



September 21, 2011

Posted via website (www.ifac.org)

Technical Manager
International Accounting Education Standards Board
277 Wellington Street West, 4th Floor
Toronto, Ontario M5V 3H2 CANADA

Re: IES 1, Entry Requirements to Professional Accounting Education

CMA Canada welcomes the opportunity to comment on the above-referenced document. We have reviewed the "IES 1, Entry Requirements to Professional Accounting Education" and provide our comments in relation to the guidelines provided. Our responses are enclosed in Attachment A.

With 50,000 members around the world, CMA Canada grants a professional designation in strategic management accounting[®] and is responsible for standards-setting, accreditation, and the continuing professional development of Certified Management Accountants (CMAs). CMAs provide an integrating perspective to business decision-making, applying a unique blend of expertise in accounting, management and strategy to identify new market opportunities, ensure corporate accountability, and help organizations maintain a long-term competitive advantage. To optimize the performance of global enterprises and build strategic management accounting skills, CMA Canada offers innovative executive development programs, advanced online courses, and internationally recognized knowledge management publications.

We thank you for the opportunity to provide our comments and trust they will be given consideration in finalizing the standard.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Benn", with a stylized flourish at the end.

Richard Benn, FCMA, C.Dir.
Executive Vice President

Attachment

**The Society of Management Accountants of Canada
La Société des comptables en management du Canada**

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**CMA Canada Comments on Exposure Draft:
IES 1, Entry Requirements to Professional Accounting Education**

Responses to 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?

In principle, the dual requirements of balancing a “reasonable chance of successfully completing” and “not putting in place excessive barriers to entry” are reasonable guidance and are clear in their intention. However, in application there will be significant variations and interpretation by member bodies. This is noted in paragraph A6 explanatory materials where factors such as the complexity of the economy, the role of the accountant, the jurisdictional operating context and any other factors deemed relevant are cited.

While the principle is clear and flexibility is important, its application may leave too much latitude. In that context, the draft standard could be strengthened by including additional examples. For example, the standard could include further guidance on what constitutes unreasonable entry barriers.

Paragraph 8 notes that member bodies must explain the rationale for their specified entry requirements. It is unclear in this statement to whom the member bodies must explain their rationale. It can be reasonably assumed that IFAC has or will establish a system for monitoring such information? If so, there seems insufficient detail and clarity in the standard as to how the criteria will be applied in a reasonably consistent manner across member bodies.

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

CMA Canada does not envisage any difficulties in complying with the requirements of IES 1 in principle. CMA Canada publishes a competency map that describes competency levels required for entry to the CMA program, competencies to be acquired during the CMA Professional Program and competencies that members should acquire post designation. CMA Canada also publishes a syllabus of competencies by topic area for entrance to the program, requires successful completion of an entrance examination and publishes prerequisite university course requirements.

CMA Canada also reviews the entry requirements on a regular basis to ensure they strike a balance between ensuring a reasonable degree of success in the program while not creating an undue barrier to entry.

Market forces in Canada tend to reinforce this approach to entry requirements.

In short, CMA Canada believes it is already in compliance with the draft standard.

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

CMA Canada is essentially in compliance with IES 1 as it has been drafted. The only impact would appear to be documenting the CMA Canada entry requirements in a manner required by IES 1 and making submissions to IFAC when required.

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

As noted in response to question 1, it would be helpful to produce some additional guidance in the form of examples as part of the explanatory materials. For example, what does the IAESB consider undue barriers to entry? Are there examples that would demonstrate such barriers? Might a history of pass rates in the program demonstrate that once accepted into a program, candidates have a reasonable chance of successful completion? What range of pass rates would demonstrate reasonable success rates? This type of additional information would be considered helpful.

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

The objective is appropriate.

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?

The nature of IES 1 in principle provides a generous degree of flexibility in its interpretation and application by member bodies. In that regard, it is difficult to say that application of IES 1 will be applied consistently. In our opinion, consistency can only be achieved with more guidance around the dual requirements of "reasonable success" and "undue barriers".

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

The definition of "Initial Professional Development" requires some attention. It currently states that *Initial Professional Development is learning and development through which individuals first develop competence leading to performing the role of a professional accountant.*

It is unclear in this definition whether learning and development is the delivery of education, the acquisition of appropriate practical work experience or both. In some jurisdictions, the term *Initial Learning and Development* is commensurate with work experience required to achieve a designation. Further clarification is required for this definition.

In paragraph A8, the last sentence refers to *an individual holding a university degree or equivalent*. It may be prudent to define how equivalency can be determined, perhaps in the form of hours of formal education and/or recognition by relevant accrediting bodies.

General Observation:

In paragraph A11, the last sentence offers that *IFAC member bodies can facilitate decision making by providing clear and complete information on factors such as completion rates, pass rates and cost.*

This point is rather specific and suggests publishing information that could be considered sensitive in markets where multiple accounting bodies face stiff competition. The issue of cost is not sensitive as it is public information. In practice, however, we believe it can be just as effective to communicate candidate success rates in more general terms such as identifying the "typical" success rate of candidates. In addition, many member bodies provide preparatory courses leading into their programs. Success rates of individuals completing such preparatory programs can be used as guidance for success within the respective professional program. This type of approach would be preferred in our opinion.