



September 20, 2011

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

Re: Entry Requirements to Professional Accounting Education

Thank you for this opportunity to comment on the proposed revised International Education Standard 1 on Entry Requirements to Professional Accounting Education (“the revised IES 1”).

Our comments are based on consultation with a number of our members across Canada both at the CICA and the Provincial Institutes of Chartered Accountants/Ordre des Comptables Agréés du Québec who have responsibility for pre-qualification education programs.

We understand that the IAESB is proposing to revise the extant IES 1, *Entry Requirements to a Program of Professional Accounting Education* adopting a principle-based approach consistent with the approach taken recently with IES 7, IES 4 and IES 6 and consistent with the concepts of the revised Framework document.

As a general comment, we agree with this objective of the IAESB. We believe that the input-based measures in the extant IES 1 are inconsistent with a principle-based approach and indeed may no longer be required with the IAESB’s emphasis on outcomes and competency requirements.

However, many of our responders remarked on the increased flexibility of the revised IES 1 – and not in a positive way. “It opens the door to anything.” “As long as you provide an explanation...it allows an Institute to set their own requirements.”

In principle, we appreciate and accept the fact that the revised IES 1 allows for a variety of interpretations for the entry to professional accounting education, accommodating the broad range of IFAC professional accounting bodies and their mandates. The concern is that allowing such flexibility makes it difficult to protect a “minimum” set standard like that of the extant IES 1- **“at least equivalent to that for admission into a recognized university degree program or its equivalent.”** The proposed approach loses this idea of specific guidance on what the minimum might be.

The offset to this loss we believe can be addressed in two ways.

First, the revised competency-based IES 2 and IES 3 currently under development which outline the competence and skills of a professional accountant will go a long way to clarifying the expectations of a professional accountant without the need to be specific on the input measures. In a way, the university admission requirement was a surrogate for a level of competence and proficiency that was otherwise unstated in



the extant IES 2 and 3. If that competence and level of proficiency is now part of IES 2 and IES 3, expectations should be clear and a Member Body should have the ability to determine the appropriate initial professional development that reflects their environment.

But secondly, it will be important that the principle-based Objectives and Requirements for entry are very clear. We provide a number of suggestions to improve the clarity of the Objectives of the revised IES 1, the Requirements and the Explanatory Materials. As drafted, we believe there are a number of mixed messages, which dilute the primary objective of entry requirements.

Overall, our Provincial Institutes see no significant issues in complying with the revised IES 1 as drafted. It is not an issue of compliance for us. It is an issue of clarity of standards and a concern that readers may see a dilution of the existing standards if the messaging is not as clear as possible. Hopefully our comments will assist you in this important project.

Sincerely yours,

A handwritten signature in black ink, reading 'Tashia Batstone'. The signature is written in a cursive, flowing style.

Tashia Batstone, CA
Chair, Professional Learning Committee
Chief Executive Officer, Chartered Accountants of Newfoundland and Labrador

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 would challenge the IAESB to reconsider the emphasis that is being placed on a number of issues – issues that in our view are not the mandate of a Member Body and lead to a lack of clarity as to what is expected of a Member Body. These issues include:

- candidates should have a reasonable chance of successfully completing a professional accounting program
- not putting in place excessive barriers to entry
- helping individuals...make appropriate career decisions
- risking that resources may be used inefficiently
- communicating costs associated with professional accounting education

In our view, NONE of these issues are the primary requirements of a Member Body. A Member Body certainly would hope that candidates can complete their program but the Member Body’s primary education-related mandate, typically provided through government legislation or regulation is to develop (and ensure the maintenance of) competent professional accountants.

This mandate is much more fundamental than ensuring individuals are successful in a program or that they “make appropriate career decisions”. The objective of our accounting education programs should be to “increase the competence of the accountancy profession, contributing to strengthened public trust” (extract from the Introduction, Framework for International Education Standards). The objectives and requirements for entry should be clearly focused on that overall objective.

Taken literally, the proposed emphasis on successfully completing a program might suggest that Member Bodies need to fit their education and examination processes to the candidates rather than having the candidates demonstrate what is expected by the profession. We know that wasn’t the intent but it could be read that way.

How would we change this? We would suggest that the primary Requirement in IES 1 focus more on the need for a Member Body to define their entry requirements and that those entry requirements be in line with the competency expectations of the Member Body. For example:

1. *IFAC member bodies shall specify entry requirements for professional accounting education.*
2. *IFAC member body entry requirements shall be relevant to/appropriate for the learning and development of the competencies and criteria for membership that are appropriate to the professional accountancy roles their members undertake.*

All of the existing material on reasonable chance of success and not putting excessive barriers in place, explaining the rationale, communicating information, etc. in our view, if necessary, could be additional Explanatory Materials to Requirement 2 above. Explanatory Material for Requirement 1 would need to be developed e.g. what do we mean by entry requirements? what are they? what is their role? why are they needed? Etc.

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

As noted in our covering letter, compliance with the proposed entry requirement standards is not an issue for us. However, we ask the IAESB to consider the clarity of its message.

We do not believe that Paragraphs 8 and 9 should be Requirements in an IAESB accounting education standard. Yes, IFAC Member Bodies should explain themselves and provide information to their stakeholders. But we see these “requirements” as more operational or administrative and not as elements of a principle-based accounting education standard.

If Paragraph 9 stands, we would delete the phrase “to help individuals assess their chances of successfully completing professional accounting education”. This is not the only public need for information on entry into professional accounting education and as noted above, certainly not the primary one. A Member Body has many stakeholders and many information requirements related to its accounting education.

The Explanatory Material in paragraphs A6 to A11 relate more to the requirement in Paragraph 7 than the two requirements in Paragraphs 8 and 9. Further Explanatory Material on the nature, audiences of, the extent and frequency of explanations and/or public information would be required to minimize any difficulty in compliance.

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

The Canadian Chartered Accountant profession is a mature profession, a leading professional accounting body in Canada and recognized internationally for its professional accounting education. We see no impact in implementing the requirements of IES 1.

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

Paragraph A3 – Sentence 2	A3 currently suggests that IESs which cover continuing professional development are designed to ensure competence after one has completed Initial Professional Development. This statement is unclear. How do IESs that cover CPD ensure competence in IPD?
A4 – First sentence	“Nor too low (causing people to believe falsely that are likely to complete it successfully)”. Possibly change wording to: “Nor too low (causing people to believe falsely that that have the capacity to meet the criteria to be a professional accountant)”.

- A4 – Second sentence We would delete this sentence. The primary objective of a Member Body relates to competence of professional accountants and public trust. This sentence wanders into another area that in our view detracts from the main message.
- A5- First sentence Again the message here is confusing. The Requirement should be that Member Bodies make it clear what the expected knowledge, professional skill, values, ethics and attitude requirements of a professional accountant are and how that relates to the entry requirements. The objective is not “to contribute to efficient and effective career decisions”, not to ensure “successfully completing professional accounting education” -- it is to develop a competent professional accountant.
- A5 – bullet (c) We would not disagree that “costs” are an issue that a Member Body must take into account in the development of professional accounting education. We would also agree that an individual might want to consider the costs associated with becoming a professional accountant. But being transparent about the costs of a program, in our view, confuses the core objectives and requirements. We would delete “and costs” from this bullet.
- A6 – Second sentence We would suggest inserting after the current “(b) the role of the accountant”, an additional factor “the competencies to be developed/demonstrated”. It might have been assumed that this is covered by (b) but in fact competencies may be a better way to evaluate a program than “roles”.
- A7 This paragraph could be made more succinct as follows:
- “Entry requirements should be considered with reference to the competencies needed to successfully complete the education”* or even better, as noted elsewhere, this should be an actual Requirement.
- Entry Requirements This term is not defined anywhere. We would suggest providing explanatory materials on the term ‘entry requirements’ –types of requirements (not just academic credits), their origination, their role in the learning and development process, etc.

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

We would suggest dropping the phrase “that helps individuals in considering professional accounting education make appropriate career decisions.” This is not a primary responsibility of a Member Body.

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?

We believe so.

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

Paragraph A4 – Too many ‘fors’? *This IES aims to protect the public interest by providing **for** entry requirements for professional accounting education that are neither too high (causing unnecessary restriction to entry to the profession), ...*

The definition of Initial Professional Development has been changed to *“leading to performing the role of a professional accountant”* i.e. leading to becoming a member of a Member Body.

The Glossary of Terms currently defines IPD as “learning and development through which individuals first develop competence leading to performing **a role in the accountancy profession.**” The proposed amendment changes “a role in the accountancy profession” to “the role of a professional accountant”.

IPD is a concept, a notion first introduced in the Framework. It can relate to the IPD to become a member of a Member Body. But its original intent was broader than that – it’s the learning and development to first develop competence leading to any role (or task) e.g. a specialist role.

To limit IPD to learning and development leading to membership in an IFAC member body seems unnecessary and may limit the use of the concept as the IAESB rewrites existing standards and/or develop new standards. We prefer the current definition to the proposed amendment.