

BY EMAIL

21 September 2011

Ref: # 366710

Mr David McPeak
Technical Manager
International Accounting Education Standards Board (IAESB)
277 Wellington Street West, 4th Floor
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Canada

Dear Mr McPeak

Comments on the exposure draft IES 1 – Entry requirements to professional accounting education

Thank you for inviting us to comment on the exposure draft on IES 1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to provide input into the work being undertaken by the IAESB and would like to offer our feedback on the exposure draft as follows:

General comments:

SAICA has grave concerns about the revisions to this standard for the following reasons:

- The explanatory memorandum provides the background to the exposure draft yet there is no definition (or common understanding) of what a professional accountant is and therefore what roles they are expected to play which in turn directly influences the competencies or outputs that should be developed. It is unclear how this standard can be seen to protect the public interest if there is no common definition or understanding of what a professional accountant is and the related roles they would therefore perform.
- Further we fail to understand how the revised wording in the exposure draft can be helpful in protecting the public interest, particularly in a developing country where open access is considered equally important. We question whether it is IFAC's role to ensure that resources are used efficiently to only support entrants who have a reasonable chance of successfully completing professional accounting education.
- We question the importance of and need for entry requirements when IFAC is moving towards a competence based approach (IES 2 and IES 3 which is to be revised and framed as outputs / competencies). Should member bodies not be left to ensure that the outcomes are met rather than focus on the inputs.
- We question whether the revised standard will in fact achieve any consistency in implementation between member bodies.

We would recommend that either more detailed requirements are set out as entry requirements (to ensure better consistency in implementation) or that this standard be withdrawn.





Specific comments:

Question no	Specific comments
Question 1: Is the requirement in Para 7 clear, particularly the concept of “a reasonable chance of successfully completing” balanced with “not putting excessive barriers to entry”? If not, what changes do you suggest?	<p>The requirements of para 7 are clear in that the concepts of “reasonable chance” need to be balanced against “excessive barriers”.</p> <p>What is not clear is what is meant by a “reasonable chance of success” and while explanatory para A6 recognises this, we believe that this (being understood differently by different jurisdictions) detracts from the overall objective of the IES’s to protect the public interest and to ensure more consistent application of IES’s.</p>
Question 2: Do you envisage any difficulties in complying with the requirements of IES 1? If so, how would you propose addressing them?	<p>SAICA is not responsible for setting requirements for entry into professional accounting education as we require the completion of an accredited degree which is awarded independently by South African universities. As these universities are autonomous, SAICA has no direct control over how the entry requirements into these programmes are set.</p> <p>SAICA is therefore not able to directly meet the requirements set out by the revised IES 1.</p> <p>The requirement in paragraph 7 does not indicate what member bodies “shall” do if they are not responsible for setting requirements for professional accounting education. We believe that this could leave member bodies that are not responsible for setting entrance requirements with the impression that they do not need to meet any further requirements of this standard.</p> <p>We propose the following requirement be added:</p> <p>Where member bodies are not responsible for setting entrance requirements for entry into professional</p>



	<p>accounting education they shall:</p> <ul style="list-style-type: none">• Explain the relationship between education providers (who do set the entrance requirements) and the member body; and• Refer the public to the education providers for entrance requirements; and• Set out any other steps taken to meet the objectives of this standard.
<p>Question 3: What is the impact in implementing the requirements of IES 1 to your organization?</p>	<p>SAICA does not specify the entrance requirements for professional accounting education so we could simply indicate this and move on.</p> <p>SAICA however does endeavour to meet the spirit of the education standards even if it cannot meet the actual requirements and so would set out the steps it takes to ensure reasonable success over the portions of the professional education programme it does have control over. (This is however only 4/7ths of the way through the programme and after there has already been some large attrition from the programme because of the need to provide open access in a country such as South Africa.)</p> <p>SAICA will however have some difficulties in making all relevant information about successful completion of professional accounting education as it does not have access to all information necessary. This is further complicated by the fact that SAICA is unable to calculate this accurately as students completing their degrees (part of the professional accounting education as defined by IFAC) are not under the control of SAICA.</p>
<p>Question 4: Are the Explanatory Materials sufficiently clear and comprehensive? If not, what changes do you suggest?</p>	<p>The following explanatory paragraphs are not sufficiently clear:</p> <p>Para A2: This explanatory paragraph recognises that some</p>



	<p>member bodies have little control over entry requirements to professional accounting education. There is however no indication further than this as to what member bodies should do in this case. This needs to be further clarified in the revised IES 1.</p> <p>Para A6: Refers to the need to take “(d) any other factors they deem relevant” into account in determining successful completion of professional accounting education. SAICA requests the revised standard provide some indication and examples of what it deems other relevant factors.</p>
<p>Question 5: Is the objective to be achieved by a member body, stated in the proposed revised IES1, appropriate?</p>	<p>No, refer comments under question 2 above. It does not specify what should be done if a member body is not responsible for setting entry requirements to professional accounting education.</p> <p>The requirement in paragraph 8 (to explain the rationale for specified entry requirements) is redundant if the member body is not responsible for setting entry requirements.</p>
<p>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?</p>	<p>We do not believe that this standard assists in the consistent implementation of standards by member bodies as outlined above.</p>
<p>Question 7: Are there any terms within the proposed IES 1 which require further clarification? If so, please explain the nature of the deficiencies.</p>	<p>None that have been identified.</p>

Comments in relation to other paragraphs in the exposure draft:

Para 2	Refers to the fact that this IES is addressed to member bodies “whose role it is to set entry requirements”. As SAICA is not responsible for setting entry requirements into
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	the relevant degree programmes it accredits, we are uncertain as to whether this standard applies to us. We therefore recommend this paragraph is clarified to explain what is expected of member bodies that are not responsible for setting entrance requirements. (Refer comments under question 2 above)
Para 6	It is not clear to SAICA how setting out “proportionate entrance requirements” protects the public interest.
Para 8	Sets out that IFAC member bodies shall explain the rationale for their specified entry requirements. It is not clear from this paragraph nor from the explanatory material who this rationale should be explained to.

Comments on other matters:

South Africa is a developing nation and while the utilisation of resources is particularly important in developing nations, cognisance should also be taken of the other imperative within developing nations which is to provide reasonably open access to students who may not have had the opportunity for high quality primary and secondary education, yet who have the potential, with the right support, to succeed in a professional accounting education ‘programme’. This may not always result in students who start such a programme having a reasonable chance of success.

The emphasis of IFAC should rather be on more clearly defining the outputs (competencies) of entry level professional accountants in such a way that IFAC member bodies can ensure that as a minimum these competencies are achieved.

Please do not hesitate to contact us should you wish to clarify any comments made in the above letter.

Regards

Mandi Olivier

Senior Executive: Professional development