



Deloitte Touche Tohmatsu Limited
1633 Broadway
New York, NY 10019-6754

Tel: +1-212-492-4200
Fax: +1-212-492-9500
www.deloitte.com

September 21, 2011

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto
Ontario
Canada
M5V 3H2

Dear Sir or Madam

We appreciate this opportunity to comment on the Exposure Draft of the Proposed Redrafted International Education Standard 1 Entry Requirements to Professional Accounting Education (IES1). We fully support the objectives of the IAESB's project to improve the clarity of its Standards, of which this Exposure Draft is a part, and we commend the IAESB in the work they have done on IES 1 to date.

Comments on Exposure Draft:

Before responding to the specific questions raised in the Explanatory Memorandum to the Exposure Draft, we have some overall comments on the redrafted standard which we set out below.

Overall Comments

The redrafted IES 1 has resulted in a high level principle-based standard, which is therefore capable of application to a wide range of jurisdictions and differing educational systems. While we appreciate the need for this standard to remain at a high level to accommodate this diversity it is difficult to see what impact this standard will have in practice and, therefore, what consistent implementation will achieve. Given these challenges, we recommend that the Board reconsiders the need for a principles based standard on entry requirements.

We note that the standard refers throughout to 'entry requirements' – we believe that the term 'entry criteria' would be more appropriate for use in a principle based standard. Also it would avoid any confusion for readers between the requirements of the standard and entry requirements.

Specific Questions

With respect to the specific questions outlined in the Explanatory Memorandum to the Exposure Draft our comments are as follows:

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?

Yes, we believe that the requirement in Paragraph 7 is clear. We do however note that the requirement refers to ‘a reasonable chance of successfully completing’ and encourage the Board to consider whether this concept could be strengthened to a ‘good’ chance of successful completion.

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

We do not see any difficulties for our network of member firms in complying with the requirements of IES 1, however we do not play a large role in the establishment of entry requirements to professional accounting education. We therefore note that the responses from IFAC member bodies and other providers of professional accounting education on this point are particularly important for the Board to consider.

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

We do not expect to see any significant impact on our network of member firms from the implementation of the requirements of IES 1

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

Under ‘Specific drafting points’ below we have made a number of suggestions for improvement to the drafting of the Explanatory Materials which we believe will improve their clarity. In addition to those points we observe the following:

- Paragraph A1 states that ‘Entry points to professional accounting education vary according to jurisdiction, content or level’ and paragraph A8 reiterates this concept of ‘jurisdiction, content or level. It is unclear to us what ‘content’ or ‘level’ means in this context and we request clarification. We do note that often the entry point will vary in relation to the particular role an individual is planning to take up as a professional accountant. The entry point may also vary depending on an individual’s prior experience. These factors may therefore impact the content of the professional accounting education, or the point of time in an individual’s career that they are able to commence professional accounting education.
- Paragraph A6 lists out a number of factors for IFAC member bodies to consider when determining what are the key factors for a ‘reasonable chance of successful completion’. This list of factors includes ‘the complexity of the economy’ and ‘the operating context of their jurisdiction’ – it is unclear to us without further explanation what these factors actually mean, and so we recommend that these are explained in further detail in order to provide a better guidance on what an IFAC member body should consider. For example, it may be

appropriate to consider the laws and regulations operating in the jurisdiction, or the profile and mix of industries operating within the environment etc.

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

Although we believe the objective of the revised IES 1 is appropriate, we note that it is not stated as an objective to be achieved by the IFAC member body, but as the objective of the IES. We note that this is inconsistent with the approach taken for the objectives in the recent exposure drafts of IES 4 and IES 6 which used the wording ‘the objective of an IFAC member body is to...’. Given the Board’s aim of achieving consistency and clarity across the body of IESs, and the fact that the objective paragraph is an integral part of each standard, we recommend the Board adopts a consistent approach to the drafting of objective paragraphs across all IESs.

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, we believe the criteria for requirements have been applied consistently and appropriately. However we observe that the requirements are necessarily very high level, and therefore it is hard to comment on the extent to which these will drive consistency of implementation by member bodies. A Practice Statement or other such guidance which provides examples of appropriate implementation by member bodies in different jurisdictions and contexts would be helpful in supporting consistent implementation.

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

With the exception of the terms notes in our response to Question 4 above there are no terms which we have identified which require further clarification.

We note that the proposed redefinition of IPD includes the phrase “the role” of a professional accountant as compared to “a role” when the term was first defined in the Framework. While this is clearly a minor change, we are uncomfortable that it may unreasonably imply to the reader that there is one defined role that professional accountants fulfill when completing IPD. In our experience this is simply not true and therefore we encourage the Board to revert back to a definition based on that in the Framework, for example:

Initial Professional Development: Learning and development through which individuals first develop competence leading to performing a role of a professional accountant.

Specific drafting points

In addition to our responses to the specific questions posed in the Explanatory Memorandum, we also provide a number of specific comments on the exposure draft together with suggestions for changes to enhance the clarity of the final standard.

Paragraph	Existing Wording	Comments/Suggestions for change
3	This IES explains the principle of allowing flexible access to professional accounting education under the auspices of an IFAC member body, while ensuring that entrants have a reasonable chance of successful completion.	<p>We do not believe the IES explains this principle, but instead provides guidance to IFAC member bodies on how to establish flexible access. We therefore propose rewording this as:</p> <p><i>This IES provides guidance to IFAC member bodies to enable them to set appropriate requirements that allow entrants flexible access to professional accounting education while ensuring that they have a reasonable chance of successful completion.</i></p>
4	<i>This IES recognizes that entry requirements may vary, due to (a) different pathways through professional accounting education, and (b) differences between various jurisdictions in governance and regulatory arrangements.</i>	<p>To aid clarity we suggest rewording this paragraph as follows:</p> <p><i>This IES recognizes that entry requirements may vary by jurisdiction, due to (a) different pathways through professional accounting education, and (b) differences in governance and regulatory arrangements.</i></p>
6	<i>The objective of this IES is to protect the public interest by establishing fair and proportionate entry requirements that help individuals considering professional accounting education make appropriate career decisions.</i>	<p>We recommend inclusion of the word ‘will’ in this paragraph to aid clarity:</p> <p><i>The objective of this IES is to protect the public interest by establishing fair and proportionate entry requirements that will help individuals considering professional accounting education make appropriate career decisions.</i></p>
7	<i>IFAC member bodies shall specify entry requirements for professional accounting education so that entrants have a reasonable chance of successfully completing their professional accounting education, while not putting in place excessive barriers to entry.</i>	<p>To aid clarity we suggest rewording this paragraph as follows:</p> <p><i>IFAC member bodies shall establish entry requirements for professional accounting education that will provide entrants with a reasonable chance of successfully completing their professional accounting education, while not putting in place excessive barriers to entry.</i></p>

Paragraph	Existing Wording	Comments/Suggestions for change
8	<i>IFAC member bodies shall explain the rationale for their specified entry requirements.</i>	<p>To be consistent with our recommendation for paragraph 7 above we recommend this paragraph is reworded as follows:</p> <p><i>IFAC member bodies shall explain the rationale for their established entry requirements.</i></p>
A6	<i>A “reasonable chance of successful completion” may be understood differently in each jurisdiction. IFAC member bodies may set out the key factors for “reasonable chance of successful completion,” taking into account factors such as (a) the complexity of the economy, (b) the role of the accountant, (c) the operating context of their jurisdiction, and (d) any other factors they deem relevant.</i>	<p>We do not believe ‘a reasonable chance of successful chance of completion’ will necessarily be understood differently in each jurisdiction. We therefore suggest rewording this paragraph as follows:</p> <p><i>A “reasonable chance of successful completion” may be understood differently in different jurisdictions. IFAC member bodies may set out the key factors for “reasonable chance of successful completion,” taking into account factors such as (a) the complexity of the economy, (b) the role of the accountant, (c) the operating context of their jurisdiction, and (d) any other factors they deem relevant.</i></p>
A7	<i>The entry requirements will be able to be justified with reference to the competences needed to successfully complete the education.</i>	<p>We find this sentence difficult to understand and the word ‘will’ suggests this may be an unintended requirement We therefore suggest rewording as follows:</p> <p><i>The entry requirements are likely to be congruent with the competences needed to successfully complete the education.</i></p>
A9	<i>An IFAC member body may determine specific criteria used to demonstrate that individuals meet the entry requirements</i>	<p>We find this sentence difficult to follow, therefore we suggest rewording as follows:</p> <p><i>An IFAC member body may prescribe specific criteria to determine whether individuals meet the entry requirements.</i></p>

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We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please contact Jens Simonsen on +45 36103781.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jens L. Simonsen". The signature is written in a cursive style with a large, stylized initial "J".

Jens L Simonsen
Managing Director
Global Audit Services
Deloitte Touche Tohmatsu Limited

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