

Proposed Revised International Education Standard

**IES 1, Entry Requirements to
Professional Accounting Education**



**International Federation
of Accountants**

REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB) approved this exposure draft, International Education Standard (IES) 1, *Entry Requirements to Professional Accounting Education*, for publication at its May 2011 meeting. This IES may be modified in light of comments received before being issued in final form.

Respondents are asked to submit their comments **electronically** through the IFAC website (www.ifac.org), using the “Submit a Comment” link on the Exposure Drafts and Consultation Papers page. Please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website. Although IFAC prefers that comments be submitted electronically, e-mail may be sent to davidmcpeak@ifac.org. Comments can also be faxed to the attention of the IAESB Technical Manager at +1 (416) 204-3412, or mailed to:

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

Comments should be submitted by **September 21, 2011**.

Copies of this exposure draft may be downloaded free of charge from the IAESB website at www.iaesb.org.

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background to, and an explanation of, the proposed International Education Standard (IES) 1, *Entry Requirements to Professional Accounting Education*, approved for exposure by the International Accounting Education Standards Board (IAESB) at its May 2011 meeting.

Background

The extant version of IES 1 was published in May 2004 and became effective on January 1, 2005. The extant IES 1 prescribes the entry requirements for an IFAC member body's program of professional accounting education and practical experience.

In 2009 the IAESB completed its revision of the Framework document which sets out the underlying concepts and principles for the IESs. This new Framework document, *Framework for International Education Standards for Professional Accountants* (2009), identifies general education, professional accounting education, practical experience and assessment as components of the learning and development of a professional accountant. Learning and development occurs throughout an individual's career and ensures the development and maintenance of competence required for performing the various roles of professional accountants.

As part of its project to improve the clarity of its standards, the IAESB has undertaken the revision and redrafting of its IESs in accordance with its new clarity drafting conventions. At its October 2009 meeting the IAESB agreed that all eight standards should be revised with the aim of:

- improving clarity;
- ensuring consistency with concepts of the revised Framework document; and
- clarifying issues resulting from changes in the environment of accounting education and the experience gained from implementation of the Standards by IFAC member bodies.

This approach responds to the desire for all IESs to be consistently drafted, and subject to a single statement of their authority and effect. The drafting conventions used by the IAESB in revising IES 1 for exposure, and the authority and obligation attaching to those conventions, are established in the Appendix of the *Framework for International Education Standards for Professional Accountants*, approved by the IAESB in October 2009.

Effective Date

The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the 1st Quarter of 2013. The IAESB is expecting to finalize IES 1 in Q1 of 2012 and the Board has provisionally agreed that IES 1 will be effective for implementation for periods beginning on or after June 28, 2013. This date will depend on satisfactory progress being made, and will be amended to a later date should that prove necessary. The IAESB believes that it is in the interest of member bodies and other interested stakeholders who use the IESs that the standards be released as soon as they are approved so as to facilitate their implementation.

Significant Issues

This section describes some of the issues and resulting decisions that the IAESB has taken in revising and redrafting of IES 1, and are summarized under the following headings.

IES 1, Entry Requirements to Professional Accounting Education.

Entry to Professional Accounting Education

The title of the extant IES 1, *Entry Requirements to a Program of Professional Accounting Education*, has been amended in the proposed IES 1 to, *Entry Requirements to Professional Accounting Education*. The proposed amendment reflects the IAESB's view that the overall objective of accounting education is to develop a competent professional accountant and that there are different processes, activities, and outcomes which contribute to the achievement of competence. The term, professional accounting education, is more inclusive in that it encompasses education and training that builds upon general education, and imparts (a) professional knowledge, (b) professional skills and (c) professional values, ethics, and attitudes. Its use also enables the IAESB to recognize that entry points to professional accounting education vary according to jurisdiction, content, or level.

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

The extant IES 1 sets entry requirements for a program of professional accounting education in terms of an input measure; that is, being at least equivalent to that for admission into a recognized university degree program or its equivalent. The proposed IES 1 requires IFAC member bodies to specify entry requirements for professional accounting education, while ensuring that entrants have a reasonable chance of successful completion. As a result the requirement is consistent with a principles-based approach in that it focuses on the principle of allowing flexible access to professional accounting education. By removing the reference to a recognized university degree program or its equivalent from the requirement of IES 1, and referring to it as example in the Explanatory Materials section (Paragraph A8), the IAESB ensures consistency with the Framework (2009). It also recognizes that a mix of input, process, and output measures is often adopted in measuring the effectiveness of professional accounting education to develop competence.

Reasonable Chance of Successful Completion

The grey lettering of extant IES 1 indicates that the entry level needs to be high enough to provide assurance of an individual's likely success in the program of professional accounting education. The proposed IES 1 sets a requirement (Paragraph 7) for IFAC member bodies to 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. The IAESB views this requirement as being helpful in protecting the public interest. The Explanatory Materials section (Paragraph A4) explains the public interest issue in terms of minimizing the risk of inefficiently allocating public resources by supporting entrants who do not have a reasonable chance of successfully completing professional accounting education. The public interest would also be protected by ensuring that entry requirements are not set too low, which would lead people to falsely believe they are likely to complete it successfully.

Requirement for IFAC Member Bodies to Explain Entry Requirements

The grey lettering of extant IES 1 provides guidance to assist member bodies in identifying qualifications that are equivalent to a university degree and those that are equivalent to a university entry standard. The proposed IES 1 sets a requirement for IFAC member bodies to explain the rationale for their specified entry requirements. The Explanatory Materials section (Paragraph A7) of the proposed IES 1 provides guidance on the requested rationale by indicating that an IFAC member body justifies its entry requirements in terms of the competences required to successfully complete professional accounting education. The IAESB has introduced this requirement to clarify a member body's obligation in specifying entry requirements which enable a reasonable chance of successful completion, while not putting in place excessive barriers to entry.

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

The grey lettering of extant IES 1 provides guidance to IFAC member bodies to assess the equivalence of qualifications to a university degree entry standard. The extant IES 1 also indicates that the assessment of equivalence of qualifications should be cross-checked with standard reference sources, together with information available to IFAC member bodies. The IAESB recognizes that responsibility of the IFAC member body in the assessment process, but also sees a role for individuals to assess their own chances of successfully completing professional accounting education. As a result, the proposed IES 1 sets a requirement for IFAC member bodies to make relevant information publicly available to help individuals make an informed decision in assessing their own chances of successfully completing professional accounting education. The Explanatory Materials section (Paragraph A11) provides guidance on how IFAC member bodies can help individuals assess their chances of successful completion by identifying information on completion rates, pass rates, and cost.

Guide for Respondents

Request for General Comments

The IAESB welcomes comments on all matters addressed in this proposed IES 1 (See **APPENDIX 1**). Comments are most helpful when they refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording to enable the IAESB to fully appreciate the respondent's position. Where a respondent agrees with proposals in the exposure draft (especially those calling for a change in current practice), it will be helpful for the IAESB to be made aware of this view.

Request for Specific Comments

The IAESB is particularly interested in comments on the matters set out below:

The requirement of the extant IES 1 states that entry requirements to a program of professional accounting education leading to membership of an IFAC member body should be at least equivalent to that for admission into a recognized university degree or its equivalent. The IAESB supports the need for entry requirements to professional accounting education while ensuring that the IESs are principles-based and leading to the development of a competent professional accountant. As a result, the IAESB is proposing a requirement (Paragraph 7) for IFAC member

bodies to prescribe entry requirements based on the principle of allowing flexible access to professional accounting education. The IAESB states that entry requirements shall be specified so that entrants have a reasonable chance of successfully completing their professional accounting education, while not putting in place excessive barriers to entry.

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). Requirements in paragraphs 8 and 9 clarify the obligations that IFAC member bodies have in specifying entry requirements for professional accounting education and acknowledge the responsibility of the individual to assess chances of successfully completing professional accounting education.

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

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

The Explanatory Materials section provides further explanation on the Scope, Objective and Requirements of IES 1.

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

The proposed IES 1 has also been redrafted according to the guidelines provided in the IAESB Drafting Conventions.

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

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?¹

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

¹ The IAESB has identified the following criteria for determining the requirements of a Standard:

- The requirement is necessary to achieve the objective stated in the Standard;
- The requirement is expected to be applicable in virtually all situations to which the Standard is relevant; and
- The objective stated in the Standard is unlikely to have been met by the requirements of other Standards.

In determining the requirements of a Standard, the IAESB will consider whether the requirements are proportionate to the importance of the subject matter of the Standard in relation to its objective.

The criteria, which are intended only to assist the IAESB in appropriately and consistently determining requirements, may be refined as further experience is gained.

Comments on Other Matters

Translations—Recognizing that many respondents intend to translate the final IESs for adoption in their own environments, the IAESB welcomes comment on potential translation issues noted in reviewing the proposed IES 1.

Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the IESs, the IAESB invites respondents from these nations to comment, in particular, on any foreseeable difficulties in applying the proposed IES 1 in a developing nation environment.

Effective Date—Recognizing that proposed IES 1 is a revision of extant IES 1, the IAESB believes that an appropriate effective date for the standard would be 12-15 months after approval of the final revised standard. The IAESB welcomes comment on whether this would provide a sufficient period to support effective implementation of the final IES 1.

Supplement to the Exposure Draft

To assist respondents in tracking changes, IAESB staff has mapped the material of the extant IES 1 to the proposed IES 1.

This staff-prepared mapping document is available on the IAESB website at <http://www.ifac.org/Education/ExposureDrafts.php>. It is for information purposes only and does not form part of the exposure draft.

Proposed Conforming Amendments

IAESB Glossary of Terms

Term

Definition

Professional Accounting Education

Professional accounting education is education and training that builds on general education, and imparts (a) professional knowledge, (b) professional skills and (c) professional values, ethics, and attitudes.

Initial Professional Development

Learning and development through which individuals first develop competence leading to performing the role of a professional accountant.

PROPOSED INTERNATIONAL EDUCATION STANDARD 1 (REVISED)
ENTRY REQUIREMENTS TO PROFESSIONAL ACCOUNTING
EDUCATION
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Introduction

Scope of this Standard (Ref Para A1 and A2)

1. This International Education Standard (IES) prescribes the principles to be used when setting entry requirements for professional accounting education.
2. This IES is addressed to IFAC member bodies, whose role it is to set entry requirements for professional accounting education. In addition, this IES will be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who deliver, and support delivery of, professional accounting education.
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. This IES explains the concepts of (a) “reasonable chance of successful completion” and (b) entry suitability, and provides commentary on different forms of entry requirements.
4. 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.

Effective date

5. This IES is effective on or after [date].

Objective (Ref Para A3 – A5)

6. 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.

Requirements (Ref Para A6 – A11)

7. 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.
8. IFAC member bodies shall explain the rationale for their specified entry requirements.
9. IFAC member bodies shall make relevant information publicly available to help individuals assess their own chances of successfully completing professional accounting education.

Explanatory Materials

Scope (Ref Para 1 – 4)

- A1. Professional accounting education is education and training that builds on general education, and imparts (a) professional knowledge, (b) professional skills and (c) professional values, ethics, and attitudes. Entry points to professional accountancy

education vary according to jurisdiction, content, or level, and are therefore flexible in nature.

- A2. IFAC member bodies have varying levels of control over entry requirements to professional accounting education. For example, in some jurisdictions entry requirements may be set by universities or governments.

Objective (Ref Para 6)

- A3. The maintenance of appropriate standards of competence within the accountancy profession is essential to the public interest. All IESs, which cover program content, assessment, practical experience, and continuing professional development, are designed to ensure that members of the accountancy profession achieve an appropriate level of professional competence after they have completed their Initial Professional Development.
- A4. This IES aims to protect the public interest by providing for entry requirements for professional accounting education that are neither too high (causing unnecessary restriction to entry to the profession), nor too low (causing people to believe falsely they are likely to complete it successfully). This helps minimize the risk that resources may be used inefficiently to support entrants who do not have a reasonable chance of successfully completing professional accounting education.
- A5. IFAC member bodies can contribute to efficient and effective career decisions by informing entrants of the (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes expected of those successfully completing professional accounting education. This may be facilitated by:
- (a) varying entry points to professional accounting education;
 - (b) encouraging entrants to commence professional accounting education only when they have considered their chances of successfully completing it; and
 - (c) being transparent about the expectations and costs associated with professional accounting education.

Requirements (Ref Para 7 -9)

- A6. 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.
- A7. The entry requirements will be able to be justified with reference to the competences needed to successfully complete the education. Thus, 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.
- A8. IFAC member bodies may adopt different entry requirements, because professional accounting education varies in level, type, and content. For example, some professional accounting education for accounting technicians may have no entry requirements other

than a good level of numeracy and literacy. Conversely, professional accounting education for auditors may specify that an individual must hold a university degree or equivalent.

- A9. An IFAC member body may determine specific criteria used to demonstrate that individuals meet the entry requirements. These criteria may include qualifications, courses, entry tests, or experience. Entry requirements may include the assessment of one (or a combination) of qualifications, experience, aptitude, knowledge, skills, ethics, or other requirements deemed appropriate by the member body.
- A10. Individuals may have developed their (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes through various pathways, including work experience, study, or qualifications. IFAC member bodies may reflect these different pathways by adopting flexible entry requirements that accommodate all those with a reasonable chance of successfully completing professional accounting education. An example of this flexibility can be found where an IFAC member body specifies a pre-qualification entry requirement (e.g., a university degree or equivalent), but allows direct entrance to its professional accounting education for those without a university degree if they have, for example, some years of relevant work experience.
- A11. IFAC member bodies can help entrants consider their chances of successfully completing professional accounting education by encouraging them to consider the content covered, its level, and methods of assessment of the program. In addition, IFAC member bodies can facilitate this decision making by providing clear and complete information on factors such as completion rates, pass rates, and cost.



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org