

SUBMISSION

to the INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD

Exposure Draft IES 1: Entry Requirements to Professional Accounting Education

Prepared by the New Zealand Institute of Chartered Accountants

September 2011

20 September 2011

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

Dear David

Submission on the Proposed Redrafted IES 1

The New Zealand Institute of Chartered Accountants (the Institute) welcomes the opportunity to comment on the Exposure Draft (ED) of the proposed redrafted IES 1, *Entry Requirements to Professional Accounting Education*.

The Institute supports the aims and objectives of the International Accounting Education Standards Board (IAESB) in producing this ED. We do have some concerns with the practical implementation of the requirements; specifically the requirement set out in paragraph 7, as worded, may not practically achieve the Board's objective. We understand the Board's concern about placing unnecessary barriers to entry, however we question what this proposed standard will achieve that wasn't achieved by the existing standard released in 2003.

The Institute thanks the IAESB for the opportunity to comment on the ED. We trust our comments are of value to the IAESB's deliberations.

Yours sincerely,



Bruce Bennett
General Manager – CA Program & Admissions

1. General comments

The Institute welcomes the opportunity to comment on the ED and supports IFAC in its endeavour to offer further clarification and elaboration to assist interpretation and enhance understanding of the work of the IAESB and the IESs. We do have some concerns that the proposed standard as exposed for comment may not achieve the Board's objectives.

2. Request for Specific Comments

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 our opinion we do not believe the requirements in the proposed standard, as drafted, are clear in terms of what a member body is being asked to do. Nor do we consider the proposed wording is consistent with the intent or will practically achieve what we understand the Board is endeavouring to do. Any weakening of the requirement for member bodies to specify entry requirements is a backward step. We have a concern that the later commentary in the explanatory section of the proposed standard may be perceived to undermine the requirement stated in paragraph 7.

We consider the phrase "a reasonable chance of successfully completing" to be interpreted in different ways by member bodies and would encourage the Board to consider adding further explanatory material on how this phrase could be practically implemented.

The New Zealand Institute of Chartered Accountants believes it is important that candidates seeking to pursue a career as a professional accountant have a minimum level of knowledge and skills which will enable them to successfully complete our admissions programme, and as such have in place pre-requisites for each stage of our programme; this approach results in a high rate of successful completion for our students. A fundamental principle which underpins the NZ admissions programme for Chartered Accountants is a requirement for candidates to have gained an undergraduate degree, as recognised by the New Zealand Qualifications Authority. While we acknowledge this approach may not be suitable for all IFAC member bodies, and may be considered by some to be a barrier to entry, we do believe it is a professional body's responsibility to the public to ensure that the entry requirements to any programme of study leading to a professional qualification ensures that candidates are equipped with the necessary foundations to enable them to develop the required competence as a professional.

We agree with the proposals contained in paragraph 8 requiring member bodies to make information publicly available to assist potential students, and the public, make informed decisions about their course of study.

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

No difficulties envisaged.

3. *What is the impact in implementing the requirements of IES 1 to your organisation?*

We do not perceive any issues in implementing the requirements of IES 1.

4. Are the explanatory materials sufficiently clear and comprehensive? If not, what changes do you suggest?

We are concerned with the wording of paragraph A8 regarding the different levels, type and content of professional accounting education. This appears to undermine the objectives set out in paragraph A3. In our view, professional accounting education, as defined in IESs, sets the benchmark for professional accounting education for all professional accountants and should not significantly vary in level or content.

Paragraph A10, as currently worded, suggests that candidates develop their professional knowledge, professional skills and professional values ethics and attitudes in many different ways prior to qualification. While we agree that candidates bring with them a foundation of knowledge, skills and values ethics and attitudes into any professional accounting education programme, these provide a basis for further development through IPD to the prescribed standard. In our opinion, the wording in the existing standard (see paragraphs 8 and 10) more clearly explains this concept as it relates to entry requirements.

In our opinion, we believe it is important for IES 1 to acknowledge the different points of entry into a professional accounting education programme; we consider the current proposed standard does not emphasise this in sufficient detail.

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

We consider that the argument presented in this paragraph is not an argument for the public interest; it seems to be more focussed on member body interest.

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?

In our opinion, we consider this has been applied appropriately and consistently.

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

We consider the majority of the terms used in the proposed redrafted standard to be sufficiently explained and widely understood.

Other comments

The Institute notes the Board's proposed effective date to be 12-15 months after approval of the final revised standard. To provide member bodies with sufficient time to make alternations to their programmes, we would urge the Board to adopt an effective date 15-18 months after approval of the final revised standard.