

Mr. David McPeak
Senior Technical Manager
International Accounting Education Standards Board
277 Wellington Street West, 4th Floor
Toronto, Ontario
M5V 3H2 Canada

21 September 2011

Dear Mr. McPeak:

Proposed Revised International Education Standard 1 – Entry Requirements to Professional Accounting Education

Ernst & Young Global Limited, the central entity of the Ernst & Young organization, welcomes the opportunity to offer its views on the proposed Revised International Education Standard 1 (the Standard), issued by the International Accounting Education Standards Board (the Board).

Overall Comments

We support the efforts of the Board to set requirements for IFAC member bodies to impose on their members regarding entry requirements to professional accounting education.

We are in general agreement with the proposed Standard. We support the concept of flexibility in regards to access to professional accounting education, given the complexity and diversity of roles and tasks in which a professional accountant operates and differences between jurisdictions in governance and regulatory arrangements. However, we are concerned that by leaving total flexibility to member bodies in determining the entry requirements to professional accounting education, they may end up being too focused on technical competence and not address the full scope of the competencies required by IES 2, 3 and 4. Some of our recommendations address this concern.

Responses to the specific questions on which the Board is seeking feedback are set out in Section 1 below. Our other comments, including general editorial comments, are set out in section 2.

1. Specific questions related to the proposed revisions to the Standard

Question 1: Is the requirement in Paragraph 7 clear, particularly the concept of “a reasonable chance of successfully completing” balanced with “not putting in place excessive barriers to entry”? If not, what changes would you suggest?

We believe the requirement in Paragraph 7 should be expanded to specify that the entry requirements to professional accounting education go beyond technical competence. We are concerned by the fact that entry requirements to professional accounting education may be too focused only on technical competence, especially because the expression “accounting education” may implicitly convey that message.

We also recommend that the application guidance to Paragraph 7 clearly state that the ability to successfully complete a program shall be assessed through the entire scope of competencies as stated in IES 2, 3 and 4. We believe this would make it clear what is

expected from an applicant to the profession and, by doing so, help explain what a “reasonable chance of successfully completing” means in that context.

Question 2: Do you envisage any difficulties in complying with the requirements of IES 1? If so, how would you proposed addressing them?

Not applicable because the requirements apply to member bodies.

Question 3: What is the impact in implementing the requirements of IES 1 to your organization?

Not applicable because the requirements apply to member bodies.

Question 4: Are the Explanatory Materials sufficiently clear and comprehensive? If not, what changes do you suggest?

We believe there are several places in the Explanatory Materials where additional explanation should be provided.

Using the term “accounting education” in Paragraph A4 may implicitly convey the idea that the entry requirements to professional accounting education are primarily focused on technical competence. We recommend that Paragraph A4 be expanded to clearly state that “accounting education” encompasses the entire set of competencies dealt with in IES 2, 3 and 4.

Key factors for a “reasonable chance of successful completion” of professional accounting education are provided in Paragraph A6. However, the factors stated may not be relevant as the “chance of successful completion” is more dependent on access to education and the ability to assess the requirements of the path to success in professional accounting education. For example, we question whether the complexity of the economy is a relevant key factor, as this would apply equally to all entrants in a given jurisdiction.

Question 5: Is the objective to be achieved by a member body, stated in the proposed revised IES 1, appropriate?

The objective, as stated, is not addressed to a member body. We recommend that the objective be rewritten to more clearly address member bodies, consistent with the other revised IESs.

Question 6: Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?

Yes. The requirements, supported by relevant application material, clearly articulate the key principles of the entry requirements to professional accounting education.

Question 7: Are there any terms within the proposed IES 1 which require further clarification? If so, please explain the nature of the deficiencies.

We have not identified any such terms.

2. Other comments

We offer the following drafting suggestions for your consideration:

- Paragraph A3: we would add “... appropriate level of professional competence at the level of proficiency defined by the relevant IESs ...”

- Paragraph A8: we suggest changing the second sentence to read as follows: “For example, ~~some professional accounting education~~ for accounting technicians there may ~~have~~ be no professional accounting education entry requirements other than a good level of numeracy literacy.”
- Paragraph A9: we would add to the first sentence “... meet the entry requirements of professional accounting education.”
- Paragraph A11: we would add to the last sentence “.....pass rates, and cost of professional accounting education”.

We would be pleased to discuss our comments with members of the International Auditing and Assurance Standards Board or its staff. If you wish to do so, please contact Karen Golz (+ 212 773 8001), Dan Montgomery (+1 216 583 2949), or Sue Flis (+ 1 216 583 1671).

Yours sincerely,

Ernst & Young Global Limited