



The Georgian Federation of Professional Accountants and Auditors (GFPAA)

Rusudan Zhorzholiani
Chairman of the GFPAA Board
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Role of the GFPAA in Regulation of the
Profession and in Development of
Professional Accountants

The GFPAA History in Summary

The Georgian Federation of Professional Accountants and Auditors (GFPAA) was established on 5 May 1998.

The GFPAA Objectives:

- Promoting the improved business environment for investments through implementation of best international accounting, reporting and auditing practices;
- Achieving and maintaining a high professional level of the GFPAA members to ensure high quality services to clients and to general public;
- Improving business environment and contributing to the nation's economic growth by providing assurance and proper quality of financial statements.

THE GFPAA MANAGEMENT

The GFPAA is managed by the Board headed by the Chairman.

The GFPAA operates through seven branch offices located throughout Georgia.

According to the GFPAA action plan, its activities are carried on through the following committees:

- Education Committee;
- Standards and Practice Committee;
- Audit Quality Committee;
- Tax Committee;
- Membership Committee;
- Ethics and Disciplinary Committee.

INTERNATIONAL RECOGNITION OF THE GFPAA

- 1999: The GFPAA was awarded its accreditation as a professional association; since then, it has been a recognized regulator in the profession in accordance with law.
- 1998: The GFPAA started its collaboration with the IASB and was granted the exclusive right to translate IFRS into Georgian.
- 2000: The GFPAA became a full member of the IFAC
- 2003: The GFPAA started awarding professional certificates under the ACCA UK international programme.
- 2006: ACCA accreditation of the professional certification programme offered by the GFPAA.

PROFESSION REGULATION

- Until 2016 practicing of the accounting profession had been fully self-regulated in the private sector of Georgia (the state had not been involved in its regulation)
- Then the regulatory function was transferred to the accredited professional association in accordance with the applicable legal acts.
- This association is the Georgian Federation of Professional Accountants and Auditors (GFPAA), a full member of the IFAC.

CURRENT REGULATION

- 2016: Adoption of the new legal act *On Accounting, Reporting and Auditing*
- Now the accounting profession is regulated by the Accounting, Reporting and Auditing Supervision Agency (SARAS).
- The functions given by the previous legal act to the accredited professional associations have been transferred to SARAS.
- SARAS is a government agency in the Ministry of Finance system; it is reportable to the Georgian Government and the Ministry of Finance.

EDUCATION AND TRAINING SYSTEM FOR PROFESSIONAL AND CERTIFIED ACCOUNTANTS

SARAS sets the standards for professional certification

According to the professional certification standard, accountants may be certified in accordance with:

- Certification programme;
- Full certification programme

The individual's qualifications are confirmed by means of the individual's professional certification.

The GFPAA is a recognised certifying professional association.

The GFPAA certifies according to 'Full Certification Programme'

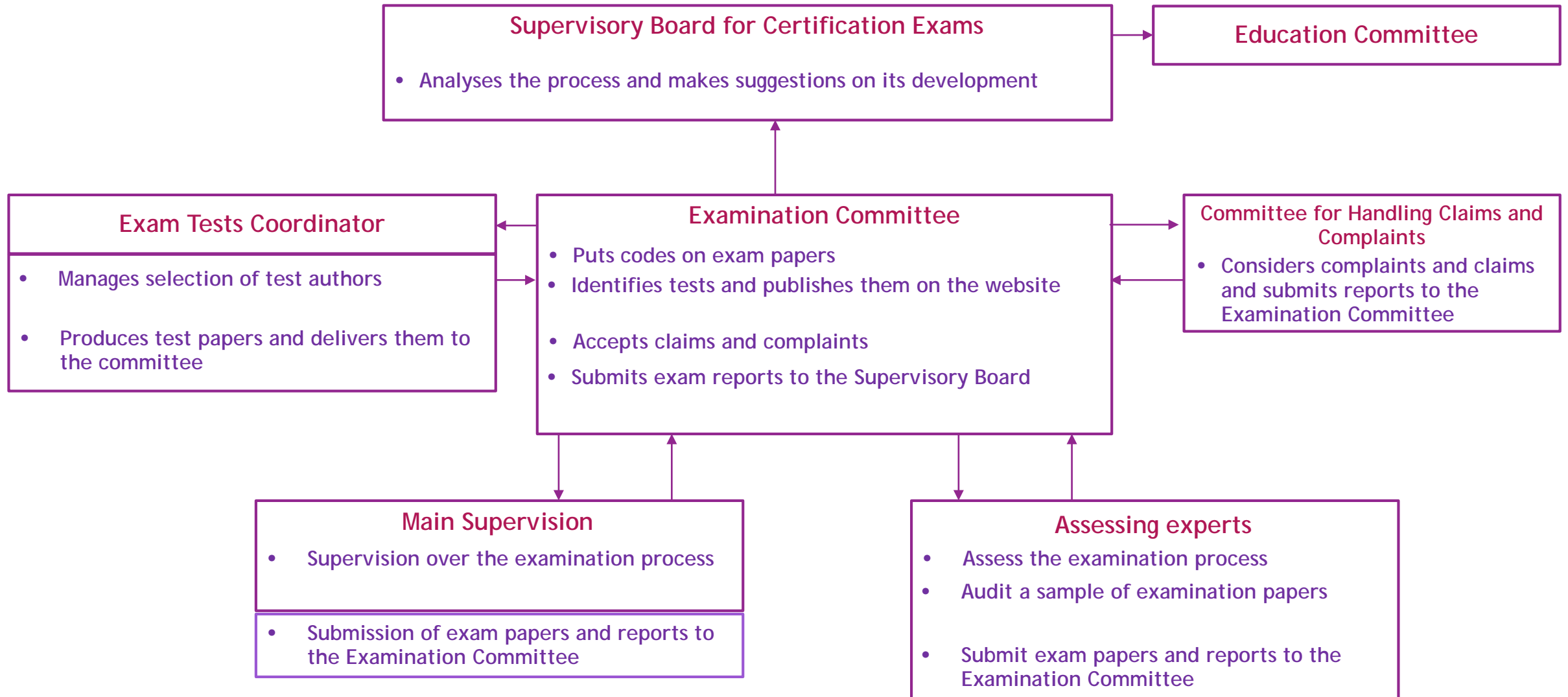
THE GFPAA'S FULL CERTIFICATION PROGRAMME

- 2002-2016: Our Federation has been training and certifying professional accountants according to the adapted ACCA programme in Georgian
- The programme consists of 13 ACCA books
- The person successfully going through the certification procedure is awarded the certificate of:
 - Certified / Professional Accountant
 - Auditor - after gaining of three years of practical experience
- The GFPAA unites 580 professional accountants
- The programme covers 8000 aspiring accountants

REGULATION OF PROFESSIONAL EDUCATION BY THE GFPAA



EXAMINATION PROCESS



PROFESSIONAL TRAINING AND CERTIFICATION

ACCA in Georgian

Functions of the GFPAA



Accepts applications and selects aspiring accountants for professional certification

Provides books and training materials for training according to the ACCA programme
As of now, 13 books (2017-2018 version) have been translated into Georgian and published

Holds professional certification exams

Functions of the Institute of Professional Accountants



Administers the process of preliminary training for professional certification

Delivers preliminary training to aspiring accountants seeking professional certification

RECOGNITION OF PROFESSIONAL ACCOUNTANTS BY GENERAL PUBLIC

Recognition did not come at once; however, it was prompt – in particular in private business sector and soon afterwards in the public sector.

State auditing agent (chamber of accounts) personnel was retrained according to the ACCA programme.

State agencies, ministries, departments, other public authorities, private businesses – all of them gladly offer employment to ACCA programme graduates.

About 90% of the aspiring accountants seeking certification start working (quite successfully) in the professional field even before they have completed 5-6 ACCA books.

CERTIFIED ACCOUNTANT PROGRAMME

Certified Accountant Programme was recognised by the supervisory public agency SARAS.

The programme consists of 4 training courses and the certification exams.

1. Business Law and the Tax Code (F4; F6)
2. Corporate Governance, Risks and Ethics (P1)
3. Corporate Reporting (P2)
4. Auditing Services (P7)

In order to entitle the applicants to exam exemptions in respect of the other 9 books covered by the certification programme, SARAS would have to recognise the education programmes of the relevant universities and professional organisations as adequate for offsetting.

The applicants successfully passing the certification exam are awarded their Certified Accountant Certificate

GEORGIA'S HIGHER EDUCATION SYSTEM

Higher education institutions are classified in Georgia into:

Colleges - Training universities - (Full) Universities

Georgia's Ministry of Education assesses the higher education programmes offered in terms of their quality, level and programme compliance by means of their accreditation.

The state only recognises the higher education diplomas issued by accredited higher education institutions.

Georgia's higher education system consists of three levels

Level I: Bachelor degree

Level II: Master degree

Level III: Doctor of sciences (dr.sc.) degree

RECOGNITION OF PROGRAMMES OFFERED BY HIGHER EDUCATION INSTITUTIONS

- Law entitles higher education institutions to apply to SARAS to get their education programmes recognised
- The examiners have to rate certain courses (subjects) as 'passed' in the exams that form part of recognised education programmes
- SARAS have not yet recognised the programmes offered by the Georgian higher education institutions

SARAS have recognised the ACCA programme delivered in Georgian and underlying the GFPAA certification

- In our opinion, it would be better for the profession to:

Integrate the objectives pursued by higher education and certification by means of an agreement among the higher education institutions, ACCA and SARAS regarding recognition of the education programmes.

CONTINUOUS DEVELOPMENT PROGRAMME

- **The certified accountants must comply with the continuous development requirements and reconfirm their qualifications annually.**
- **The certified accountants must go through at least 120 hours of continuous education (development) during three successive calendar years.**
- **According to the standard, the outcomes of at least 90 of those hours of training have to be assessed by means of tests.**

REGULATION OF CONTINUOUS DEVELOPMENT PROGRAMMES FOR CERTIFIED ACCOUNTANTS

- According to the applicable laws, continuous development (education) programmes have to be SARAS-approved.
- Three professional associations are currently operating in Georgia.
- These three associations coordinate their actions to ensure compliance with the regulation requirements:
 - training programme subjects focus on the needs of Georgian professionals;
 - training materials are produced and lectures are delivered by 'Big Four' representatives;
 - monitoring is performed at high level.

Uniting of the resources has contributed significantly to the quality of the offered continuous development (education) programmes.



On behalf of the GFPA,

I wish much success to your associations

Thank you for your attention!