

**CPA Australia Ltd**  
ABN 64 008 392 452

Level 20, 28 Freshwater Place  
Southbank VIC 3006  
Australia

GPO Box 2820  
Melbourne VIC 3001  
Australia

**Phone** 1300 737 373  
**Outside Aust** +613 9606 9677  
**Website** [cpaaustralia.com.au](http://cpaaustralia.com.au)

21 September 2011

Technical Manager  
International Accounting Education Standards Board  
International Federation of Accountants  
277 Wellington St West, 4<sup>th</sup> Floor  
Toronto  
Ontario  
M5V 3H2  
CANADA

Dear Sir,

**Re: Comments on the Exposure Draft IES 1, Entry Requirements to Professional Accounting Education**

CPA Australia welcomes the opportunity to comment on the Revised IES 1. We endorse the overall purpose of the revision of this standard.

**Comments on Significant Issues**

*Entry to professional accounting education*

CPA Australia supports the IAESB's view that the overall objective of professional accounting education is to develop a competent professional accountant. In line with this view, CPA Australia offers alternative entry pathways for those seeking a career as a professional accountant who do not come from the traditional background of having achieved an undergraduate degree in business or accounting. CPA Australia offers an opportunity for those with qualifications in disciplines other than accounting, and also for those without a university education, to provide proof of knowledge of core accounting concepts through our foundation level exams. Indeed, we see much benefit in professional accountants having a broader education beyond business as it enlarges their knowledge, understanding and capacity to bring additional insights, perspectives and analytical and critical thinking to professional judgment. CPA Australia mandates the successful completion of a degree and the CPA Program prior to professional certification.

CPA Australia endorses the 'public interest' requirement that professional bodies prescribe sufficiently high admission requirements such that candidates have a "reasonable chance of successfully completing their professional accounting education".

### *Input/Rules-based Approach versus Output/Principles-based Approach*

CPA Australia endorses an output/principles-based approach to professional accounting education. The introduction of CPA Australia's alternative entry pathways for those seeking a career as a professional accountant recognised that the focus of education should be on ensuring quality educational programs which address the needs of the profession, rather than placing a reliance on the educational background of those wishing to commence studies with the professional body. CPA Australia supports the recommendation that member bodies take responsibility for ensuring quality outcomes through the use of rigorous educational processes.

### *Reasonable Chance of Successful Completion*

CPA Australia supports the requirement that member bodies regulate and monitor entry to professional accounting education so as to ensure that those undertaking such programs of study have a reasonable chance of successful completion. The foundation exams offered by CPA Australia require that candidates exhibit a level of knowledge in core accounting areas which is aligned with the level of knowledge required to successfully undertake studies at the professional level.

### *Requirement for IFAC Member Bodies to Explain Entry Requirements*

CPA Australia endorses the requirement that member bodies clearly articulate their entry requirements. It is in the interest of the profession, and of society as a whole that member bodies make clear the standards required for aspiring professional accountants to enter a program of professional accounting education. CPA Australia fully supports the recommendation that member bodies clearly communicate the competences required in order to successfully complete a program of professional accounting education.

### *Requirement to Make Relevant Information Publicly Available to Entrants to Assess Their Chances of Successful Completion*

CPA Australia fully supports the recommendation that member bodies clearly communicate the requirements for entry to programs of professional accounting education. It is in the interest of the profession, and of society as a whole, that member bodies make clear the standards required for aspiring professional accountants to enter a program of professional accounting education. CPA Australia fully supports the recommendation that member bodies ensure transparency of information in the public arena so as to provide individuals with the necessary information to assess their own ability to successfully undertake a program of professional study. Individuals are only able to make prudent decisions when provided with the necessary information to ensure clarity of decision-making. CPA Australia is encouraged by the requirement to ensure individuals are fully informed prior to committing to a program of study with a member body.

## **Responses to Specific Questions**

*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?*

CPA Australia believes that it is important that suitable guidance is provided so as to enable member bodies to clearly articulate the concept of ‘reasonable chance of successful completion’. Whilst it is understood that many factors will vary across jurisdictions, we feel that further explanation of the concept, in addition to that provided in Paragraph A6, will assist member bodies to ensure they meet the needs of those seeking to enter professional accounting education.

Further, the standard does not expand on the phrase ‘excessive barriers to entry’. An explanation, particularly the provision of some examples, may assist in the clear interpretation of the terms.

CPA Australia believes that Paragraph 7 should be expanded so as to clearly articulate its proposed impact upon the development of entry standards.

*Question 2: Do you envisage any difficulties in complying with the requirements of IES ? if so, how would you propose addressing them?*

CPA Australia does not envisage any difficulties in complying with the requirements of IES 1.

*Question 3: What is the impact in implementing IES I to your organisation?*

CPA Australia has well-articulated admission requirements for the CPA Program. The implementation of the proposed IES 1 will have no impact on CPA Australia.

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

CPA Australia believes the Explanatory Materials are suitably clear for their intended purpose and scope.

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

CPA Australia believes the objective stated is appropriate in regard to the requirements of the IAESB Drafting Conventions.

*Question 6: Have the criteria determined 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?*

CPA Australia considers that the criteria have been applied appropriately and consistently.

*Question 7: Are there any terms within the proposed IES1 which require further clarification? If so, please explain the nature of the deficiencies.*

CPA Australia suggests that if the term “proportionate entry requirements” is retained in the stated objective (paragraph 6), that it be explained.

CPA Australia recommends that the IAESB considers changing the phrase “fair and proportionate entry requirements that help individuals considering professional accounting education make appropriate career decisions” to “fair and appropriate entry requirements that help individuals considering professional accounting education make informed career decisions”.

The Explanatory Material in paragraph A6 provides the key factors of ‘(a) the complexity of the economy, (b) the role of the accountant, (c) the operating context of their jurisdiction, and (d) any other factors they deem relevant’, that may be used by member bodies to clarify understanding of “reasonable chance of successful completion”. CPA Australia is of the opinion that the relevant factors may be expressed more clearly as: ‘(a) the economic, business and regulatory environment, (b) the prerequisite knowledge required, (c) the expected learning to be acquired, (d) the role of the accountant and (e) any other factors they deem relevant’.

Paragraph A9 lists ethics as a potential assessment to demonstrate that entry requirements are met. CPA Australia is of the opinion that ethics assessments may not provide valid and reliable data.

Further it is not clear what the value of such assessments may be as ethical behaviour is not only based on personal ethical values but is greatly influenced by the context. Assessing potential candidates' ethics in isolation is unlikely to provide valuable information that could demonstrate that potential candidates meet the entry requirements. It is also difficult to envisage what criteria could be used to decide whether the assessment has been successfully completed and how issues such as social desirability and other biases could be addressed.

Paragraph A11 states that encouraging entrants to consider 'the content covered, its level, and methods of assessment of the program' can help them consider their chances of successfully completing professional accounting education. CPA Australia suggests that the learning outcomes of the program be added as they provide a clear indication of what the program entails.