

**Basis for Conclusions**  
**Prepared by the Staff of the IAESB**  
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*International Education Standard (IES) 1*

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# Entry Requirements to Professional Accounting Education Programs (Revised)

**IAESB**

International Accounting  
Education  
Standards Board

This document was prepared by the Staff of the International Accounting Education Standards Board (IAESB).

The IAESB develops education standards, guidance, and information papers on pre-qualification education, training of professional accountants, and continuing professional education and development.

The objective of the IAESB is to serve the public interest by setting high-quality education standards for professional accountants and by facilitating the convergence of international and national education standards.

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# **BASIS FOR CONCLUSIONS**

## **INTERNATIONAL EDUCATION STANDARD 1 – ENTRY REQUIREMENTS TO PROFESSIONAL ACCOUNTING EDUCATION PROGRAMS (REVISED)**

The Basis for Conclusions document for International Education Standard (IES) 1 has been prepared by the Staff of the International Accounting Education Standards Board (IAESB). It relates to, but does not form part of IES 1, *Entry Requirements to Professional Accounting Education Programs* (Revised).

### **Background**

1. In October 2009 the IAESB approved a project to redraft and revise IES 1. The IAESB agreed that IES 1 should be redrafted with the aim of:

- Improving clarity;
- Ensuring consistency with concepts of the revised Framework document; and
- Clarifying issues resulting from changes in the environment of accounting education and the experience gained from implementation of the Standards by IFAC member bodies.

In addition the IAESB agreed to consider the following issues when revising IES 1:

- (i) Review and clarify the entry requirements to a professional accounting education program;
- (ii) Revise the entry requirements to ensure that they are inclusive of the various roles and expected outcomes of a professional accountant;
- (iii) Consider the revision of the Standard to take account allowing access to the profession at various levels without putting in place unnecessary barriers
- (iv) Determine whether the content of the Standard should be consolidated within other Standards or remain stand alone

The revised IES 1 prescribes the principles to be used when setting and communicating educational requirements for entry to professional accounting education programs. The requirements relating to entry to the profession are covered by IES 2, *Initial Professional Development—Technical Competence*, IES 3, *Initial Professional Development—Professional Skills*, IES 4, *Initial Professional Development—Professional Values, Ethics, and Attitudes*, IES 5, *Initial Professional Development—Practical Experience*, and IES 6, *Initial Professional Development—Assessment of Professional Competence*.

2. As part of its initiative to clarify the suite of 8 IESs, the IAESB agreed a new structure to improve clarity of its IESs, which will improve their readability and provide an appropriate level of explanation to ensure that interested stakeholders understand and apply the standards properly. The new structure includes 4 major sections: Introduction, Objective, Requirements, and Explanatory Material. These sections place greater emphasis on the obligations and requirements on an IFAC member body in the learning and development of a professional accountant. In addition, the IAESB has also made amendments to the language of its IESs to improve the understanding of the requirements that IFAC member bodies undertake when implementing the IESs.

3. The IAESB issued an exposure draft of IES 1 ["ED-IES 1"] on June 21, 2011, with a deadline for response of September 20, 2011. The IAESB received 38 comment letters from a variety of respondents, including IFAC member bodies, regional organizations, public accounting firms, regulators, accounting organizations, academics, and individuals. In addition the IAESB Consultative Advisory Group (CAG) commented on both the development of the Exposure Draft (ED) of the revised IES 1 and the comment analysis of the ED respondents at their 2011 and 2012 meetings and teleconference meetings, respectively. As a result of these comments, the IAESB has implemented a number of changes to finalize the text of the revised IES 1. The following summarizes the more significant issues raised by respondents, and how the IAESB addressed them.

## Issues Raised During Exposure Period

4. Respondents raised a range of issues related to:

- Title, Scope, and Objective;
- Requirements; and
- Explanatory Material.

Changes made to ED-IES 1 since the exposure period, are now discussed in turn below.

## Title, Scope, and Objective

### *Clarification of Entry Requirements*

5. Several respondents of the ED-IES 1 requested that the scope be clarified to indicate that IES 1 addressed entry requirements to professional accounting education programs rather than entry to the accountancy profession.
6. In response the IAESB amended the wording of IES 1 to further emphasize its focus on entry requirements to professional accounting education programs rather than entry requirements to the accountancy profession. The IAESB also clarified that entry to the accountancy profession was covered by IESs on: technical competence (IES 2); professional skills (IES 3); professional values, ethics, and attitudes (IES 4); practical experience (IES 5); and assessment (IES 6). More specifically, the following amendments were made:
  - The title of ED-IES 1, *Entry Requirements to Professional Accounting Education*, was amended to the following, IES 1, *Entry Requirements to Professional Accounting Education Programs* (Revised). The amendment to the title reflects the IAESB's view that professional accounting education programs are the responsibility of IFAC member bodies; whereas, the responsibility of professional accounting education is shared between IFAC member bodies and other stakeholders, such as universities.
  - Paragraph 1 of the Introduction section of ED-IES 1 was clarified by focusing the scope on professional accounting education programs [See Paragraph 1 of IES 1 (Revised)]. The IAESB indicates that for educational requirements for entry to professional accounting education programs to be effective they need to be set and communicated by the IFAC member body. To distinguish between educational requirements for entry to professional accounting education programs and entry requirements to the accountancy profession, paragraph 1 indicates that entry requirements to the accountancy profession are covered by

IESs on: technical competence (IES 2); professional skills (IES 3); professional values, ethics, and attitudes (IES 4); practical experience (IES 5); and, assessment (IES 6).

- Paragraph 6 of the Objective section of ED-IES 1 has been clarified by adding wording to explain how professional accounting education programs protect the public interest through the setting and maintenance of high quality standards [See Paragraph 7 of IES 1 (Revised)].
- Paragraph 7 of the Requirements section of ED-IES 1 has been amended to require IFAC member bodies to specify that educational entry requirements to professional accounting education programs allow entrance to only those with a reasonable chance of successfully completing while not representing excessive barriers to entry [See Paragraph 8 of IES 1 (Revised)].
- Paragraph A1 of ED-IES 1 has been amended to: describe how professional accounting education programs support an aspiring professional accountant; explain the components of programs in terms of education and workplace training; and identify the importance of input from stakeholders in the design of programs [See Paragraph A1 of IES 1 (Revised)].

#### *Clarification of Public Interest*

7. Paragraph 6 of the ED-IES 1 states the objective of the standard's requirements. The majority of respondents indicated that the objective paragraph was appropriate. Several respondents, however, requested (1) additional clarification on how IES 1 protects the public interest and (2) more consistency with other clarified IESs when stating the objective paragraph.
8. The IAESB agreed that the objective paragraph should be made consistent with other clarified IESs and amended the paragraph's wording accordingly. This amendment reflects the IAESB's view that the IESs are aimed primarily at IFAC member bodies, but that the IESs can be of assistance to those stakeholders who have indirect responsibility for the education and development of members and students. The IAESB also agreed that wording which explains the protection of public interest should be clarified and amended by specifying how professional accounting education programs protect the public interest. In addition the following amendments were made to the Explanatory Material section to explain the objective paragraph.
  - Paragraph A3 of ED-IES 1 was replaced with a new paragraph that explains how IES 1 protects the public interest [See Paragraph A4 of IES 1 (Revised)]. Additional explanation is provided on how entry requirements to professional accounting education programs can be used to protect the public interest by helping individuals considering a career as a professional accountant to make informed decisions and providing access to those likely to succeed.
  - Paragraph A4 of ED-IES 1 was amended to provide further clarification on how IES 1 serves the public interest by addressing issues relating to the provision of sufficient numbers of high quality aspiring professional accountants [See Paragraph A5 of IES 1 (Revised)]. The issues were clarified by indicating that entry requirements may help with the efficient use of resources and assist individuals considering a career as a professional accountant to make informed career decisions.
  - Paragraph A5 of ED-IES 1 was also amended to provide IFAC member bodies with examples of what information might assist individuals considering a career as a professional accountant to make a decision on a professional accounting education program [See Paragraph A6 of IES 1 (Revised)].

*Other Issues*

9. Respondents of ED-IES 1 requested that IES 1 be clarified to recognize that there were a range of exit points from a professional accounting education program. In response the IAESB agreed that paragraph 4 of ED-IES 1 should be amended to indicate that IES 1 recognized that completion of a professional qualification is just one of a range of exit points from a professional accounting education program [See Paragraph 4 of IES 1 (Revised)].
10. The Introduction section of the ED-IES 1 has been amended to include a new paragraph to identify the *Framework* (2009) and the *IAESB Glossary of Terms* as sources for the definitions and explanations of key terms [See Paragraph 5 of IES 1 (Revised)].
11. Minor editorial improvements were made to paragraphs 1 to 6 of ED-IES 1 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

**Requirements***Rationale for Entry Requirements*

12. Respondents of the ED-IES 1 requested further clarification on the rationale for entry requirements. More specifically, respondents indicated that the requirement (Paragraph 8 of ED-IES 1) should clearly state the aim and audience of the entry requirements.
13. In response the IAESB agreed that paragraph 8 of ED-IES 1 should be clarified by amending the wording to require that the rationale address the principles used when IFAC member bodies set educational entry requirements. In addition the requirement now indicates that entry requirements should be addressed to stakeholders, including relevant education providers and individuals considering a career as a professional accountant [See Paragraph 9 of IES 1 (Revised)].
14. Minor editorial improvements were made to paragraphs 7-9 of ED-IES 1 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

**Explanatory Material and Terminology***Clarification on Reasonable Chance of Success and Excessive Barriers*

15. Respondents of the ED-IES 1 requested further explanation on the following paragraphs within the Explanatory Material section: (1) explanation on what is a reasonable chance of successful completion of a professional accounting education program; (2) explanation on what is meant by excessive barriers to enter a professional accounting education program; (3) explanation of the purpose of flexibility of pathways to professional accounting education programs; (4) examples of the criteria to meet entry requirements; and (5) explanation on factors affecting the chances of successful completion of a professional accounting education program.
16. In response the IAESB addressed these requests to improve the clarity of the Explanatory Material section in IES 1, as follows:
  - Explanation on what is a reasonable chance of successful completion of a professional accounting education program

Paragraph A6 of ED-IES 1 was amended to clarify what a reasonable chance of successful completion is by identifying important factors that IFAC member bodies should address [See

Paragraph A7 of IES 1 (Revised)]. These factors include helping individuals considering a career as a professional accountant to be fully informed on their decision to enter a professional accounting education program and encourage education providers to share helpful and relevant information. In addition member bodies are provided examples of factors that should be considered by individuals considering a career as a professional accountant in deciding on whether to enter a professional accounting education program.

- Explanation on what is meant by excessive barriers to enter a professional accounting education program

Paragraph A7 of ED-IES 1 was amended by providing examples of what might be considered excessive barriers to enter a professional accounting education program [See Paragraph A8 of IES 1 (Revised)]. In addition the paragraph describes why avoiding such barriers can promote flexibility to access professional accounting education programs.

- Examples of communicating information on meeting entry requirements

Paragraph A9 of ED-IES 1 has been amended by adding material which indicates that IFAC member bodies can provide information on criteria to meet entry requirements in brochures or on websites that provide information on their professional accounting education programs [See Paragraph A12 of IES 1 (Revised)].

- Explanation on the purpose of flexibility of pathways to professional accounting education programs

Paragraph A10 of the ED-IES 1 was amended to clarify the explanation on flexibility of pathways to professional accounting education programs [See Paragraph A10 of IES 1 (Revised)]. The explanation indicates that the flexibility should not dilute the rigor of that education nor of the standards required of aspiring professional accountants to complete Initial Professional Development. In addition new material has been included to explain the purpose of this flexibility in terms of broad access and not to create different categories of professional accountant.

- Explanation on the factors affecting the chances of successful completion of a professional accounting education program

Paragraph A11 of the ED-IES 1 was amended by clarifying the explanation on chances of successfully completing professional accounting education programs by indicating that IFAC member bodies may encourage individuals considering a career as a professional accountant to consider content covered, its level and methods of assessment [See Paragraph A11 of IES 1 (Revised)].

17. Minor editorial improvements were made to paragraphs A1 to A11 of ED-IES 1 to improve the clarity and consistency of the Standard. These editorial improvements do not substantially change the content of these paragraphs.

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