10.   The common content qualification requirements represent capabilities. For example, the learning outcomes are defined in terms of what students should be able to do and the knowledge that is necessary to achieve these capabilities. On this basis, full compliance in relation to a learning outcome means that students have achieved the

capability required in a particular learning outcome. In this context, full compliance in relation to Learning Outcomes and Knowledge document means that entry level professional accountants must be capable of achieving the learning outcomes for each service area. The achievement of some learning outcomes may be demonstrated by the transfer of skills or knowledge from other learning outcomes.

11. Consequently, the principle of transferability of capability applies when determining whether a learning outcome has been fulfilled. This means that the capability required through a given learning outcome may not necessarily be addressed in a national qualification program in exactly the same way provided that the required capability is covered elsewhere in the same service area in a closely related context or in a related service area where the same capability is required. The principle of transferability of capability makes it possible to have viable Common Content programmes in each participating country that also reflect local circumstances. It also strengthens the overall Common Content project by enabling the sharing of practices and new developments.

Input vs. Output-Based Educational Approaches

12. The common content project is applicable to qualification programs that use either input our output-based approaches, or a combination of both. When determining the compliance of curricula with common content qualification requirements, approaches that are more output-based would tend to focus more on the learning outcomes in the learning outcome documents, whereas for input-based approaches there may tend to be a greater focus on the knowledge content and levels required. Nevertheless, the qualification program as a whole (i.e., including actual assessment etc.) forms the basis for determining compliance with both the learning outcomes and the related knowledge required.

Acceptable Departures from Common Content Qualification Requirements

13. There may be circumstances when a departure from a common content qualification requirements by a particular qualification program may be acceptable. Such an acceptable departure would arise only when:

- The common content qualification requirement relates to a service that is prohibited by law in the particular jurisdiction or due to the impact of the local business environment would not be provided
  AND
- Departing from the qualification requirement would not have an impact on the achievement of other qualification requirements (for example, the learning outcome as written cannot be achieved, but another measure is in place to ensure that there is no impact on the achievement of other qualification requirements);

OR

- The qualification program has achieved the aim of the common content qualification requirement from which it departs in a better way through innovations in its qualification that enhance the overall quality of the qualification program in relation to the aim of that requirement.

OR
- The common content qualification requirements relate to requirements confined to the EU or European Economic Area (EEA) and these requirements are not applicable for a qualification from a jurisdiction from outside of the EU or EEA.

14. However, as a matter of principle, departures from common content qualification requirements other than from EU or EEA requirements as noted that have an impact on portability of qualifications would not represent such acceptable departures.

2. REQUIREMENTS IN RELATION TO QUALIFICATION PROGRAMS

Retention of National Qualifications

15. Each participating Institute will retain its *national* professional entry-level qualification for admission to membership.

16. The objective of the Common Content project is to develop, maintain and unify high quality professional accountancy education benchmarks reflected in the distinct qualifications of premier professional accountancy bodies and recognised internationally as meeting the challenges posed by globalisation and the needs of diverse stakeholders. The project does not replace national qualifications with an international or common qualification or establish a joint Institute.

Common Content Requirements for Quality Control Over Qualification Programs

17. Participating Institutes are required to apply the common content principles of quality control over qualification programs

18. Since education delivery systems are so different among qualification programs, no detailed list of requirements for quality control over such programs is possible. Consequently, the following represents a list of principles of good quality control over qualification programs that Institutes should employ in designing, implementing and operating their quality control systems over education. <u>The principles are required; the narrative in a grey background after each principle is guidance on how to apply the required principle.</u>

19. Apply a risk-based approach to quality control
Risk refers to a risk that an inadequate quality of education is achieved for entry-level professional accountants, including departures from common content requirements.
A risk based approach to quality control generally involves the following:
- Risk assessment (obtaining an understanding of the educational environment, obtaining an understanding of the education systems and processes of the qualification program, identifying the risks to education quality from that environment, and assessing those risks)
- Risk response (assuming acceptable risks and designing measures to avoid, mitigate, or control unacceptable risks)
- Implementing the measures to avoid or control risk
- Monitoring the operation of the measures to avoid or control risk
- Documentation of the design, implementation and operation of the quality control system

20. Apply quality control over compliance between self assessments and reviews
Self-assessments and reviews are generally performed on a cyclical basis that may occur only once every several years. Consequently, those performing self assessments and reviews of the self assessment of a particular qualification require adequate evidence that the qualification meets common content qualification requirements between such self-assessments and reviews. For this reason, any quality control system must cover the period between self assessments and reviews.

21. Quality control required irrespective of the extent to which Institute directly controls qualification program
Some participating Institutes control the delivery of most of their qualification programs directly, whereas others rely more on third parties. In the first case, quality control would need to focus on the delivery of education by the Institute. In the second case, quality control would need to focus on the quality of the education provided by third parties. In either case, quality control needs to be applied to both education delivered by the participating Institute and third parties. In cases in which third parties provide education, these may also apply quality control over the delivery of that education. In this case, quality control may also be external to the participating Institute. Such external quality control may include accreditation systems. When external quality control is relied upon, internal quality controls would need to determine the operating effectiveness of those external quality controls.

22. Quality control over qualification program, including over entry to the program
Quality control requirements need to be established over the qualification program. In particular, the program shall specify educational entry requirements for that program that will allow entrance only to those with a reasonable chance of successfully completing the program, while not representing excessive barriers to entry. The program shall also explain the rationale for the principles to be used when setting such entry requirements to stakeholders, including relevant education providers and individuals considering a career as a professional accountant. The program shall also make publicly available relevant information to help individuals asses their own chances of successfully completing a the program.
The qualification program shall be reviewed and updated regularly, in particular with respect to:
(a) technical competence as prescribed through the knowledge levels and learning outcomes in the Learning Outcomes and Knowledge Document,
(b) professional skills as prescribed through the interdisciplinary and other competencies and attributes in the Skills Framework,
(c) professional values, ethics and attitudes as prescribed through the interdisciplinary and other competencies and attributes in the Skills Framework,

23. Quality control over practical experience
Quality control needs to be established over practical experience so that practical experience delivers the educational outcomes desired.

24. Quality control required over assessment
Quality control needs to be established over assessment. Assessment activities shall be designed to have high levels of reliability, validity, equity, transparency, and sufficiency within the qualification program. Assessment of professional competence shall be based on verifiable evidence.
Appropriate assessment activities shall be established to measure the achievement of:
(a) technical competence as prescribed through the knowledge levels and learning outcomes in the Learning Outcomes and Knowledge Document,

(b) professional skills as prescribed through the interdisciplinary and other competencies and attributes in the Skills Framework,

(c) professional values, ethics and attitudes as prescribed through the interdisciplinary and other competencies and attributes in the Skills Framework,

Relevant matters subject to quality control may include: design, preparation, confidentiality, administration and delivery, scoring, result determination, recording and publication, dealing with malpractice, and monitoring.

25. Quality control over admission to the profession

Quality control needs to be established over the admissions process. This includes control over the determination of whether all of the requirements (e.g., practical experience, assessments, etc.) for access to the profession have been fulfilled.

Implementation by Participating Institutes

26. Each participating Institute is required to implement the common content qualification requirements in its professional entry-level qualification.

27. Those participating Institutes that **have** the responsibility and authority to grant professional entry-level qualifications and to determine the qualification requirements for those qualifications have agreed that they will implement common content in those qualifications, in consultation where necessary with any relevant regulatory or government authorities.

28. Those participating Institutes that **do not have** the responsibility or authority to grant qualifications or to determine the qualification requirements for those qualifications have committed to use their best endeavours to ensure the implementation of common content in the appropriate national professional entry-level qualifications. In order to meet this commitment, such Institutes will work with regulatory or government authorities, universities and other relevant national bodies.

Portability of Common Content Qualifications

29. The holders of a participating Institute's professional qualification should be able to acquire membership rights in a participating Institute in another country or practice rights in another country provided that they have the appropriate work experience and have satisfied the assessment criteria for the other country's national content.

30. The *national content* and, therefore, the assessment of *national content* is limited to the assessment of the national knowledge required to achieve:

- those aspects of the common learning outcomes affected by national laws, standards, custom and practice; and
- the national learning outcomes associated with taxation and legal services that are provided by professional accountants in only some jurisdictions.

31. Assessing the national content of a particular jurisdiction in the language of that jurisdiction provides adequate evidence of proficiency in the business language of that

jurisdiction. Therefore, further language proficiency tests cannot be required under Common Content for portability purposes.

32. The holders of a participating Institute's professional qualification must fulfil any work experience requirements necessary to carry out the statutory audit of financial statements if they wish to obtain membership rights of another participating Institute when that membership automatically confers the right to carry out statutory audits. During the next phase of the project, the Steering Group will:

- determine work experience requirements for Common Content qualifications in general; and
- consider work experience requirements for statutory audit and other regulated services in the context of relevant national, EU and international requirements.

3. GENERAL COMMON CONTENT QUALIFICATION REQUIREMENTS

International Requirements, the Public Interest, and Ethics

33. Each participating Institute's professional entry-level qualification is required to:

- **meet or exceed the relevant international requirements for professional accountants;**
- **meet or exceed the examination requirements at national, EU and international levels for statutory auditors;**
- **require integrity and a commitment to the public interest; and**
- **require compliance with the highest ethical standards.**

34. In this context, the acquisition of professional entry-level qualifications requires candidates to:

- attain a university entrance level;
- complete a programme of theoretical learning (*professional education*) provided in accordance with the appropriate national educational framework;
- complete a minimum period of *work experience* ("practical experience") in an approved environment;
- satisfy a *formal assessment* organised and recognised by the appropriate national jurisdiction and that is at the level of an appropriate university degree;
- meet or exceed IAESB education standards; and
- meet or exceed the examination requirements at national, EU and international levels for statutory auditors.

35. Holders of these professional qualifications are be required to:

- comply with the highest ethical standards, including the IESBA *Code of Ethics for Professional Accountants*;
- show integrity and a commitment to the public interest; and
- meet or exceed any national, EU and IAESB (in particular, IES 7 "Continuing Professional Development (Redrafted)") requirements for continuing professional development.

The Services of Professional Accountants

36. The requirements for each participating Institute's professional entry-level qualification must focus on the skills and knowledge required to provide the *services* that clients and employers, as well as the public, demand of *professional accountants*.

37. The services provided by professional accountants envisaged by the project are:

- assurance and related services (ARS);
- performance measurement and reporting (PMR);
- strategic and business management (SBM);
- financial management (FM); and
- taxation and legal services (TLS).

38. Information technology (IT) services are integrated within the five services (see *Introduction to Learning Outcomes and Knowledge document*).

39. The provision of any aspect of these services requires knowledge of, and experience from, the other services. For example, the provision of audit services requires knowledge of, and experience from, performance measurement and reporting, strategic and business management, financial management, taxation and information technology.

40. An entry-level professional accountant is expected to be capable of performing those aspects of the service areas of professional accountants that are specified in the *common learning outcomes* and *national learning outcomes* (see *Learning Outcomes and Knowledge document*).

Learning Outcomes

41. An entry-level professional accountant must be capable of performing those aspects of the services of professional accountants that are specified in the *common learning outcomes* and *national learning outcomes*.

42. The learning outcomes consist of:

- *common learning outcomes* for each of the five service areas for the services provided by professional accountants in all jurisdictions; and
- *national learning outcomes* associated with taxation and legal services which are provided by professional accountants in only some jurisdictions.

43. The *common learning outcomes* and the *national learning outcomes* are set out in the **Learning Outcomes and Knowledge document**.

Knowledge

44. The achievement of the common and national learning outcomes requires the acquisition of:

- **professional knowledge;**
- **knowledge of *professional values, ethics and attitudes, and of law and information technology,* that applies to all five service areas; and**
- **knowledge of the *business environment, economics and quantitative methods* that supports the professional knowledge in the five service areas.**

45.   The *professional knowledge* consists of:

- a *common content* which has been determined jointly by the participating Institutes; and
- a *national content* which will be determined by each participating Institute.

46.   The *common content*:

- covers the greater part of the professional knowledge required to achieve the common learning outcomes; and
- is international, rather than national, in content.

47.   The *national content* is limited to the national knowledge required to achieve:

- those aspects of the common learning outcomes affected by national laws, standards, custom and practice; and
- the national learning outcomes associated with taxation and legal services that are provided by professional accountants in only some jurisdictions.

48.   The *national content* may not include a greater depth of *common content* knowledge (such greater depth in common content knowledge in national programs are termed "common content add-ons", which do not affect portability).

The professional knowledge, the knowledge of *professional values, ethics and attitudes, and of law and information technology,* and the knowledge of the *business environment, economics and quantitative methods,* are set out in the **Learning Outcomes and Knowledge document.**

Skills Framework

49.   The achievement of the common and national learning outcomes requires the acquisition of *interdisciplinary and other competencies and attributes*.

50.   The *interdisciplinary and other competencies and attributes* consist of:

- cognitive and behavioural skills required to apply the learning outcomes in the five service areas.
- integrative and multidisciplinary skills required to bring together the learning outcomes and knowledge in the five service areas; and
- professional values, ethics and attitudes.

51.   The qualification program shall provide a framework of professional values, ethics, and attitudes to exercise professional judgment and act in an ethical manner that is in the public interest.

52.   In applying the skills framework for the acquisition of interdisciplinary and other competencies and attributes, the qualification program shall integrate ethical requirements throughout the qualification program.

53. The qualification program shall include, as part of its learning and development activities, a reflective activity on professional values, ethics and attitudes that is formalized and documented.

The interdisciplinary and other competencies and attributes, together with appropriate methods of their assessment, are set out in the *Skills Framework document*.

Relationship Between Learning Outcomes and Knowledge and Skills Framework

54. The requirements in the skills framework can be achieved through theoretical education as defined in the learning outcomes document and academic education or by means of practical experience.

55. The requirements in the Skills Framework can be achieved through theoretical education as defined in the learning outcomes document and academic education, etc., or by means of practical experience, or both. Practical experience includes matters such as coaching and learning "on-the-job".

56. Consequently, when determining compliance with requirements in the skills framework, both the satisfaction of the common content qualification requirements outside of the skills framework and the satisfaction of the practical experience requirements can be drawn upon to provide evidence of compliance with the skills framework.

Academic Level

57. Common content requires a minimum academic level of a first degree or equivalent for the assessment of the knowledge and skills in the five service areas. Common content also requires second degree level or equivalent for the assessment of key parts of that knowledge.

58. The meaning of the term academic level relates to degrees from schools at university level, (e.g., a second degree level would generally involve a masters degree level, and a first degree a bachelors degree level).

59. One approach to defining the difference between less than first degree level and between first and second degree level would be to apply a list of sets of indicators. These may include:

- Comparison of level of assessment with the Dublin descriptors (including multidisciplinary integration)
- European Credit Transfer System (ECTS) or comparison of input required for assessment therewith
- National and international accreditation systems (e.g., European Quality Improvement System – EQUIS) or comparison of assessment therewith
- European qualifications framework (EQF) or comparison of assessment therewith
- Completion of an accredited relevant degree program

- Professional examinations of a greater degree of difficulty than those required in the same subject matters for an academic degree
- National benchmarks for first and second degree level

60. The assessment of key parts of the knowledge, including but not limited to financial reporting and assurance, must be at second degree level.

Education

61. *Professional education* for professional entry-level qualifications must be provided in accordance with the national educational framework.

62. *Professional education* may be provided by universities, other academic institutions, other educational establishments or participating Institutes in accordance with the educational framework determined by the appropriate national authorities. Some professional education will be provided through work experience.

63. While profession education may often be provided, at least in the earlier stages, on a subject basis, both professional education and work experience must also cover the five service areas and the skills framework in an integrated way.

64. National authorities deal with such issues as:

- the total duration of study required to achieve the common and national learning outcomes;
- the allocation of the total study time over the five service areas;
- the extent to which education requires formal academic degrees (bachelor, masters and doctorate); and
- the application of the European Credit Accumulations and Transfer System.

65. The retention of national educational frameworks does not preclude the possibility of co-operation between two or more participating Institutes on the provision of education.

Practical Experience

66. The *qualification program* shall require the completion of practical experience prior to qualification.

67. The qualification program shall require sufficient practical experience to enable candidates to demonstrate that they have gained (a) technical competence, (b) professional skills, and (c) professional values, ethics and attitudes necessary for an entry-level accountant. Such practical experience shall be at least the equivalent of three years' work experience.

68. The qualification program shall establish its preferred approach to measure practical experience using one of the following three approaches:
- output-based;
- input-based; or
- a combination of output-based and input based approaches.

69. Those qualification programs implementing an output-based approach shall require candidates to demonstrate, using output measures, that they have obtained practical experience.

70. Those qualification programs implementing an input-based approach shall require candidates to demonstrate, using input measures, that they have obtained practical experience.

71. Those qualification programs implementing a combination of output- and input-based approaches shall comply with the requirements of output- and input-based approaches, as applicable, set out in paragraphs 66 and 67.

72. Qualification programs shall require that practical experience of candidates be conducted under the direction of a practical experience supervisor.

73. Qualification programs shall require that practical experience of candidates is recorded in a consistent form as prescribed by that program or, where applicable, as regulatory body, and is supported by verifiable evidence.

74. Qualification programs shall require that the practical experience supervisor undertake a periodic review of the records of practical experience of candidates.

75. Qualification programs shall establish appropriate assessment activities to assess that sufficient practical experience has been completed by candidates.

Assessment

76. **The *formal assessment* for professional entry-level qualifications must be organised, and must be recognised, by the appropriate national jurisdiction. The formal assessment shall assess whether candidates have achieved an appropriate level of professional competence prior to qualification by drawing on the outcomes of a range of assessment activities undertaken during the qualification program.**

77. The *formal assessment* may be carried out by universities, other academic institutions, other educational establishments, governments and their agencies or participating Institutes and their agencies. The assessment must be at a level at least equivalent to a three year university degree of professional competence and skills. The assessment of key parts of the knowledge, including but not limited to financial reporting and assurance, must be at second degree level.

78. While formal assessments may often be carried out, at least in the earlier stages, on a subject basis, the formal assessment must also cover the five service areas and the skills framework in an integrated way.

79. National authorities deal with such issues as the types of assessment (essays, case studies, multiple choice questions, work experience) and the marking and weighting of different forms of assessment.

80. The retention of national assessment does not preclude the possibility of co-operation between two or more participating Institutes on assessment.