Qualification Requirements

Contents

1. NATURE OF PAEE REQUIREMENTS FOR NATIONAL QUALIFICATIONS

Nature and Placement of Common Content Qualification Requirements

1. The requirements in this document and the Competency Framework document are collectively termed "PAEE qualification requirements".

2. The term "PAEE qualification requirements" means: any 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 Competency Framework document. The PAEE 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 Quality Assurance Guide), and review teams understand the requirements.

Compliance with PAEE Qualification Requirements

3. Participating Institutes are required to achieve substantial equivalence with PAEE qualification requirements. Substantial equivalence requires Participating Institutes to show how or where a competency is demonstrated and where this may be outside of the expected syllabus material – for example project management skills may be demonstrated in an examination following formal studies but may also be demonstrated through practical experience.
4. Since both PAEE requirements and qualification programs are subject to continual change, full compliance in terms of a point in time may never be practically achieved. However, significant departures from PAEE qualification requirements identified in the self-assessment and review processes need to be adequately assessed as part of a qualification review through a 'comply or explain process' that will be considered by the Steering Group to determine whether recognition can be awarded or maintained.

PAEE Requirements with respect to New Pronouncements

5. As a matter of principle, qualification programs are expected to implement new pronouncements in line with their legal jurisdiction (e.g., new accounting or auditing standards, etc.) prior to their effective dates where possible. However, some new or changed pronouncements (hereinafter referred to as "new pronouncements") are of greater importance than others in relation to the PAEE 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 PAEE 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.

6. However, once PAEE qualification requirements have been updated to reflect a new pronouncement and such updated requirements have become effective (see discussion on effective date of PAEE qualification requirements above), an Institute will need to have implemented the pronouncement to avoid a departure from PAEE qualification requirements.

Competencies and Skills and Their Transferability

7. The PAEE qualification requirements represent competencies and skills i.e. what students should be able to do and the knowledge that is necessary to achieve these competencies. In this context, substantial equivalence in relation to the Competency Framework Document means that entry level professional accountants must be capable of achieving Competency Framework as set out. The achievement of some skills and competencies may be demonstrated by the transfer of skills or knowledge from other learning outcomes.

Input vs. Output-Based Educational Approaches

8. The PAEE Qualification Requirements are applicable to qualification programs that use either input our output-based approaches, or a combination of both.

Acceptable Departures from PAEE Qualification Requirements

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

    - The PAEE 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 PAEE 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 PAEE 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.

10. However, as a matter of principle, departures from PAEE 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

11. The project does not replace national qualifications with an international or common qualification or establish a joint Institute. Each participating Institute will retain its *national* professional entry-level qualification for admission to membership.

PAEE Requirements for Quality Control Over Qualification Programs

12. Participating Institutes are required to apply the PAEE principles of quality control over qualification programs

13. 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. The principles in bold are required; the narrative below each principle is guidance on how the principle might be applied.

Apply a risk-based approach to quality control
14. *Risk refers to a risk that an inadequate quality of education is achieved for entry-level professional accountants, including departures from PAEE requirements.*

15. 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

Apply quality control over compliance between self-assessments and reviews.
16. 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 PAEE qualification requirements between such self-assessments and reviews. For this reason, any quality control system must cover the period between self-assessments and reviews. Member bodies will be required to provide updates to the Steering Group on any significant change to the local qualifications between the individual review cycles.

Quality control required irrespective of the extent to which Institute directly controls qualification program.

17. Some participating Institutes control the delivery of most of their qualification programs directly, whereas others rely on third parties (governmental bodies, universities etc). 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 such instances this should include the assessment of third party quality control measures such as accreditation systems.

Quality control over qualification program, including over entry to the program.

18. 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 assess their own chances of successfully completing the program. The qualification program shall be reviewed and updated regularly, and the Participating Institute will confirm continued compliance with the PAEE requirements annually as part of the regular updates to the Steering Group, or will report any exceptions to compliance for consideration by the Steering Group.

Quality control over practical experience.

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

Quality control required over assessment.

20. 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.

21. 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.

Quality control over admission to the profession

22. 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

23. 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 PAEE in those qualifications, in consultation where necessary with any relevant regulatory or government authorities.

24. 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 PAEE requirements 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 PAEE Qualifications

25. 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.

26. 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 Competency Framework 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.

27. 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 PAEE for portability purposes.

28. 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.

3. GENERAL PAEE QUALIFICATION REQUIREMENTS

International Requirements, the Public Interest, and Ethics

29. 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.

30. 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.

31. Holders of these professional qualifications are required to:
    - comply with the highest ethical standards;
    - 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.

Technical and Enabling Competencies

32. The achievement of the common and national learning outcomes requires the acquisition of *the Enabling and Technical Competences set out in the Competency Framework*.

33. The *Competency Framework* consist of:
    - cognitive and behavioural skills required to apply the learning outcomes.
    - integrative and multidisciplinary skills required to bring together the learning outcomes; and
    - professional values, ethics and attitudes.

34. 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.

35. In applying the Competency Framework for the acquisition of interdisciplinary and other competencies and attributes, the qualification program shall integrate ethical requirements throughout the qualification program.

36. 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.

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

Academic Level

38. PAEE requires the qualifications to meet a minimum academic level of a first degree or equivalent for the assessment of the required Technical Competencies and Enabling Skills. PAEE also requires second degree level or equivalent for the assessment of key parts of that knowledge**.**

39. 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).

40. 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

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

Education

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

43. *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.

44. While professional 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 Competency Framework in an integrated way.

45. 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;
    - the extent to which education requires formal academic degrees (bachelor, masters and doctorate); and
    - the application of the European Credit Accumulations and Transfer System.

46. 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

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

48. 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.

49. 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.

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

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

52. 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 48 and 49.

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

54. 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.

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

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

Assessment

57. 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.

58. 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.

59. 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 Competency Framework in an integrated way.

60. 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.

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