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Dear Sir,

### **Proposed Revised International Education Standard (IES) 1, Entry Requirements to Professional Accounting Education**

BDO is pleased to have the opportunity to comment on the above exposure draft issued by the International Accounting Education Standards Board (IAESB). We set out below our responses to the IAESB's questions in the explanatory memorandum accompanying the exposure draft.

We support the IAESB's project to redraft and revise where appropriate all of the IES's in accordance with the clarity drafting conventions as set out in the Framework for International Education Standards for Professional Accountants.

As a network whose member firms are employers in over 119 countries, we strongly support the move with IES 1 towards encouraging fairer access to the accounting profession, recognising that individuals may, through experience or prior education, have a variety of entry points. We also believe that in focusing on the principle of "fair and proportionate entry requirements" this revised IES has set an appropriate tone in respect of the need to protect both the public interest and future staffing needs of the accounting profession.

#### **Responses to Specific Questions**

- 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 the requirement in Paragraph 7 is clear. The inclusion of the explanatory materials in paragraph A6 also assists in improving the understanding of the "reasonable chance of successfully completing" requirement. As a network we also support the introduction of safeguards for potential entrants to the profession which are identified by the "excessive barriers to entry" phrasing within the requirement. We are mindful of the fact that in some jurisdictions, there may be a tendency for unregulated non-IFAC member bodies to take advantage of potential entrants to the profession by providing accounting education which is neither approved nor accredited for subsequent entry to a recognised IFAC member body.

The inclusion of this requirement within IES 1 acts as useful protection of the public interest by ensuring that potential entrants to the profession are appraised prior to commencement of a period of accounting education thus safeguarding public finances (where national education courses are provided by the State, university or member body), personal finances (where individuals are self-funded) or the investment made by accounting firms in the recruitment and development of entry-level professional accountants.

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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 foresee any significant difficulties in complying with the requirements of IES 1 and believe that the revision and redrafting of this IES presents member bodies with a clear and readily understood set of requirements. In interpreting the “successfully completing their professional accounting education” element of the requirement in paragraph 7, we do however believe that there might be a need to include further explanatory materials in respect of how a member body might consider this particular area. The current explanatory material is written in a contextual manner specific to jurisdictional issues and may inadvertently ignore the attributes and skills of the individual as part of this consideration. Our suggestion would be that paragraph A6 be expanded to make reference to some sort of consideration of individual skills, experience, values, and attitudes against the future demands of a particular period of professional accounting education.

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

As an international network of independent member firms, the impact on the network is likely to be minimal due to the fact that the requirements of IES 1 do not impact on us directly. Much of this will depend on local jurisdictional issues in respect of how professional accounting education is aligned to entry-level professional accountants and this will differ from country to country.

The only impact we can foresee is that the quality of entrants to the accounting profession will likely be improved by ensuring that only appropriate individuals are provided with professional accounting education. Ultimately, this may provide some savings to our member firms by reducing recruitment costs or training, development and mentoring costs in respect of individuals who would be unlikely to achieve successful completion of their professional accounting education.

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

In respect of the explanatory materials we recommend that the following be amended or improved:

*Paragraphs A1-A2*

These paragraphs support the Scoping section of the revised IES 1, and we note that the reader may benefit from having more information on the various pathways into the profession via professional accounting education. This might include a brief set of bullet points which list traditional degree level experience, individuals gaining experience initially via industry, or entry points which are at the secondary education level rather than tertiary level. We believe that putting these pathways into a more informed context may assist member bodies in understanding the jurisdictional issues that are at play globally.

*Paragraph A3*

We note that this explanatory material implies that all IESs are designed to provide an appropriate level of competence after they have completed their IPD; however, we believe that this statement may not be wholly accurate given the focus on the IESs 2-5 on IPD level activity and could cause confusion.

*Paragraph A7*

We understand that the phrase “with reference to the competences needed to successfully complete the education” may refer to the various knowledge, skills and

values, ethics & attitudes required of an individual undertaking IPD; however we do believe that the introduction of the term 'competences' seems to go beyond the explicit elements of the requirements and could even be open to interpretation in respect of whether these competences are to do with the actual content of professional accounting education or the skill set required to be able to complete the professional accounting education such as personal study skills.

Additionally, the phrase "will be able to" may be interpreted as a requirement, which we do not believe was necessarily the IAESB's intention. Our suggested amended wording for paragraph A7 is as follows:

When setting entry requirements, the IFAC member body may consider whether they are appropriate in each case, and are neither overly excessive nor unduly trivial. For example, entry requirements may be able to be justified with reference to the competences needed to successfully complete the education.

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

We believe the objective to be achieved by a member body, as stated in paragraph 6, to be appropriate. We also support the focus on the public interest and the principle of member bodies helping individuals to make appropriate career decisions within a transparent framework. The accompanying explanatory materials will also be very useful when applying the objective at a member body level.

**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 have 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 believe that the proposed revised definition of *Professional Accounting Education* as stated in the Proposed Conforming Amendments should be amended to include a reference to accounting. Our suggested amended definition is as follows (additions are shown in bold italics and deletions in strikethrough text):

Professional accounting education is education and training *in accounting and related areas* that builds on general education...

**Comments on other matters**

As noted in responses on other recent exposure drafts, we would support continuing efforts to improve the availability of translations in respect of exposure drafts and final pronouncements. We have no comments in respect of developing nations or the proposed effective date.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,  
BDO International Limited

Wayne Kolins  
Global Head of Audit and Accounting