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By email

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IFAC

ACCA's response to the IAESB Exposure Draft

IAESB Exposure Draft: Proposed Revised International Education Standard IES 1, Entry Requirements to Professional Accounting Education

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above. ACCA is the largest and fastest-growing global body for professional accountants with over 147,000 members and 424,000 students in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

General comments

ACCA is generally supportive of this revised standard as it helps to clarify a standard that previously was misunderstood as requiring degree entry to the profession.

Name of the Standard

We agree that the change in name of this standard reflects the overall objective that accounting education is 'to develop a competent professional accountant and that there are different processes, activities, and outcomes that contribute to the achievement of competence.'

Input/Rules-based Approach Versus Output/Principles-based Approach

ACCA strongly supports the focus of the proposed IES 1 on the principle of allowing flexible access to professional accounting education.

Reasonable Chance of Successful Completion

The term 'reasonable chance of successful completion' needs clearer definition. Many professional qualifications are designed with multiple exit routes. The current drafting of the standard appears only to consider completion of the entire programme leading to membership of an IFAC member body as 'successful completion'.

Requirement to Make Relevant Information Publicly Available to Entrants to Assess their Chances of Successful Completion

We strongly support the intent of the proposed IES 1 to balance the need for entry requirements whilst not putting in place excessive barriers to entry. However, there is a danger that limited release of information regarding completion rates may create greater misunderstanding if the complete set of factors, such as degree of employer support, previous education and access to high quality tuition, are not considered alongside overall completion rates.

Specific Comments

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?

The proposed IES 1 also includes requirements for IFAC member bodies to: explain the rationale for their specified entry requirements (paragraph 8); and make relevant information publicly available to help individuals assess their own chances of successfully completing professional accounting education (paragraph 9). Combined with the above statement, explaining the rationale for specifying entry requirements, the concept of 'not putting excessive barriers to entry' is to be welcomed.

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

A challenge will be how relevant information to help individuals assess their chances is collected, analysed and presented. Given that a number of factors, not just entry requirements, contribute to successful attainment of a professional accountancy qualification it may be necessary to show performance based on a whole range of contributory factors. Educational aptitude is just one factor in conversion to membership and this should be recognised within this standard. In addition to the factors listed within A6 there could also be added (d) access to quality tuition (e) the support available to trainees from employers and (g) any other factors they deem relevant. This may create an additional burden for the IFAC member body with respect to data collection and analysis.

Qualifications which offer multiple exit points will also present challenges in how to comply with the proposed IES1. The overall chance of a student completing the full programme could be very different from their chances of obtaining an interim award, which could still make a valuable contribution to their own career and the public good.

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

ACCA currently offers self-diagnostic tools for students considering entry to our programmes. We also publish information relating to pass rates overall and by specific tuition providers. The proposed IES 1 is not expected to have a significant impact. However, a review of relevant information publicly available and of the diagnostic tests will need to be undertaken and mapped against the finalised IES 1 requirements.

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

The explanatory materials are clear but A7 raises a fundamental point about competence and whether there should be a common set of competences (competency framework) that should be the output of pre-qualification and initial professional development. The argument used in the revised IES 1 for flexible entry requirements to be determined by the nature of the qualification process and output requirements tacitly accepts that professional qualifications produce accountants with many different sets of technical or professional competences and that qualified accountants emerge at different levels. They may be qualified for different sectors and prepared for different professional roles within those sectors depending on the nature of the qualification and jurisdiction.

This may raise further questions about the role of some of the other technical International Education Standards such as IES 2 and about the need for a generic competency framework for a 'professional accountant' or whether there is a stronger argument for individual sets of competences as identified by individual qualifying bodies, aimed at specific job roles at different levels and aimed at different financial sectors.

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

This is suitable as a high level objective because serving the public interest requires both a sufficient quantity and quality of accounting professionals within the global economy. This implies the need to ensure adequate opportunities to become qualified accountants and to ensure that these aspiring accountants have adequate potential to qualify successfully, in the interests of promoting the highest quality and integrity of accountancy within the economy.

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?

Yes.

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 terminology is generally clear and consistently applied throughout the document.

Comments on Other Matters

Effective Date — 12-15 months should provide a sufficient period to support effective implementation of the final IES 1, although any new data sets relating to successful completion may take a number of years to compile as students progress through the programme.