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Centre for Financial
Reporting Reform



**REGIONAL
EDUCATION STUDY
FOR  STAREP COUNTRIES**

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Reporting Reform**



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REGIONAL EDUCATION
STUDY FOR STAREP
COUNTRIES

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LIST OF ACRONYMS

ACAP	Association of Professional Accountants and Auditors of the Republic of Moldova
ACCA	Association of Chartered Certified Accountants
CAP	Certified Accounting Practitioner
CFRR	Centre for Financial Reporting Reform
CIPA	Certified International Professional Accountant
CIPFA	Chartered Institute of Public Finance and Accountancy
EDUCOP	Education Community of Practice
EU	European Union
GDP	Gross Domestic Product
GFPAA	Georgian Federation of Professional Accountants and Auditors
GNI	Gross National Income
IAESB	International Accounting Education Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
PAO	Professional Accountancy Organization
PIE	Public Interest Entity
ROSC A&A	Report on the Observance of Standards and Codes - Accounting & Auditing Module
S\$	Singapore dollars
SARAS	Service for Accounting, Reporting, and Audit Supervision of Georgia
SME	Small and Medium-sized Enterprise
SOE	State-Owned Enterprise
STAREP	Strengthening Auditing and Reporting in the Countries of the Eastern Partnership

TAIEX	European Commission Technical Assistance and Information Exchange Instrument
UFPAA	Ukrainian Federation of Professional Accountants and Auditors
USD	United States dollars

EXECUTIVE SUMMARY

A competent accounting and audit profession is vital for sustainable economic development. Economies and markets need accurate, timely, and reliable information to function and grow. Producing trustworthy financial information requires sound national accounting and auditing frameworks, adequate and realistic requirements, and effective mechanisms to ensure compliance. These are only achievable with a well-educated and competent accounting and audit profession.

Improving accounting education and training in STAREP¹ countries² contributes to the countries' long-term economic development goals, and supports the adoption of International Financial Reporting Standards (IFRS). Principles-based accounting standards, as well the new trends in accounting and business technology and practices, require competency-based university and professional qualification programs.

STAREP countries each have strong individual national identities but also share a common legacy as part of the former Soviet Union. Accounting played an important role in the Soviet “command economy”, and its systems share significant features with those of western market economies, including the double-entry system. However, it was very centralized system, and accounting was part of the apparatus aimed at ensuring that production goals were met, and assets safeguarded. It wasn't used to discharge accountability to shareholders, nor to secure loans or investments. Without the need to adapt to the requirements of shareholders, investors, and lenders, and being determined by government decrees and regulations, accounting practices did not follow a similar development path to western market economies, nor were professional associations created to guide this development. Consequently, while their economy has merged more quickly into a market system, the education for accountants and auditors that support this has lagged. Tackling such deep-rooted differences takes time.

The study aims to highlight common areas of weakness in accounting education and suggest how these can be addressed. To achieve the proposed aims, study data was gathered through a survey of universities on accountancy education programs; drawn from presentations at various STAREP regional events; and using information provided in national education initiatives developed for each of the STAREP countries. As part of methodology for preparing the study a diagnostic tool was used by universities to map current accountancy program curricula content and learning objectives against internationally recognized benchmarks.

IFRS and International Standards on Auditing (ISA) have been adopted by most STAREP countries and are being included in curricula. The adoption of rules and regulations is a first

¹ Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP) is a regional program of the World Bank Centre for Financial Reporting Reform.

² Countries that make up the European Union's (EU) Eastern Partnership: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.

step which needs to be accompanied by developing the capacity of the profession. The standards adopted in some jurisdictions do not correspond to the full and current version issued by international standards boards, either due to non-adoption or lack of translation of the most recent amendments. A few countries have adopted International Public Sector Accounting Standards (IPSAS), while other apply national accounting rules, based on IPSAS principles; the respective frameworks are included in curricula for public sector accounting.

While professional certification of auditors is required in all STAREP countries, professional certification of accountants is not mandatory; in some countries there are additional requirements for chief accountants of PIEs. Professional accountancy organization have emerged in all STAREP countries during the last 20 years; however their role is still limited. Some PAOs have established or adopted a professional qualification for accountants and/or auditors. Individuals aspiring to be registered as auditors require a university bachelor's degree; to demonstrate relevant practical experience; possess a high level of theoretical knowledge and professional competence as evidenced by successfully passing the corresponding examinations, and to maintain continuing professional development. However, despite "good" requirements, there could be limited application in practice because of constraints in PAO and university syllabus', particularly with respect to not using IFRS, not being competency based, and not deploying competency-based syllabus. In addition, the attestation of work experience is not always rigorous, not aligned to competency development in the related syllabus', and of uneven reporting quality. The certification of auditors in STAREP countries is administered either by PAOs or by the Ministry of Finance/Public Oversight Body.

Universities in STAREP countries are often limited in their ability to set the curricula of their degree programs. The Ministry of Education sets all or some of the curricula in about half of the STAREP countries and it is involved in approving curricula and any proposed changes in all STAREP countries, usually cyclically over several years. Accountancy is a moderately popular university level program. Course load breakdown for bachelor's and master's degree programs appears to be reasonable and there seems to be a strong tradition of mandatory internships for students in all STAREP countries. Emerging issues such as sustainability, environmental, and social accounting are not addressed by just over half the universities surveyed.

Foreign university and professional programs are increasingly available to accounting students and professionals. A number of English-language qualification programs of internationally recognized professional accountancy organizations (PAO), e.g. the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW), are popular in the region. Individual benchmarking performed for the purposes of comparing syllabi and course content with international bodies is helping guide the accounting curricula improvement process and allow identification of areas where particular institutions excel in terms of experience and resources.

There is room for further improvement in teaching and governance in universities. Remuneration practices are often the responsibility of the Ministry of Education but there is some evidence of autonomy for universities. Many university faculties offer employment security for academics through tenure. While this is valued as providing recognition of performance and a trade-off to lower wages than in the private sector it can hinder the recruitment of new staff and stifle innovation without the right incentive structure. Teachers need more support to learn and adopt modern teaching methods and approaches. Collecting feedback from students is a best practice which a large majority of universities have implemented, but universities and students would benefit if the culture shifted towards a “student-centric” approach to teaching and examinations. There is also potential for improvement in connecting with the business world. This is a significant issue which goes beyond hiring teachers with relevant professional experience.

The quality of available teaching resources needs improvement and there should be greater use of IT. Teaching materials are often out of date or there are insufficient textbooks for all students. Universities should consider facilitating student access to relevant on-line resources, such as the most recent textbooks and up to date international standards, and updating teaching materials.

All STAREP countries have developed national education improvement strategies in accounting and auditing with a final aim that the identified priorities and action plans will contribute to economic development. Using knowledge obtained within STAREP activities, countries have established their national priorities for improving the initial and ongoing professional development of accountants and auditors. Implementation of updated university degree (and professional qualification) programs should ideally follow a step-by-step approach, detailed in the Competency-Based Accounting Education, Training, and Certification Implementation Guide produced by the World Bank in 2018³. Improving the accounting education and responding to labor market needs with well-equipped accountants and auditors, knowledgeable of principle-based approaches in corporate financial reporting, would contribute to private sector-led growth. Paraphrasing Mark Gruell, Raiffeisen Bank International (2008), it could be said that no accounting education, no transparency; no transparency, no trust; no trust, no credit; no credit, no investment; no investment, no growth! So there is a simple logic: financial reporting, prepared by well-educated accountants and audited by well-certified auditors is an essential building block for financial intermediation, foreign investment, and sustainable economic development.

While each country has national priorities and specific challenges, the study identified some common areas that could have an important impact at both, national and regional levels on developing accountancy education in STAREP countries:

³ Competency-Based Accounting Education, Training, and Certification: An Implementation Guide. International Development in Practice;. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/31701>

- Internationalize degree programs and qualifications in accounting and auditing through greater alignment to development of accounting education aligned with International Education Standards (IES) developed by the International Accounting Education Standards Board (IAESB) and better engagement with international PAOs.
- Improve cooperation among key stakeholders, i.e. local PAOs, universities, and regulators in the field of accounting and auditing to strengthen the profession, better protect the public interest, considering the needs of the labor market, and seek to increase public recognition of the benefits of hiring competent accountants and auditors. Improved cooperation among PAOs and universities (and regulators, where relevant) at regional level would also strengthen the profession.
- Update the knowledge and skills of university teaching staff and other educators. Ensure textbooks are available that reflect current standards and business practices in the local language. Improve and expand the provision and use of different learning materials and methods and make better use of IT, including e-learning platforms, at academic and professional education levels. In the context of COVID-19 the importance of e-learning platforms and other relevant IT solutions was acknowledged by universities.
- Introduce of a common competency framework to allow universities to incorporate tailored learning outcomes into degree programs, enabling their graduates to transition smoothly to a professional qualification program.
- Introduce a minimum syllabus in accounting and audit education to ensure that all graduates with a bachelor's degree in accounting have achieved at least the same basic level of management and financial accounting and reporting.

INTRODUCTION

Strong financial reporting frameworks are a critical component of sustainable economic and private sector development to help secure domestic investor confidence and attract foreign direct investment. Producing trustworthy financial information requires sound national accounting and auditing frameworks, adequate and realistic requirements, and effective mechanisms to ensure compliance. It is also critical to the public sector to achieve sustainable public financial management and improved governance, accountability, and transparency.

A competent accounting and audit profession is key. To function optimally, economies and markets need accurate, timely, and reliable information. This requires a mature accounting and audit profession. The importance of professional accountants in ensuring the quality of financial reporting cannot be over emphasized. Professional accountants in business often find themselves at the frontline of safeguarding the integrity of financial reporting. Hence ensuring their university education and professional qualifications are in line with international standards and good practices is key.

Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP) is a regional program of the World Bank Centre for Financial Reporting Reform (CFRR). The program aims to create a transparent policy environment and effective institutional framework for corporate reporting within the countries that make up the European Union's (EU) Eastern Partnership: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. STAREP's focus is on the improvement of corporate financial reporting frameworks and their effective implementation.

The six STAREP countries were all members of the Soviet Union for several decades until 1991, and the legacy from the Soviet era continues to impact current accounting education practices. Accounting played an important role in the Soviet "command economy", and its systems share significant features with those of western market economies, including the double-entry system. However, it was a very centralized system, and accounting was part of the apparatus aimed at ensuring that production goals were met and assets safeguarded. It wasn't used to discharge accountability to shareholders, nor to secure loans or investments. Accounting information in the Soviet Union was used mainly by central government for economic planning and control. Accountants could progress through three different professional levels. Chief Accountant was the highest, being the third in command at each enterprise. Below were bookkeepers and, at lower levels, index-card clerks and calculating machine operators. It was not a highly respected profession. Accountants were technicians rather than problem-solvers. Their jobs focused on recording transactions in accordance with very specific and detailed rules. Auditing in the Western sense did not exist. An enterprise's operations were reviewed by central government to determine whether it was meeting its specified goals (training as an accountant was not required for this task which did not encompass reviewing the enterprise's financial records). The chief accountant was expected

to perform a function similar to that of an internal auditor and would report on the transactions and financial reports of the enterprise to the government. Higher education in the Soviet Union became dedicated to the training of experts for the socialist economy. Technical education was a priority, as many engineers were needed to support the objectives of economic growth and technological progress. Higher education was standardized and rigidly defined; there were no options for students to choose subjects of study.

All six countries have made significant progress in modernizing their systems of corporate financial reporting since the STAREP program began in 2013. STAREP countries have all put in place changes to national legislation to ensure greater alignment with EU requirements and international best practices. The capacity of professional accountancy organizations has been strengthened, and the number of universities accredited by internationally recognized professional associations has increased. However, the countries still face common challenges, especially regarding institutional capacity, strengthening accountancy and audit education, and promoting good financial reporting practices among private and state-owned businesses, regulators and auditors.

As the STAREP countries move towards the adoption of international and regional standards in accounting and auditing, there is a need to ensure high quality, relevant education both for those entering the profession and for ongoing professional development throughout their career. Events and activities delivered under STAREP, at both regional and country level, aim to promote the development of accounting education aligned with IES and the educational requirements of the EU's Statutory Audit Directive at university level, for professional qualifications, and for continuing professional development of those already qualified. The STAREP Accounting and Auditing Education Community of Practice (EduCoP) facilitates shared and peer learning, supporting national efforts to develop accounting and auditing education. EduCoP activities include exchange of information and experiences, shared tools, views, and knowledge building through various channels, like workshops, personal communications, online collaboration, etc. Over time, the EduCoP has become a well-established, committed, and enthusiastic group of participants meeting for regular learning events⁴ (the list of events and publications is provided in Appendix 1). Country representatives meet at least twice per year and more than 400 participants have been involved. A list of EduCoP PAOs and universities is included in Appendix 2.

World Bank analysis found that all STAREP countries had scope for improvements to accounting education. The World Bank conducts reviews of accounting and auditing at the request of a country within the Reports on the Observance of Standards and Codes - Accounting and Auditing module (ROSC A&A). The ROSC A&A Report includes sections dedicated to both accounting education and the accounting profession. ROSC A&A reports prepared for STAREP countries all indicated that improvements were needed to university

⁴ There were delivered 10 EduCoPs, 2 train-the-trainers workshops, 1 regional IFRS teaching workshop. EduCoP members attended also the Ministerial Conferences, organized within STAREP program.

courses in accounting and finance in order to provide a suitable platform from which professional development could be built.

The aim of this study is to highlight some common areas of weakness in accounting education, suggest how these can be addressed and to highlight common priorities for further development. There are global concerns about the quantity and quality of new entrants to the accounting profession; notably weaknesses in skills (especially communication skills and critical thinking skills); failure to keep up with advances in technology and the growing complexity of global business; and insufficient development of ethics and professional skepticism. This study seeks to identify some common challenges and solutions to reforming accounting education in the STAREP countries. Improved cooperation among PAOs and universities (and regulators, where relevant) at regional level would also strengthen the profession.

The study used a range of information sources and data developed, completed, or provided by representatives of STAREP countries and others involved in the STAREP Program. Study data was gathered from EduCoP participants, including representatives of universities, PAOs, and some national financial reporting and audit regulators. Questionnaires on university accountancy education programs were completed by eleven participating universities. Presentations delivered by EduCoP participants at regional events and information provided in national education initiatives developed for each of the STAREP countries were used. Nine universities applied a diagnostic tool to map current curricula content and learning objectives of their accountancy programs and compare them against internationally-recognized benchmarks⁵.

Several key areas were found to be of particular relevance to STAREP countries in their continued efforts to modernize and reform accounting education. These will be considered in more detail in the following sections:

1. Accounting and Auditing Standards
2. Certification and Regulation
3. Accounting Degree Programs
4. Internationalization of Accounting Education
5. Teaching and Governance
6. Learning Resources
7. Student Performance
8. Priorities for Improvement

⁵ The diagnostic tool was applied by the representatives of the nine universities and their findings accepted; the World Bank did not validate the learning objectives or competence areas of the assessed programs.



1

ACCOUNTING AND AUDITING STANDARDS

STAREP countries are increasingly adopting international accounting and auditing standards. In recent years, the governments of STAREP countries acknowledged that PIEs⁶ should prepare and publish high-quality general purpose financial statements to allow investors and other stakeholders to make informed investment decisions and to assess the entity's financial performance. Usually, these financial statements are subject to an independent audit, performed by individuals and/or firms which are licensed to conduct statutory audits. In Georgia, Moldova, and Ukraine their EU Association Agreements, signed in 2014, have imposed alignment of the definition of PIEs to EU *acquis* and introduction of the legal requirement to have PIE's financial statements audited by statutory auditors. Other countries have recently adopted the IFRS for Small and Medium-Sized Enterprises (SMEs) for larger, non-PIE entities. However, demand from the general public for high-quality international accounting and auditing standards is limited. There has been some perception that international standards are not needed, especially as until recently the only reason most entities prepared financial statements was for tax authorities.

Most STAREP countries have introduced mandatory audit requirements, following ISA provisions, for some categories of entities. Companies preparing financial statements based on IFRS or IFRS for SMEs often only do so to be listed on a foreign stock exchange, or because their creditors or investors demand it. Since the adoption of IFRS and/or IFRS for SMEs in several countries, the question then becomes whether compliance with these standards is real or fictional. Without an audit requirement or effective audit quality assurance mechanism in place most companies lack incentive to substantially comply with IFRS / IFRS for SMEs. This attitude is often reinforced by tax authorities themselves who often have no knowledge or interest in IFRS. Many STAREP countries introduced mandatory audit requirements for some categories of entities (e.g. PIEs, large, and medium-sized entities). Statutory audits in STAREP countries are performed following ISA provisions, except in Belarus where ISAs have yet to be officially adopted⁷. The IESBA Code of Ethics has not been adopted in Belarus and Armenia.

International accounting and auditing standards have been adopted in many STAREP countries (see Table 1 below) but enforcement challenges still exist. With respect to the standards themselves, the issue of translation was for a very long time advanced as an obstacle. As illustrated in Table 1, although translation is less of an issue enforcement challenges still exist, i.e. even if international standards are adopted, these do not correspond to the full and current version of their international equivalent, either due to non-adoption of the latest amendments issued by international standards boards or lack of translation of the most recent amendments. In most countries, the international standards become part of the national legal framework only after publication in local official languages. What remains problematic are the issues of terminology and interpretation. There may be a shared

⁶ In most STAREP countries PIEs include listed companies, banks, and insurance companies.

⁷ The legal frameworks was recently amended to allow ISA adoption. Once adopted, ISAs will only be mandatory for audit of IFRS based financial statements. The Law on Auditing refers to the National Auditing Rules developed by the MOF for non-IFRS based financial statements.

understanding amongst accountants in mature market economies regarding the meaning of accounting concepts, which spans across different languages. These economies have adopted accounting and business practices which have converged over several decades. Within former Soviet Union countries, in addition to a linguistic barrier, there is a cultural barrier to be overcome.

Table 1. Status⁸ of adoption and availability of the latest edition of the international standards into local language(s) in STAREP countries

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
IFRS (for PIEs)						
Adoption	YES	YES	YES	YES	YES	YES
Availability of the latest translation	NO, 2012 edition is available	YES	YES (Russian version)	YES	YES	YES
International Standards on Auditing (ISAs) [1]						
Adoption	YES	YES	NO	YES	YES	YES
Availability of the latest translation	NO, 2012 edition is available [2]	NO, 2015 edition is available	n/a	YES [3]	NO, 2015 edition is available [4]	YES
Code of Ethics [5]						
Adoption	NO	YES	NO	YES	YES	YES
Availability of the latest translation	n/a	NO, 2015 edition is available	n/a	NO, 2016 edition is available	NO, 2015 edition is available	NO, 2012 edition is available
IFRS for SMEs [6]						
Adoption	YES	YES	n/a	YES	n/a	YES

⁸ As of November 30, 2018.

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Availability of the latest translation	YES	Under translation	n/a	YES	n/a	NO, 2009 edition is available
IPSAS						
Adoption	NO [9]	YES	NO	YES	NO [7]	NO [8]
Availability of the latest translation	n/a	NO, 2017 edition is available	n/a	YES	n/a	n/a

Notes:

[1] The most recent version of ISAs as issued by the International Auditing and Assurance Standards Board is the 2016-2017 version <http://www.ifac.org/publications-resources/2018-handbook-international-quality-control-auditing-review-other-assurance>.

[2] ISA 700, ISA 701, ISA 570, ISA 705, ISA 706, ISA 260, ISA 720 are available as per 2016 edition.

[3] In Georgia auditors/audit firms have the right to use the English version of ISAs.

[4] Audit entities and auditors in Moldova are allowed to apply the updates of the Code of Ethics, auditing standards, quality control standards and related standards before these are accepted/published into local languages; they should inform the Public Oversight Board about the date of application.

[5] The most recent version of 2018 International Ethics Standards Board for Accountants (IESBA) Handbook contains the entire International Code of Ethics for Professional Accountants (including International Independence Standards) that comes into effect in June 2019 <https://www.ethicsboard.org/iesba-code>.

[6] The most recent version of IFRS for SMEs is 2015 version (effective from January 1, 2017).

[7] National Accounting Standards for Public Sector, based on IPSAS are under development.

[8] National Accounting Standards in Public Sector are based on IPSAS 2015.

[9] Accrual-based public sector national standard, based on 2014 IPSASs is mandatory for all public sector organizations from 2018.

In many STAREP countries, quality financial statements substantively in compliance with IFRS are often those audited by firms which are part of large international networks. The local staff hired by these firms are mostly fluent in English and therefore able to access the original version of these standards and avoid the challenges related to the interpretation of their local language translation. Some countries (e.g. Moldova and Georgia) may allow entities and auditors to apply the official English version of international standards (IFRS, ISA, Code of

Ethics) before the official translation in the local language becomes available. However, the existence of this legally permitted option does not eliminate the issue of the potential impact on the quality of financial statements and/or on the quality of audits if such permission is not used by entities and/or by auditors in the jurisdiction.

A significant cultural challenge to overcome with international standards is the concept of disclosures and publication. IFRS requires a significant amount of disclosures, whereas in the STAREP countries, even before the Soviet era, a “closed mouth” culture prevailed, whereby information provided to bureaucrats, government officials, and the general public was as limited as possible. Even in cases when there is a willingness to share information (i.e. with investors), understanding which information is relevant can be a challenge. Following the provisions of EU Association Agreements, some STAREP countries introduced general publication requirements. These included that financial statements, including audit report and management report, where applicable should be published within a reasonable period of time (between 4 and 6 months) and be publicly available. Despite these requirements enforcement of publication requirements is a challenge, mainly because of a lack of financing to develop and maintain a public depository of financial statements. Many of the universities surveyed (10 out of 11), mentioned that while PIEs in their countries are required to publish annual financial statements and these are indeed available to the public either via their corporate web-pages or in local newspapers, the financial statements of non-PIEs are either not required to be published or, even if required, these are not made publicly available.



2

CERTIFICATION AND REGULATION

It is accepted internationally that each country sets its own requirements for the certification and regulation of accountants and auditors. In most countries PAOs are tasked with certifying and regulating their members to ensure they possess and maintain sufficient technical knowledge and professional competence to fulfill the role of a professional accountant in a manner that meets the needs and expectations of employers, clients, peers, and the public. There are several global bodies offering widely recognized qualifications in accounting including the Association of Chartered Certified Accountants (ACCA), Associate Chartered Accountant of the ICAEW, and Chartered Public Finance Accountant of the Chartered Institute of Public Finance and Accountancy (CIPFA).

The legacy of the Soviet Union made it challenging for STAREP countries to establish a professional qualification for accountants and auditors. There was little effort made to organize the accounting profession in the Soviet Union. The Production Economics and Organization Committee of the Scientific and Technical Society existed from 1968 but the accounting profession was not highly respected in the Soviet Union and there existed fundamental flaws in the accounting system. The STAREP countries inherited a centralized, top-down approach to organization, rooted in legislation and regulations. This approach has remained embedded in both the culture and the legal framework of former Soviet countries. The formation of accounting professional bodies and qualification schemes is not perceived as something which can emerge from civil society and commerce organically, but rather needs to be mandated in legislation. Furthermore, the appointment to specific roles was tied to university qualifications, with completion of a bachelor's degree being a minimum requirement for a chief accountant in some countries. The concept of lifelong learning, and acquisition of additional competencies to be acquired and tested after completing university studies was not recognized. Nor was the concept of independent professional organizations, which are able to attract students into demanding and expensive qualification schemes, as has become the norm in many mature economies. In fact, while the economy of STAREP countries has merged more quickly into a market system, the education for accountants and auditors that support this has lagged.

PAOs have emerged in all STAREP countries during the last 20 years however their role is still limited. Some have joined the International Federation of Accountants (IFAC) and developed or adopted qualification schemes. IFAC membership is seen as a sign of a high-quality PAO. IFAC requires member PAOs to adopt international standards and implement quality assurance and investigation and discipline systems. In most STAREP countries at least one PAO is a member of IFAC. Several governments of STAREP countries recognize the Russian language Certified Accounting Practitioner-Certified International Professional Accountant (CAP-CIPA) Program, created with United States Agency for International Development funding. Some national PAOs have become CAP-CIPA examination centers. In almost all STAREP countries existing professional qualifications for accountants and/or auditors are entirely independent of university qualifications, or, even if a university degree is required this may be achieved in any field of study. Closer collaboration between universities and PAOs

can address this. Alignment and integration of university accounting and auditing education programs with professional certification programs is a precondition for good development of a solid education system and to ensure efficient use of resources.

Professional certification of auditors is required in all STAREP countries. In addition to a university bachelor's degree, individuals aspiring for the role of auditor are required to demonstrate relevant practical experience and to demonstrate a high level of theoretical knowledge and professional competence by successfully passing the corresponding examinations. Certified auditors are required to maintain continuing professional development and to provide evidence of having completed a minimum level of hours as prescribed by the legislation of each country. The certification of auditors is administered either by the PAO (e.g. in Azerbaijan, Georgia) or by the Ministry of Finance/Public Oversight Body (e.g. in Belarus, Moldova). However, in Moldova, for instance, auditors are not required to be members of a PAO.

Professional qualification for accountants is not mandatory in STAREP countries. There are additional requirements in some countries only for chief accountants of public interest entities (e.g. internationally recognized qualifications in accounting). For instance, Belarus has recently introduced professional certification of chief accountants of PIES, which is performed by the Ministry of Finance and the Central Bank (for chief accountant of banks). Service for Accounting, Reporting and Audit Supervision of Georgia is considering introducing voluntary certification for accountants after its survey of 2,630 accountants in October 2018 showed the readiness of the profession to enhance their qualifications, receive professional certification, and invest time in continuous education to meet market demand increased by new requirements defined in the law. PAOs in Georgia also support introduction of a voluntary accountants certification which is expected to boost their role and membership number.

Information on existing accounting and audit and certification programs in STAREP countries is provided in Table 2.

Table 1. Accounting and audit certifications in STAREP countries⁹

PAOs/Relevant body	IFAC membership	Accounting certification	Audit certification
Armenia			
Armenian Association of Accountants and Auditors ¹⁰	Associate member, since 2005	Certified Bookkeeper Qualified Accountant ¹¹	Qualified Auditor
Azerbaijan			
Chamber of Auditors ¹²	YES, since 2008		Certified Auditor
Azerbaijan Risk Professionals Association ¹³	NO	Professional Certification of Accountants	
Republic of Belarus			
Association of Certified Accountants and Auditors	NO	Administers certification of accountants under the CAP/CIPA program.	
Union of Certified Accountants and Auditors	NO		
Ministry of Finance	N/A	Professional certification of chief accountants of PIEs (except for banks and insurance companies)	Certified Auditor

⁹ Prepared based on NEI developed by STAREP countries and open source data.

¹⁰ <http://www.aaaa.am/en/catalog/2/>

¹¹ Improved Accounting and Auditing legislation, adopted in Armenia in December 2019 indicates that the chief accountants of PIEs can be only Expert Accountants (as defined by the law) or Qualified Auditors.

¹² <http://www.audit.gov.az/index.php?type=content&subid=62&cid=62>

¹³ <http://arpa.org.az/eng/main-page/>

PAOs/Relevant body	IFAC membership	Accounting certification	Audit certification
Georgia			
Service for Accounting, Reporting, and Audit Supervision of Georgia (SARAS) ¹⁴	N/A		Auditor (after registration in the online registry)
Georgian Federation of Professional Accountants and Auditors (GFPAA) ¹⁵	YES, since 2000	Certified Accountant	
Georgian Association of Independent Accountants and Auditors	NO	Certified Accountant	
Georgian Federation of Auditors, Accountants and Financial Managers	NO	Certified Accountant	
Republic of Moldova			
Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) ¹⁶	YES, since 1998	ACAP administers certification of accountants under the CAP/CIPA program	
Association of Auditors and Auditing Firms of Moldova ¹⁷	NO		
Association of Auditors and Management Consultants	NO		
Audit Oversight Council ¹⁸	N/A		Certified Auditor

¹⁴ <https://saras.gov.ge/en/Home/Supervision>

¹⁵ <http://gfpaa.ge/site/index.php?tid=35&color=green&lid=35&sid=35>

¹⁶ https://www.acap.md/eng/despre_noi/

¹⁷ <http://www.afamaudit.md/>

¹⁸ <http://cspa.md/node/27>

PAOs/Relevant body	IFAC membership	Accounting certification	Audit certification
Ukraine			
Ukrainian Federation of Professional Accountants and Auditors (UFPAA) ¹⁹	YES, since 2008	Administers certification of accountants under the CAP/CIPA program. Certified Accounting Practitioner Certified Professional Accountant	
Union of Auditors of Ukraine ²⁰	NO		
Ukrainian Association of Certified Accountants and Auditors ²¹	NO	Administers certification of accountants under the CAP/CIPA program	
Federation of Auditors, Accountants and Financiers of Agribusiness of Ukraine ²²	NO	Administers certification of accountants under the CAP/CIPA and CAPA ²³ /CAPS ²⁴ program	
Auditing Chamber of Ukraine ²⁵			Certified auditor

Graduates in STAREP countries currently receive no (or very few) exemptions when applying for local professional qualifications in accounting and/or auditing. Closer cooperation between local universities and PAOs would develop education programs with reduced overlap and duplication. In addition, this could lead to tailored curricula with scaled progressions of learning outcomes and proficiencies, with more advanced learning outcomes introduced during professional education programs. On the other hand, in some STAREP countries holders of foreign qualifications (or diplomas) with international recognition (e.g. ACCA, ACA, CPA, DipIFR) could be granted with exemptions when applying for a local

¹⁹ <http://ufpaa.org/>

²⁰ spilka-audit.org.ua

²¹ <https://www.uacaa.org/>

²² <http://federation.faaf.org.ua/>

²³ Certified Agribusiness Professional Accountant

²⁴ Certified Accountant of Public Sector

²⁵ <https://www.apu.com.ua/>

qualification, following internal regulations of the respective body. For instance, in Moldova ACCA members have to pass the exam on taxation and local legislation when applying for certified auditor's qualification, while the CIPA certificate is entirely recognized, because the exams on taxation and legislation are based on Moldovan legislation; in Armenia ACCA members are subject of full exemption from exams within AAAA's qualifications.

A number of English-language qualification programs, including ACCA and ICAEW, have established examination centers in the region and gained a high level of popularity.

Employees of the large accounting/auditing firms which are part of the international networks are encouraged to complete such programs and receive financial assistance and incentives to do so. The international recognition of such qualifications, which lead to greater international mobility of professionals who complete them, provides a strong incentive to enroll. The major drawbacks of these solutions include their cost, which would be prohibitive to a large section of the population, as well as the fact they are mostly offered in English language only. A solution to the language and cost issues has been found in some STAREP counties, whereby materials are translated into the local language, and handed over to a local PAO, which then administers the localized training program and examination scheme. Subject to meeting quality assurance requirements, the international qualification scheme on which the program was based may recognize the local version as equivalent and provide transfer credits to students who have completed examinations within the local qualification scheme.



3

ACCOUNTING DEGREE PROGRAMS

The recent corporate financial reporting reforms undertaken by governments of STAREP countries implicitly require updating of the curricula by universities and PAOs. At almost all surveyed universities, IFRS and ISAs are covered in a separate course at both bachelor's and master's degree. Where these standards are taught as part of the corporate accounting courses, the coverage varies from 15 percent to 50 percent of total teaching. Four universities, from jurisdictions where IFRS for SMEs have been adopted, mentioned that the standard is included in a separate course (either at bachelor's or master's level). One university mentioned that IFRS for SMEs is included as a separate course at master's level and as part of the corporate accounting at bachelor level, even if IFRS for SMEs has not been adopted in the jurisdiction. The code of ethics (national code of ethics or IESBA's where adopted) is mainly covered as part of corporate accounting courses e.g. Financial Audit or Advanced Financial Audit (it was mentioned by seven out of 11 surveyed universities), or it is covered in an elective course either at bachelor's or master's levels and the coverage varies from 2 percent to 10 percent. Two of 11 surveyed universities responded that the code of ethics is not covered at all.

Universities in STAREP countries are often limited in their ability to set the curricula of their degree programs. Accountancy education approaches differ in each STAREP country and generalizing the findings can be challenging. The Ministry of Education sets all or some of the curricula in about half of the STAREP countries. It is involved in approving curricula and any proposed changes in all STAREP countries, usually cyclically over several years. Only two universities reported complete control over any curricula, at master's level in two different countries. Some information on accounting degree programs offered by surveyed universities is provided below and a brief description per country is included in Appendix 3.

There seems to be a strong tradition of mandatory internships for students amongst all STAREP countries. All universities surveyed reported a mandatory internship before graduation, for both bachelor's and masters' degree programs. Only three of the eleven universities reported an internship period of less than one month, and all universities require a mentor from both the university and the employer to be in place, as well as a written report to be submitted at the end of the internship.

The course load for bachelor's and master's degree programs appear reasonable, in spite of possible differences of interpretation of the questionnaire and the fact that some degrees are dedicated to accounting, whereas others are business degree programs with a concentration in accounting. Core topics such as corporate and public sector accounting, finance, taxation, laws, and regulations all feature prominently amongst the programs, with an understandably higher percentage for accounting and audit at the masters' level. Economics modules represent a comparatively high proportion of the course load, far ahead of IT in most cases. The allocation of time given to ethics and professional skills is minuscule in comparison.

IFRS and ISA are included to some extent in all programs of the universities surveyed but receive varying degrees of attention. IFRS for SMEs are taught by less than half the universities surveyed and receive significantly less attention than the full IFRS when included in the curricula. One possible reason is that IFRS for SMEs have not been adopted by all STAREP countries, they are adopted in Armenia and Georgia and also recently Azerbaijan and have been adopted but not yet enforced in Ukraine. ISA are covered in all programs but, with a couple of exceptions, the percentage of the curriculum dedicated to them is minimal (5% or less). The Code of Ethics issued by the IESBA receives only minimal coverage and is completely ignored by two²⁶ of the 11 universities surveyed. Eight out of 11 universities mentioned that Public sector accounting is taught as part of their degree program, following the applicable framework in each country, i.e. based on IPSAS in Georgia and based on national accounting rules (to some extent these aligned to IPSAS) in other countries.

Emerging issues such as sustainability, environmental, and social accounting are not addressed by just over half the universities surveyed. Only one university has incorporated the topic as an elective at the bachelor's level, and as a mandatory course at the masters' level. The other universities surveyed have incorporated the topic into other courses. A similar pattern (albeit slightly more favorable) applies to other emerging issues such as new financial technologies (Bitcoin and Blockchain) or forensic accounting, cybercrime, and financial fraud.

Only one of the 11 universities surveyed does not teach accounting as part of other university programs. This is encouraging as it demonstrates recognition of the importance of accounting to many other disciplines. Furthermore, in the vast majority of cases, accounting is taught in those other programs by members of the faculty where accounting is taught as a core subject.

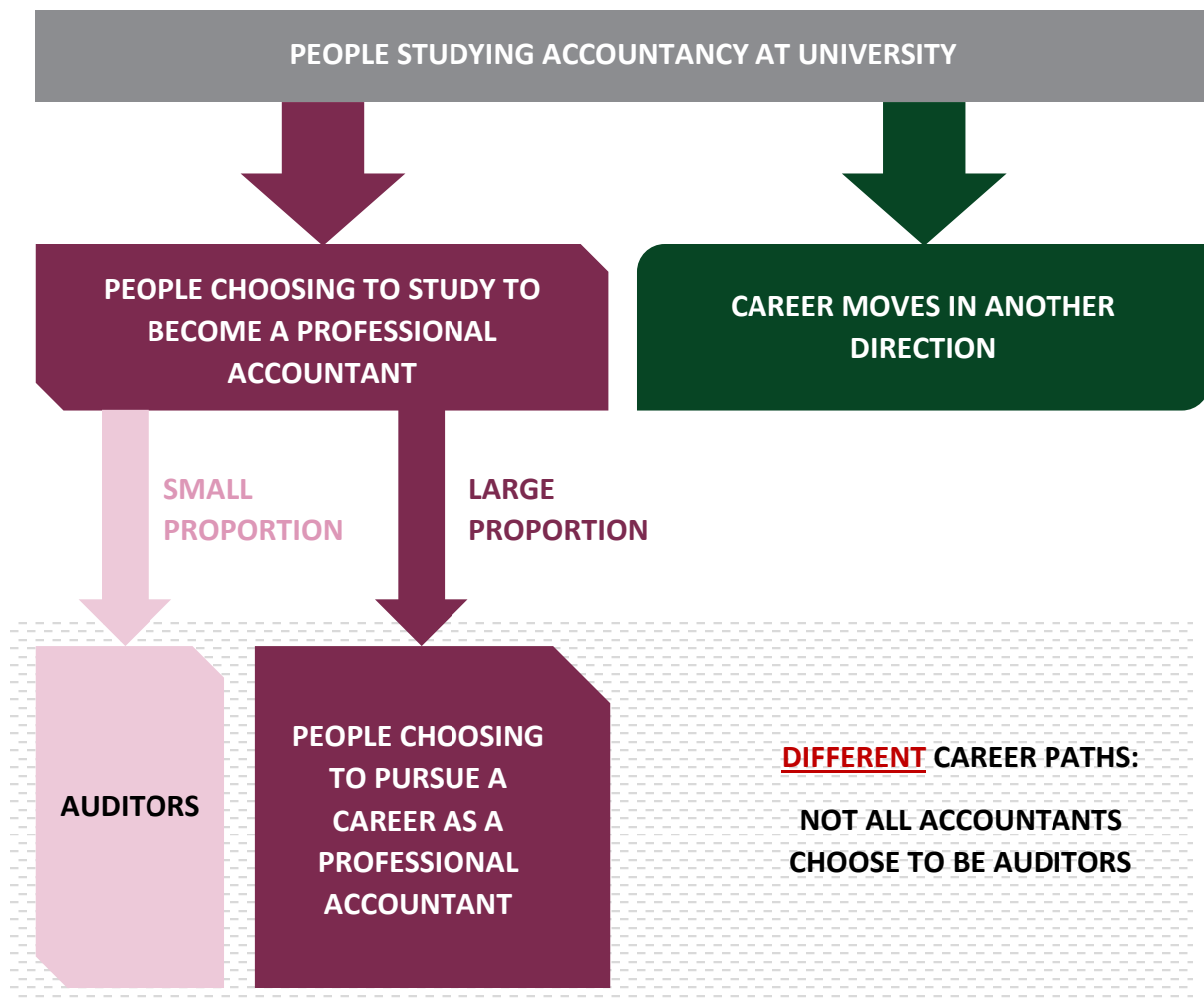
Some level of flexibility of studies appears to be established in all university programs surveyed. All but two universities allow students to transfer to a different university during the course of their studies (while retaining credits for studies completed). In one of the two universities which don't, the restriction only applies to the master's program. Eight of the 11 universities surveyed provide either electives or specialization options to students, and with a couple of exceptions, the percentage of study dedicated to electives is equal or higher to 10% of the overall study load.

Eight of the universities surveyed offer PhD programs with a concentration in accounting or business. The standard duration of the programs ranges from three to four years (with possible extensions) on a full-time basis, and four to six years on a part-time basis. With one exception, the universities all reported having at least 10 current PhD students. Almost all universities surveyed require professors to continue research activities but only about half

²⁶ One surveyed university is from a jurisdiction where IESBA Code of Ethics is not adopted.

appeared to have strong requirements, and only one university reported incentives to be active in the research field. All universities surveyed reported hosting regular conferences.

Figure 1. Pathways for Accountants and Auditors





4

INTERNATIONALIZATION OF ACCOUNTING EDUCATION

Foreign university and professional programs are increasingly available to accounting students and professionals in the STAREP countries. Increasing globalization of trade and commerce and the general convergence with, or outright adoption of, IFRS and ISA means international standards must be integrated into the core training of accountants and auditors, commencing with university programs. Greater student mobility and the liberalization of controls on trade and services across borders has also resulted in foreign university and professional programs becoming increasingly available to accounting students and professionals in the STAREP countries.

All universities surveyed have fully adopted the European Credit Transfer and Accumulation System, and eight of the universities have fully implemented the European Qualifications Framework. Adopting a learning outcomes approach to teaching and examinations is understood and embraced by all universities surveyed. However, only five reported using learning outcomes to set examinations, and only one of the five uses levels of competence (basic, intermediate, advanced) in conjunction with learning outcomes.

All universities recognize the value of achieving international accreditation for the university, faculty, and programs (i.e. the European Foundation for Management Development quality improvement system – EQUIS), but only five universities are actively pursuing accreditation, with the resources required to pursue accreditation being advanced as the reason for not doing so. At the national level, higher level education programs within surveyed universities are accredited by national accreditation bodies or agencies which follow the principles of the Bologna process and provide accreditation for academic programs.

Graduates of several universities in STAREP countries benefit from a shorter route to an internationally recognized accounting qualification. Graduates of bachelor's and/or master's degrees in accounting and/or auditing from almost all surveyed universities may claim individual exemptions from ACCA's foundation level papers in: Accountant in Business, Management Accounting, Financial Accounting, and Corporate and Business Law at registration based on personal documents they submit to ACCA. Additional exemptions are offered to graduates of universities that have completed the accreditation process, a full assessment of the program's regulations, syllabus, assessments, etc. performed by ACCA (additional details are provided in Table 3). Only two of the 11 surveyed universities mentioned that their graduates received any CAP/CIPA Program exemptions.

As part of EDUCoP activities, participating universities conducted a diagnostic assessment using an undergraduate accounting program profiling tool²⁷. This was developed by CFRR staff with support from international consultants and including EduCoP members' feedback at various stages. It allows a university to compare the content of its syllabus against the main IES benchmarks related to technical competence (IES 2) and professional values, ethics, and attitudes (IES 4); the ACCA program, as a globally-recognized qualification already broadly

²⁷ Example of the Benchmarking Tool is available following the link - <https://cfrr.worldbank.org/resources>

recognized and utilized in STAREP countries and with existing links to academic accountancy programs; and the CIPFA program, as the principal benchmark for public sector accounting education given its broad international recognition.

Table 3. ACCA credits²⁸ granted to universities and PAOs within STAREP countries²⁹

Institution	AB	MA	FA	LW	PM	TX	FR	AA	FM
Georgia									
GFPAA (Certified Accountant)	+	+	+	+	+	+	+	+	-
Republic of Moldova									
ASEM (Bachelor in Accounting)	Upon program completion				+	+	+	-	-
USM (Bachelor in Accounting)	Upon program completion				+	+	+	+	-
Armenia									
Association of Accountants and Auditors of Armenia (Certified Auditor)	Upon program completion				+	+	+	+	-
Ukraine									
Kyiv National Economic University (KNEU)	Upon program completion				-	+	+	+	-
Odessa National Economic University	Upon program completion				+	+	-	-	-
National University named after Taras Shevchenko	Upon program completion				-	-	+	-	-
UFPA	Upon program completion				-	-	-	-	-

Note:

AB Accountant in Business

MA Management Accounting

FA Financial Accounting

LW Corporate and Business Law

PM Performance Management

- No Credit

TX Taxation

FR Financial Reporting

AA Audit and Assurance

FM Financial Management

+ Credit

²⁸ Credits are provided based on exemption accreditation process, following a full assessment of the program's regulations, syllabus, assessments, etc. performed by ACCA.

²⁹ Only universities and PAOs involved in STAREP activities are included

The overall purpose of the benchmarking exercise was to identify strengths and weaknesses of the existing accounting curricula in STAREP countries, understand the broader accounting education environment, and determine the readiness of graduates to enter the workforce.

The findings can be used to assess measures needed to enhance the educational framework and thereby strengthen the capacity of accountancy professionals to prepare financial reports in accordance with applicable standards. The profiling tool compared the syllabus content of an accounting education program against four benchmarks:

1. The potential maximum content of an accounting degree (based on the exemptions available from ACCA and CIPFA). The **full syllabus profile** includes 13 areas and covers 1461 topics (see Table 4 below).
2. The proposed minimum syllabus content (based on STAREP EduCoP feedback). The **minimum syllabus profile** includes 12 areas and covers 981 topics (see Table 4 below), weighted towards management and financial accounting and reporting basics. The competences attributable to a bachelor’s degree graduate following minimum syllabus content are outlined in Appendix 9.
3. The content of the fundamental level (the “F” Papers³⁰) from the ACCA syllabus³¹. The **ACCA profile** includes seven areas and covers 1176 topics (see Table 5). The target percentage for achievement of the ACCA syllabus is set at 80%, based on the assumption that ACCA provides exemptions if at least 80% of the learning objectives from a respective paper are covered by syllabus content.
4. The content of the diploma level of the CIPFA Syllabus. The **CIPFA profile** includes five areas and covers 864 topics (see Table 6). The target percentage for the CIPFA syllabus is also set at 80%.

Table 4. Profiling tool: The structure of full syllabus profile and minimum syllabus profile

#	Area	Full Syllabus Profile		Min Syllabus Profile	
		# of topics	Reference	# of topics	Reference
A	Management and Accounting	187	100%	185	100%
B	Management Accounting Techniques	181	100%	144	100%
C	Management and Ethics	91	100%	45	100%

³⁰ Currently, these are part of ACCA’s Applied Skills exams.

³¹ Taxation and Corporate and Business Law are not covered by the profiling tool mainly because these subjects always have content related to a specific country.

#	Area	Full Syllabus Profile		Min Syllabus Profile	
		# of topics	Reference	# of topics	Reference
D	Performance Management and Decision Making	119	100%	99	100%
E	Management Techniques	62	100%	-	100%
F	Financial Accounting Concepts	71	100%	69	100%
G	Recording Transactions and Events	148	100%	140	100%
H	Preparation of Financial Statements	119	100%	80	100%
I	Analysis and Interpretation of Financial Statements	40	100%	28	100%
J	Audit and Assurance Engagements	89	100%	37	100%
K	Audit Testing and Reporting	89	100%	23	100%
L	Principles of Financial Management	73	100%	28	100%
M	Financial Management Techniques	192	100%	103	100%
TOTAL		1461		981	

Table 5. Profiling tool: ACCA

#	Area	Full Syllabus Profile	
		# of topics	Reference
F1	Accountant in Business	237	80%
F2	Management Accounting	177	80%
F3	Financial Accounting	195	80%
F5	Performance Management	120	80%
F7	Financial Reporting	129	80%

#	Area	Full Syllabus Profile	
		# of topics	Reference
F8	Audit and Assurance	140	80%
F9	Financial Management	182	80%
TOTAL		1176	

Table 6. Profiling tool: CIPFA

#	Area	Full Syllabus Profile	
		# of topics	Reference
FA	Financial Accounting	214	80%
MA	Management Accounting	131	80%
PS	Public Sector Financial Reporting	41	80%
AA	Audit and Assurance	168	80%
MO	Managing Organizations	127	80%
MF	Managing Finance	183	80%
TOTAL		864	

Nine universities from STAREP countries performed the benchmarking exercise. The benchmarking exercise was performed during 2015 with data obtained from nine institutions in STAREP countries, as shown in table 7 below. While individual benchmarking exercise results were presented by institutions and discussed at both regional and national levels, for the purpose of this regional study only aggregated results are considered.

Table 7. Institutions from STAREP countries that conducted a benchmarking analysis

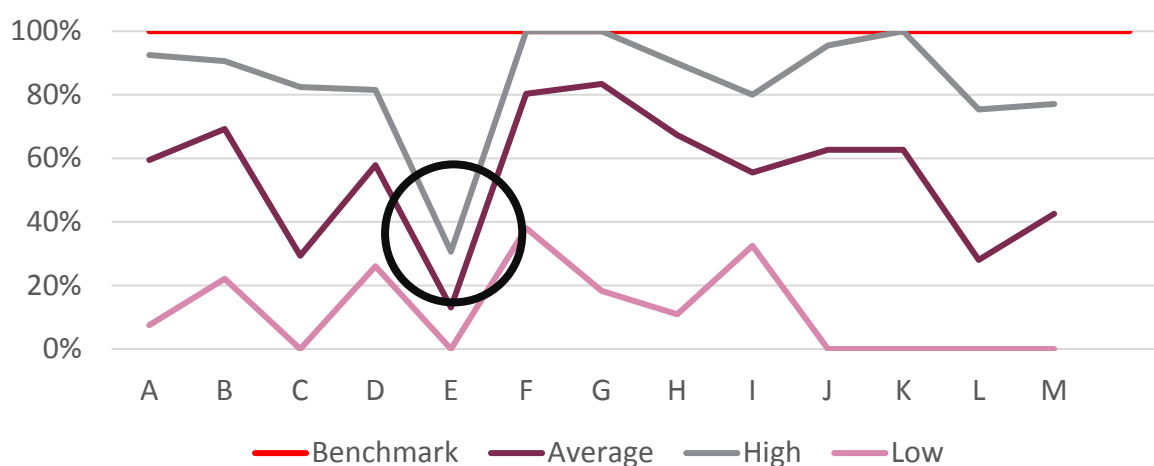
#	Institution	Country
1	Yerevan State University, Economics and Management Faculty	Armenia
2	Armenian State University of Economics (ASUE)	Armenia

#	Institution	Country
3	Qafqaz University (QU)	Azerbaijan
4	Polotsk University (PU)	Belarus
5	Caucasus School of Business, Caucasus University (CSB)	Georgia
6	Academy of Economic Studies of Moldova (ASEM)	Moldova
7	State University of Moldova (USM)	Moldova
8	Kyiv National Economic University	Ukraine
9	Kyiv National University named after Taras Shevchenko (KNUTS)	Ukraine

The learning outcomes and proficiency levels prescribed by IESs provide a base level and education providers can further build on these to reflect specific competencies needed for a particular role. Proficiency levels can be increased and more learning outcomes added to the ones prescribed but the level of proficiencies must not be lowered or learning outcomes removed. Consequently, the number of learning outcomes benchmarked by IES 2 and IES 4 is less than the learning outcomes benchmarked under the ACCA and CIPFA qualifications.

Analysis of data with regard to **full syllabus profile** (see Figure 2) shows a good strength across all subject areas with the exception of Management Techniques (Subject Area E).

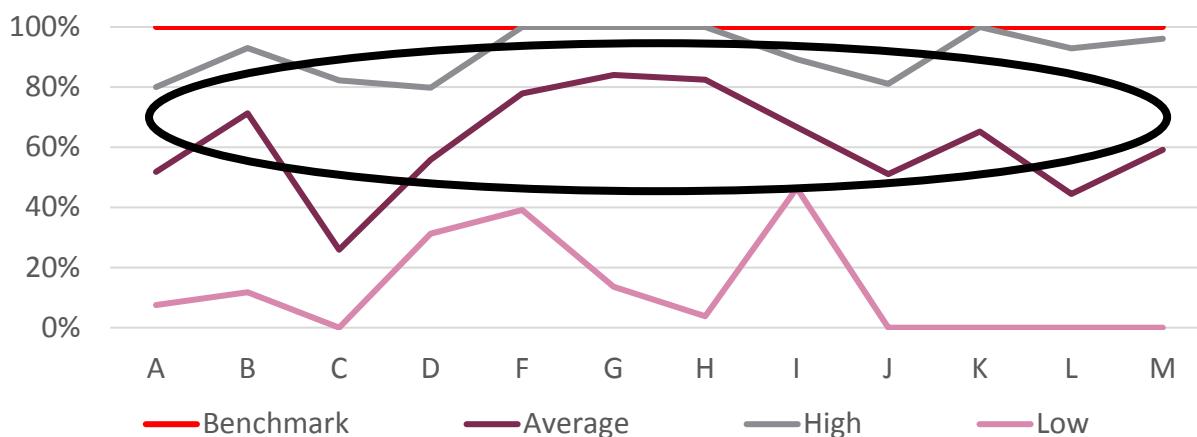
Figure 2. Syllabus coverage across the STAREP Countries (Full Syllabus Profile)



The **minimum (common) syllabus profile** looks strong across all subject areas (see Figure 3) but significant with improvement needed in the following areas:

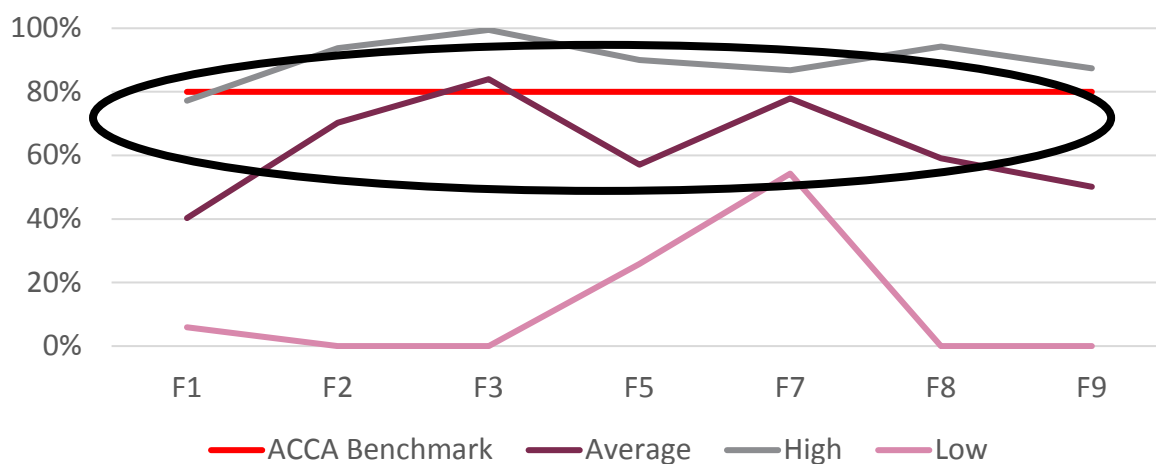
- Management and Accounting (Subject Area A);
- Management and Ethics (Subject Area C);
- Performance Management and Decision Making (Subject Area D);
- Audit and Assurance Engagements (Subject Area J).

Figure 3. Syllabus coverage across the STAREP Countries (Minimum Syllabus Profile)



The **ACCA syllabus profile** looks strong across all subject areas (see Figure 4); however, there is room for improvement with regard to F1 Accountant in Business; F5 Performance Management; and F9 Financial Management.

Figure 4. Syllabus coverage across the STAREP countries (ACCA Profile)



The **CIPFA syllabus profile** has less coverage, as the participating institutions and their accounting programs in this benchmarking exercise include limited topics related to public

sector accounting and reporting (in some countries there is a separate specialization in public accounting).

The benchmarking exercise facilitated the accounting curricula improvement process and allowed identification of areas where particular institutions excel in terms of experience and resources. Given the ACCA qualification’s existing recognition and links to academic accountancy programs in STAREP countries, many universities followed up the benchmarking exercise by starting a comprehensive process of reviewing and improving their accounting curricula in line with the ACCA qualification with a final aim to apply for exemptions. Significantly, the benchmarking exercise allowed EduCoP members to identify areas where particular institutions in the STAREP region excel in terms of experience and resources in specific subject areas that could usefully be shared across the community. Information on subject group champions is presented in Table 8 below.

Table 8. Subject group champions – Centers of excellence

Institution	Country	Subject Area
Yerevan State University, Economics and Management Faculty	Armenia	F Financial Accounting Concepts
Armenian State University of Economics (ASUE)	Armenia	G Recording Transactions and Events L Principles of Financial Management
Qafqaz University (QU)	Azerbaijan	I Analysis and Interpretation of Financial Statements
Polotsk University (PU)	Belarus	H Preparation of Financial Statements
Caucasus School of Business, Caucasus University (CSB)	Georgia	M Financial Management Techniques
Academy of Economic Studies of Moldova (ASEM)	Moldova	B Management Accounting Techniques
State University of Moldova (USM)	Moldova	C Management and Ethics
Kyiv National Economic University	Ukraine	A Management and Accounting D Performance Management and Decision Making
Kyiv National University named after Taras Shevchenko (KNUTS)	Ukraine	J Audit and Assurance Engagements K Audit Testing and Reporting Engagements

The EduCoP shares good practices in accountancy education among its members. The EduCoP has facilitated a process of sharing good practices of universities and PAOs by enabling members to engage in peer learning and regional knowledge exchange and develop solutions to shared challenges through a collaborative process. A collection of good practices in accountancy education shared by EduCoP members is presented in Appendix 4 and includes:

- **Armenia.** Faculty of Economics and Management, Yerevan State University. *Meeting demand for advanced accounting IT knowledge and skills.*
- **Azerbaijan.** Ministry of Education. *Role of the Ministry of Education and its relationships with local universities.*
- **Republic of Belarus.** Polotsk State University. *Implementation of an internal quality assurance system.*
- **Georgia.** Faculty of Business Management, International Black Sea University. *Development of bachelor educational program in accounting and audit.*
- **Republic of Moldova.** ACAP. *Practical methods applied in accounting and auditing education.*
- **Ukraine.** UFPAA. *Development of a new certification program for UFPAA members.*
- **Ukraine.** Kyiv National Economic University named after Vadym Hetman. *Implementing a new academic program in digital accounting.*



5

TEACHING AND GOVERNANCE

Teachers of accountancy education in STAREP countries require further support to upgrade their knowledge and teaching approach. University professors, trained under the Soviet system, received only limited retraining and relevant resources on new accounting and auditing standards, market economy business practices, etc. after STAREP countries declared their independence and introduced their own accounting and auditing systems. The incentive structure, available resources, and language skills have not been conducive to assisting professors to update their skills and programs. In some cases, the contents of degree programs established by the relevant authorities (usually the Ministry of Education) have not sufficiently evolved. In other cases, universities have been given autonomy to modify their programs but lacked the will or resources required to make significant changes. Lecturers report often using their own resources to update teaching materials to keep pace with international standards.

Remuneration practices indicate a high level of autonomy for the universities. At the 11 universities surveyed, the government (Ministry of Education) was involved in setting the wages of professors at five universities and university management was involved at 10 universities. Pay levels and increases are based on qualifications and seniority at six of the surveyed universities and only qualifications at three. One university indicated that seniority and qualifications were the only factors involved. Performance evaluations are factored into remuneration at five of the universities surveyed. Teaching hours is a key variable for the vast majority of universities, as well as the position held. Only two universities indicated that significant performance bonuses were paid.

Most faculty staff at eight of the 11 universities enjoy tenure. Employment security for academics, known as “tenure”, is valued in many countries both as providing recognition of performance, as well as a trade-off to lower wages than those offered in the private sector. A stable and committed teaching staff is an asset to any university; but it can limit the scope to recruit new academic staff at a time when new technical knowledge and competencies are required. It should be noted that most universities surveyed indicated that the majority of their teaching staff was under the age of 50. Furthermore, only two indicated that lecturers were recruited strictly on the basis of qualifications; some (at three universities most) lecturers are hired on the basis of significant relevant professional experience.

No clear pattern emerged from the survey on management of teaching assignments or faculty budgets. Six of the 11 universities surveyed indicated that their faculty had complete control over teaching assignments, with a further three universities indicating had some input into teaching assignments. On budget management, nine universities indicated that all revenues and expenses are managed centrally, with five universities indicating the faculty has some control over operational budgets.

Universities recognize the importance of having a vision for a university and faculty to ensure performance and sustainability. A clear vision helps guide strategy and maintain reform momentum. Two of the 11 universities have so far only established missions and goals

for the university as a whole. At nine universities, accounting faculties have established their own vision and goals; six of these have developed a detailed framework and organize regular meetings to evaluate performance.

Mixed results were reported with respect to class size. Only two universities deliver lectures exclusively through small classes (of less than 40) and tutorial sessions. Eight universities reported a roughly equal split between large and small size classes. Large size lectures were the norm in only one university.

Systematic collection of student feedback is a best practice being implemented by most surveyed universities. Only one of the universities surveyed does not systematically collect student feedback. Seven collect student feedback either occasionally (three) or systematically (four). In the remaining three universities, student feedback forms are mandatory and form part of the teacher evaluation.

Universities increasingly recognize the importance of building meaningful connections with the business world. It is important for students to have opportunities to better understand real world accountancy and audit. This goes beyond hiring teachers with relevant professional experience. All universities surveyed invite guest speakers from the public and/or private sectors, with a majority of universities holding such events at least four times a year. Furthermore, half the universities surveyed also provide short-term courses for professionals as part of continuous professional development such as two- to three-day courses or workshops. Universities should continue to explore potential to invite a broad range of guest lecturers and develop ongoing connections with the profession and professional bodies.

Appropriate governance is a key dimension to achieving excellence in tertiary education. This encompasses the overall regulatory framework, the competitive environment, and the degree of academic and managerial autonomy that universities enjoy. Almost all universities involved in STAREP are government institutions, this has resulted in a high level of convergence in governance practices.



6

LEARNING RESOURCES

There are insufficient learning materials available in local languages or tailored to local circumstances. University libraries are open to students and offer a range of textbooks and access to online resources, accessible by using university library computers or personal computers, but there is significant room for improvement in the quality of the available resources. Quality textbooks are not cheap in any country, but in several STAREP countries the problem is compounded by the comparatively lower average national income and lack of English proficiency among lecturers and students. Although the English proficiency of students and younger lecturers is improving, the lack of quality textbooks remains relevant. Some STAREP countries benefit from available translations of international textbooks, manuals, and other resources in the Russian language or the Romanian language (relevant for Moldova). However, there seem to be few incentives for the local community of professors and representatives of the profession to develop national manuals and textbooks, supplemented by case studies and real-life examples linked to the existing legal framework and accounting and auditing practice within the country.

STAREP countries may wish to consider the experience of Singapore, a development success story, which illustrates the importance of having high quality and reasonably priced textbooks available to students. From 1965 to 1996, Singapore went from using textbooks imported from many countries, to textbooks co-published by the Ministry of Education and local publishers, to textbooks published by local commercial publishers.³² The improvement of primary and secondary education output and rising family incomes were important success factors in the expansion of enrollments in tertiary education in Singapore, but subsidies to higher education also played a significant role: Recurrent expenditure on universities increased two-fold, from Singapore dollars (S\$) 520 million to S\$ 1,012 million between 1995 and 2005. These amounts are in addition to spending on polytechnic universities, which increased from S\$ 339 million to S\$ 623 million during the same period.

All universities surveyed offer library resources to students, either in the form of textbooks, or online. Eight of the universities surveyed offer both, and the same proportion of universities have a computer laboratory available to students. A digital culture is pervasive amongst universities in the region, with ten of the universities using an electronic medium to provide course schedules and content to students. The same proportion of universities have a corporate email system in place for students to communicate with lecturers and/or administration staff. The communication of course marks to students electronically is only practiced by six of the 11 universities surveyed.

STAREP countries should consider requiring universities to facilitate student access to relevant on-line resources, such as the most recent textbooks, and up to date international standards. Even university libraries, subject to government procurement rules in many cases, are not always able to justify the acquisition of sufficient copies of relevant and recent

³² Towards a better future: education and training for economic development in Singapore since 1965, edited by Sing Kong Lee, Chor Boon Goh, Birger Fredriksen, and Jee-Peng Tan. ISBN 978-0-8213-7375-0

textbooks. The fact that international standards (IFRS, ISAs, Code of Ethics) have changed significantly over the past 20 years has compounded the problem. Local printing can alleviate the issue, but fundamentally, high quality and affordable local language textbooks (and accompanying resources for professors) are not widely available at a reasonable cost. This is a fundamental issue and contributes to the gap between the tiny minority of students who are able to study in English (whether locally, by studying overseas, or enrolling in foreign education programs such as ACCA) and those who cannot. The introduction of electronic resources to education, including the availability of “learning management systems” and the emergence of “virtual universities” may contribute to making physical textbooks obsolete in the long run. Although the investment and maintenance costs for electronic systems is significant, partly as a result of the need to keep up with technological change, facilitating online access to up to date materials (and the ability to use electronic translation functions to assist with understanding of English language texts) may overall be a more cost-effective means of supporting students’ access to international learning materials.



7

STUDENT PERFORMANCE

In all six STAREP countries, admission to bachelor's degree programs at the universities surveyed is determined on the basis of national examinations administered to high school graduates. Admission to masters' degree programs is based on examinations administered either at the faculty or university level. Roughly a third of universities surveyed reported an increase in demand for accounting degree programs, which was spread equally between bachelor's and master's programs. Another third of universities reported a fall in demand and attributed this partly to potential students having a broader range of options, including studying abroad. The majority of the student body is female, with only one country reporting more males, and one country reporting gender equality.

The lagging popularity of accounting degrees in some countries may be because students are not exposed to accounting concepts at high school. Only one high school was mentioned as teaching accounting (as an optional topic). Accounting is, however, offered as a discipline by vocational education and training institutions in all six STAREP countries. Nine of the universities surveyed offered faculty members incentives to attract more students into their programs, with three of the nine reporting strong incentives to do so.

Student orientation and information about programs appear to be effective. None of the universities surveyed reported more than 5% of students failing to advance to a second year of studies. Equally low rates were reported of students failing to graduate their final year of studies. Personal issues, and failure to attend classes were quoted as the leading causes for student failure.

The student body is becoming more international in all STAREP countries, either through multilateral programs such as Erasmus or bilateral exchange programs with foreign universities. STAREP country universities have engaged with partners from many countries for both bachelor's and master's programs. There appear strong links with former Soviet countries such as Russia, Turkmenistan, and Tajikistan, but universities from Spain, Poland, Italy, Germany, Romania, Norway, China, Ghana, Turkey, and Canada are also mentioned as student exchange partners. In addition, there are exchange programs among STAREP country universities.

Greater recognition and cooperation achieved with international PAOs enables many graduates to gain exemptions from internationally recognized accounting qualifications. As noted earlier, graduates from most of the surveyed institutions would be granted four credits by ACCA, even without a formal recognition agreement with their university. In a few instances, up to eight exemptions have been obtained as a result of a formal application being lodged by the university or PAO.

Universities use an array of assessment methods. Quizzes, examinations, and assignments are popular with most universities, as are case studies. Research projects are not widely used, except at a couple of universities at the master's level, nor are term papers and reports, oral tests, or presentations. Completion of a thesis is required for most bachelor's degree

programs and all master's programs in the survey, the significance of the thesis in terms of length and amount of time dedicated to it is significantly higher at the master's level.

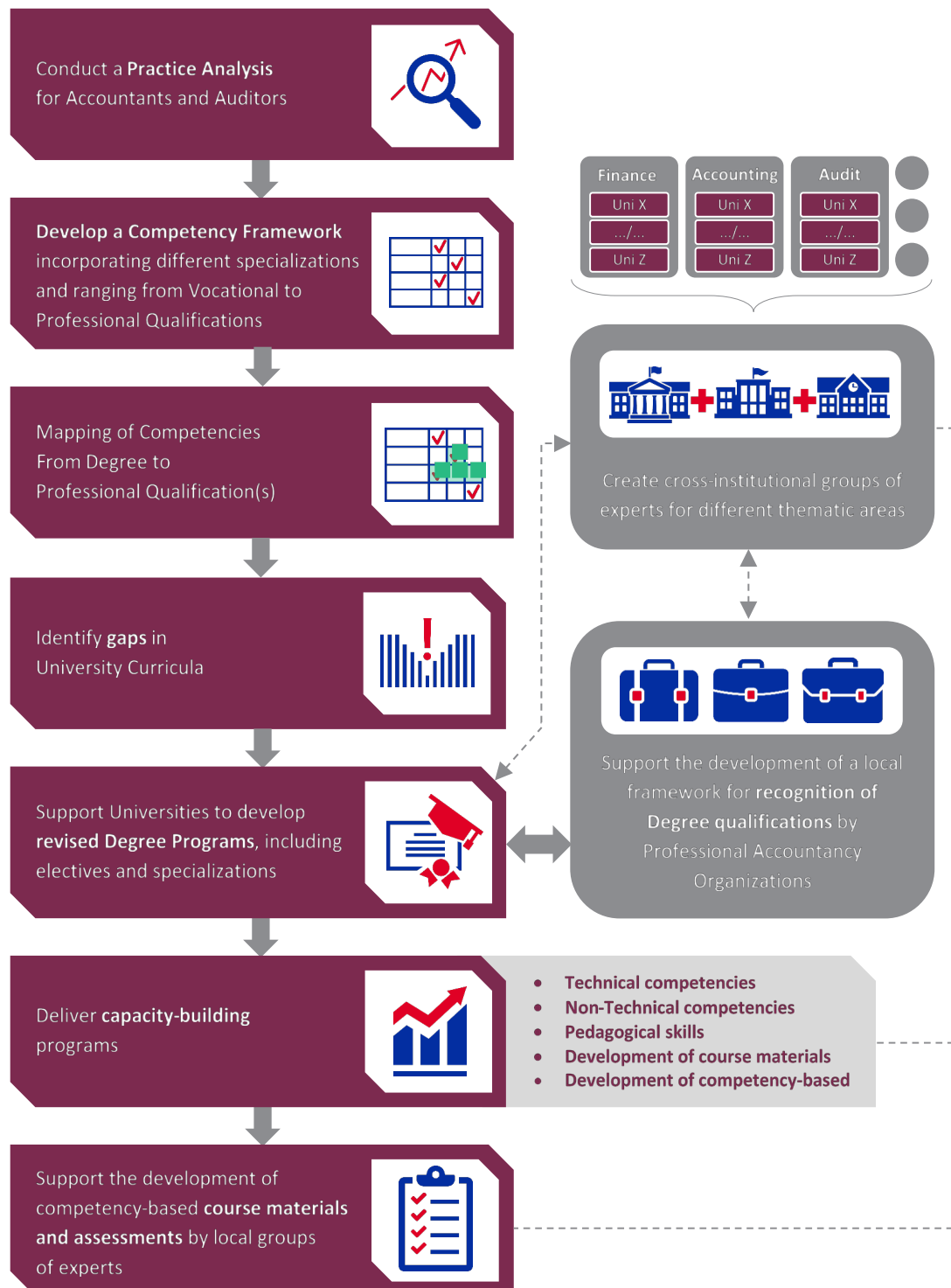


8

PRIORITIES TO IMPROVE ACCOUNTING AND AUDITING EDUCATION IN STAREP COUNTRIES

Each STAREP country has developed a national strategy for the improvement of accounting and auditing education. These outline the expected reforms in the field of accounting and auditing education based on an analysis of the current situation and taking account of international good practices and knowledge acquired through the regional STAREP program (see summaries for each country at Appendix 3). Strategies can then be developed into reform roadmaps along the lines of Figure 5.

Figure 5. Roadmap for Reforming Accounting Education



National education improvement strategies are available on the CFRR's web site. They were drafted between 2017 and 2018 and may cover different periods of time in each country.³³

While each country has national priorities and specific challenges, the study identified some common opportunities and priorities. These would have an important impact on developing accountancy education in STAREP countries and can be explored in future accountancy education reforms at regional level:

- **Further internationalize degree programs and qualifications in accounting and auditing** through greater alignment to the IESs and better engagement with international PAOs. This would introduce a more structured system of mutual recognition and exemptions, offering graduates a faster route to membership of international bodies. As professional qualifications become internationally marketable, they become more appealing to potential applicants and attract new talent to the profession. In addition, international recognition adds to the quality of the education programs as there is an aspiration to achieve higher standards of education that are recognized by institutions abroad.
- **Improve and expand methodological support, including e-learning platforms, of accounting and auditing education at academic and professional education levels.** The development of case studies and use of software to allow students to simulate real world business situations would be very beneficial, in light of the difficulty shared by many stakeholders of getting practical experience opportunities for students and aspiring professionals. In the context of COVID-19 pandemic situation, the importance of e-learning was acknowledged around the world. This would be considered as an additional impetus for universities from STAREP countries to develop e-learning platforms for accounting and auditing education and regional cooperation in that area could contribute to a better use of resources.
- **Improve cooperation among key stakeholders, i.e. local PAOs, universities, and regulators in the field of accounting and auditing to strengthen the profession, better protect the public interest and considering the needs of the labor market.** While graduates in many STAREP countries are offered ACCA exemptions, there are no (or very limited) exemptions for graduates when applying for local professional qualifications in accounting and/or auditing. Understanding the need to align and integrate university accounting and auditing education programs with professional certification programs is a precondition for good development of a solid education system in this field and to ensure efficient use of resources. Closer cooperation between local universities and

³³ <https://cfrr.worldbank.org/publications/national-education-initiatives-armenia>
<https://cfrr.worldbank.org/publications/national-education-initiatives-azerbaijan>
<https://cfrr.worldbank.org/publications/national-education-initiatives-belarus>
<https://cfrr.worldbank.org/publications/national-education-initiatives-georgia>
<https://cfrr.worldbank.org/publications/national-education-initiatives-moldova>
<https://cfrr.worldbank.org/publications/national-education-initiatives-ukraine>

PAOs would develop education programs with reduced overlap and duplication. In addition, this could lead to tailored curricula with scaled progressions of learning outcomes and proficiencies, with more advanced learning outcomes introduced during professional education programs. Universities should be looking for opportunities to build better relationships with the profession and to increase public recognition of the benefits of hiring competent accountants and auditors who meet continuing professional development rules and comply with a code of ethics. Education programs should ensure development of skills necessary on the labor market and continuous and efficient communication with employers from private and public sectors to decrease the risk of disconnecting from taught skills and skills needed in practice, enhancing the correspondence of skills of future graduates with the requirements of potential employers.

- **Adopt a more student-centric approach to teaching and assessments.** In addition to developing greater collaboration with the accounting profession and working with employers to adapt their programs to market needs, University also need to pay close attention to student performance. Redesigning or updating programs needs to be undertaken with the student in mind. New competencies will drive course content, as well as teaching and assessment methods. These represent significant changes and success in implementing them will be highly dependent on the students for whose benefit they are being undertaken. Beyond regular consultations and surveys, the performance of students needs to be regularly tracked and understood so that corrective actions can be implemented as required.
- **Introduce a common competency framework** to underpin academic and professional education policy would provide universities with the opportunity to incorporate tailored learning outcomes into degree programs, enabling their graduates to transition smoothly to a professional qualification program. Guidance and further information on this is detailed in the STAREP publication: Competency-based Accounting Education, Training & Certification: Implementation Guide.
- **Introduce a minimum syllabus in accounting and audit education**, weighted towards management and financial accounting and reporting basics. Based on STAREP EduCoP feedback this should aim to ensure that having completed a bachelor's degree in accounting a graduate will be able to:
 1. Understand the purpose and types of businesses and how they interact with key stakeholders and the external environment.
 2. Understand business organization structure, functions, and the role of corporate governance.
 3. Recognize the function of accountancy and audit in communicating, reporting, and assuring financial information and in effective financial control and compliance.
 4. Explain the nature, source, and purpose of management information.

5. Explain and apply cost accounting techniques.
6. Compare actual costs with standard costs and analyze any variances.
7. Prepare budgets for planning and control.
8. Identify and apply appropriate budgeting techniques and methods (including standard costing) for planning and control and identify remedial action.
9. Recognize the principles of authority and leadership and how teams and individuals are recruited, managed, motivated, and developed.
10. Understand the importance of personal effectiveness as the basis for effective team and organizational behavior.
11. Recognize that all aspects of business and finance should be conducted in a manner which complies with and is in the spirit of accepted professional ethics and professional values.
12. Explain and apply performance measurements and monitor business performance.
13. Identify and discuss performance management information and measurement systems and assess the performance of an organization from both a financial and nonfinancial viewpoint, appreciating the problems of controlling divisionalized businesses and the importance of allowing for external aspects.
14. Select and appropriately apply decision-making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks.
15. Explain the context and purpose of financial reporting.
16. Define the qualitative characteristics of financial information.
17. Discuss and apply the conceptual and regulatory frameworks for financial reporting.
18. Demonstrate the use of double entry and accounting systems.
19. Record transactions and events.
20. Account for an entity's economic resources, claims against the entity and the effects of transactions and other events and conditions that change those resources and claims' in accordance with IFRS.
21. Prepare a trial balance.
22. Prepare basic financial statements for incorporated and unincorporated entities.
23. Prepare simple consolidated financial statements.

24. Prepare and present financial statements for single entities in accordance with IFRS.
25. Understand financial statements and the judgments necessarily made in preparing them.
26. Analyze and interpret financial statements
27. Explain the concept of audit and assurance and the functions of audit, corporate governance, including ethics and professional conduct, describing the scope and distinguishing between the functions of internal and external audit.
28. Describe and evaluate internal controls, techniques, and audit tests, including IT systems to identify and communicate control risks and their potential consequences, making appropriate recommendations.
29. Explain how consideration of subsequent events and the going concern principle can inform the conclusions from audit work and are reflected in different types of audit report, written representations and the final review and report.
30. Discuss the role and purpose of the financial management function.
31. Assess and discuss the impact of the economic environment on financial management.
32. Discuss and apply working capital management techniques.
33. Carry out effective investment appraisal.
34. Identify and evaluate alternative sources of business finance.
35. Identify the essential elements of the legal system, including the main sources of law.
36. Recognize and apply the appropriate legal rules relating to the law of obligations.
37. Explain and apply the law relating to employment relationships.
38. Distinguish between alternative forms and constitutions of business organizations.
39. Recognize and compare types of capital and the financing of companies.
40. Describe and explain how companies are managed and administered.
41. Recognize the legal implications relating to insolvency.
42. Demonstrate an understanding of corporate fraudulent and criminal behavior.
43. Explain the operation and scope of the domestic tax system.
44. Explain and compute the income tax liabilities of individuals in their capacity as individual entrepreneurs and employees.
45. Explain and compute the corporate profits tax liabilities of legal entities.
46. Explain and compute the effects of value added tax on incorporated businesses.

47. Explain and compute the effect of social insurance contributions on employees, employers and individual entrepreneurs.
48. Explain and compute other tax liabilities of legal entities.
49. Identify and explain the obligations of taxpayers and/or their agents and the implications of noncompliance.



APPENDICES

APPENDIX 1. LIST OF WORKSHOPS AND PUBLICATIONS

List of workshops

- EduCoP: Education for opportunity: *Supporting Universities in Achieving Academic Excellence*, April 1-2, 2014, Chisinau, Republic of Moldova
- EduCoP: Education for opportunity: *Starting the Process of Change*, October 8-9, 2014, Tbilisi, Georgia
- EduCoP: Education for opportunity: *Developing the Accounting Curriculum for Universities*, February 25-26, 2015, Kyiv, Ukraine
- EduCoP: Education for Opportunity: *The Bachelor Degree, a Foundation for Professional Education*, May 21-22, 2015, Baku, Azerbaijan
- EduCoP: From Diagnostic to Reform: *Leveraging the Profiling Tools to Enhance University and Professional Accounting Education*, November 20, 2015, Kyiv, Ukraine
- Regional Framework-based IFRS Teaching Workshop, November 18-19, 2015, Kyiv, Ukraine
- Global Development Learning Network: IFRS for SMEs – Train the Trainers (part I), March 21, 2016
- Global Development Learning Network: IFRS for SMEs – Train the Trainers (part II), April 11, 2016
- EduCoP: Past achievements and future directions, June 15-16, 2016, Yerevan, Armenia
- EduCoP (jointly with Accounting and Auditing Community of Practice on day 1): National initiatives for strengthening accounting education, October 11-12, 2016, Minsk, Republic of Belarus
- EduCoP: Implementing competency-based accounting education and training: the fundamentals, November 28, 2017, virtual seminar
- EduCoP: Strategies for Greater Compliance with International Education Standards, May 30, 2017, Vienna, Austria
- EduCoP (jointly with PULSAR EduCoP on day 2): Implementing competency-based accounting education and training: strategies and tools, November 28-29, 2018, Vienna, Austria
- EduCoP: Improving Competencies for Accountants: Leveraging the ACCA partnership program to improve curriculum, teaching, and assessment methods, June 11, 2020, virtual seminar

List of publications

- IAESB: Handbook of International Education Pronouncements 2017 - Russian Translation.
- Common Core - Syllabus for Universities, 2018
- Competency-based Accounting Education, Training & Certification: Implementation Guide, 2019.
- National Education Initiatives, 2019
- Competency-based Accounting Education and Assessment Materials, 2020

APPENDIX 2. LIST OF UNIVERSITIES AND PAOS INVOLVED IN REGIONAL STAREP ACTIVITIES

Armenia

Universities:

- Yerevan State University
- Armenian State University of Economics

PAOs:

- Association of Accountants and Auditors of Armenia

Azerbaijan

Universities:

- Azerbaijan State Economic University
- Khazar University
- Baku Engineering University

PAOs:

- Accountants and Risk Professionals Association
- Chamber of Auditors

Republic of Belarus

Universities:

- Belarus State Economic University
- Gomel Trade and Economics University
- Polotsk State University

PAOs and Regulators:

- Association of Certified Accountants and Auditors
- Ministry of Finance

Georgia

Universities:

- Ivane Javakhishvili Tbilisi State University
- International Black Sea University
- School of Business, Management and Administration, University of Georgia
- Caucasus School of Business
- Free University of Tbilisi

PAOs and Regulators:

- Georgian Federation of Professional Accountants and Auditors
- Georgian Society of Accountants, Auditors and Consultants of Georgia
- Service for Accounting, Reporting and Audit Supervision of Georgia

Republic of Moldova

Universities:

- Moldova State University
- Academy of Economic Studies of Moldova

PAOs:

- Association of Professional Accountants and Auditors of the Republic of Moldova

Ukraine

Universities:

- Kyiv National University of Economics
- Odessa National Economic University
- Taras Shevchenko National University of Kyiv
- National University of Water Management and Natural Resources Use

PAOs:

- Ukrainian Federation of Professional Accountants and Auditors
- Audit Chamber of Ukraine

APPENDIX 3. STAREP COUNTRIES: ACCOUNTANCY EDUCATION PROGRESS AND PRIORITIES³⁴

Armenia

Armenia is ranked 47/190 in the World Bank's Doing Business 2020 Report. Armenia's population is just under 3 million, with a gross national income (GNI) per capita of USD 4,600. In January 2015, Armenia joined the Eurasian Economic Union and in November 2017, it signed a Comprehensive and Enhanced Partnership Agreement with the EU. Under the old Soviet central planning system, Armenia developed a modern industrial sector, supplying machine tools, textiles, and other manufactured goods to sister republics, in exchange for raw materials and energy. Armenia has since switched to small-scale agriculture and away from the large agro-based industrial complexes of the Soviet era. Following an initial spike in early 2018, Armenia's economic performance slowed during the rest of the year, mostly due to weakening external conditions, the lower execution of public capital expenditures, and slowing investment. Still, the economy expanded at a robust 5.2 percent for the year. Although larger economic disturbances were avoided during the political transition after the December 2018 parliamentary elections, the associated uncertainty may have weighed on economic sentiments.

Following parliamentary elections at end-2018, a new government was formed and a new five-year government program endorsed by parliament in February 2019. The Government has brought a renewed commitment to good governance, including anticorruption efforts, transparency, and accountability. Continuing with the robust expansion in 2017 and 2018 (of 7.5 and 5.2 percent, respectively), annual economic growth remained strong in 2019, expanding by 7.6 percent³⁵.

Accountancy education

Major reforms in Armenia's higher education system during the last ten years include the establishment of a quality assurance agency that was incorporated into the European Association for Quality Assurance in Higher Education and was added to the European Quality Assurance Register for Higher Education in 2017. The standards and procedures for quality assurance, as well as for institutional and program accreditation, were developed and

³⁴ Prepared based on "Strategies for Improvement" documents, developed by STAREP countries.

³⁵ <https://www.worldbank.org/en/country/armenia/overview#1>

approved as consistent with the European Standards and Guidelines for Quality Assurance of 2011. The European credit transfer and accumulation system was also introduced in 2011. Funding of tertiary education has been modernized and improved through the introduction of more efficient principles and mechanisms for financial management. In conjunction with these measures to enhance the quality of education, universities have been granted a greater level of autonomy to enable them to align the content of their programs with market needs. An updated list of professions was approved in 2015. One outcome was that auditing is no longer a distinct specialization but continues being taught as a topic. There are two main public universities in Armenia offering degrees with a specialization in accounting, Yerevan State University and the Armenian State University of Economics. In the private sector, the International Accountancy Training Centre offers customized courses for beginners and practitioners, as well as a Masters' degree in accounting and audit over a 2-year period. The Masters' degree is recognized by ACCA which offers 8 exemptions to its graduates. The College of Business and Economics offers a 4-year undergraduate degree (BA in business) offered as part of a liberal arts education at the American University of Armenia. Students enrolled in the business BA program have the option of pursuing a general business degree, or choosing from three other tracks: accounting, marketing, or economics. Each track consists of five concentration courses, three of which are mandatory and two are elective. The degree is recognized internationally.

Priorities for strengthening accountancy education

- Establish an updated competency framework for the accounting (and auditing) profession in Armenia, which addresses the needs of the local economy, incorporates relevant international standards and trends, and is adapted to the different segments of the profession;
- Evaluate the current program gaps. The new Competency Framework will provide a clear picture of the knowledge, skills, and attributes expected of professional accountants and auditors. Before embarking on developing new program elements it is essential to fully understand which program elements should be retained and to what extent the Framework is being covered, in order to allocate resources most effectively.
- Design and develop an expanded program. Once gaps in the current program have been identified, the most efficient and effective way to close those gaps needs to be determined, both in the education and training program for initial professional development and with respect to current deficiencies in the competence of practicing professionals through continuing professional development. Significant investment in developing technical and pedagogical skills of instructors and trainers will likely be required as new standards will need to be covered and new teaching and assessment methods implemented. The curriculum will need to include case studies and group

activities to develop teamwork and collaboration competencies expected to be included in the list of competencies to be acquired by professional accountants and auditors.

- Implement the expanded program. This stage involves taking the actions necessary to properly implement the new program elements in education, evaluation, training, and continuing professional development. This includes setting timelines, deploying resources, and evaluating results. Implementation will likely require a significant investment in new technologies. Accounting professionals need to be well versed in modern accounting and auditing software packages. They also need to be aware of technological developments which affect finance and technological threats to businesses. Furthermore, access to continuing professional development for accountants and auditors who reside in remote regions should be facilitated through online training.
- Greater recognition for the Armenian Association of Accountants and Auditors and its members would likely result from the implementation of the above recommendations. Additional exemptions could be sought from ACCA, as well as recognition by other internationally recognized qualification providers and quality assurance organizations such as the European Foundation for Management Development (EFMD).

Azerbaijan

Azerbaijan is ranked 34/190 in the World Bank's Doing Business 2020 Report. Azerbaijan's population is just under 10 million, with a GNI per capita of USD 4,544. In the 25 years following its independence, Azerbaijan succeeded in significantly reducing the poverty rate and has directed revenues from its oil and gas production to significant development of the country's infrastructure. Long-term prospects depend on world oil prices, Azerbaijan's ability to develop export routes for its growing gas production, and its ability to improve the business environment and diversify the economy. In late 2016, the president approved a strategic roadmap for economic reforms that identified key non-energy segments of the economy for development, such as agriculture, logistics, information technology, and tourism. Since the presidential election in April 2018, the Government of Azerbaijan has undergone significant changes. These include the nomination of a new prime minister and the appointment of several key ministers in charge of education, tax reforms, agriculture and rural development, the environment, and energy. The new Government has been tasked with continuing the reforms in key sectors to recover economic growth. The notable increases in the 2019 budget allocations for education (up by 13 percent) and health care are important in terms of improving human capital. But further efforts are needed to align budget spending with development needs, including through strengthening medium-term budgeting and the public investment management system.

Accountancy education

In Azerbaijan, higher education offerings are grouped into 175 specialties. Accounting and audit is a specialty within the economy and management group. Master's and bachelor's degree education in the accounting and audit specialty is taught in 17 higher education facilities in Azerbaijan. Several more universities provide accounting as an additional subject. Audit education is provided within the accounting and audit specialty. The Ministry of Education coordinates education policy through the relevant responsible division and approves education programs in this field for universities. Students continuing their education after a bachelor's degree often aim to continue working at the university as a teacher or teacher's assistant, or to improve their employment prospects. Although it is possible to find a job with a bachelor's degree, there are some issues resulting from the lack of alignment of the curriculum with labor market needs. These issues extend to most masters' degree programs as well. Thus, there is a need to increase practical courses in the new curriculum and programs. Changes made in 2016 have resulted in masters' students spending only one of their two years of study attending lectures and classes, in the second year they mainly focus on freelance research and independent studies as well as getting practical experience.

Priorities for strengthening accountancy education

- There is a need to increase the knowledge and skills of lecturers and professors in the field of accounting and audit. Professors and teachers from abroad should be invited to local universities and exchange programs in this field should be implemented.
- Universities should have the opportunity to independently define education programs in accounting and audit.
- There is a need to reduce the credit load for students in bachelor's programs and only have subjects related to the specialty. In particular, practical exercises have to be conducted during classes.
- Special consideration should be given to the language skills of students.
- International cooperation in the field of audit has to be an area of focus, especially for recognition of examinations conducted in Azerbaijan by ACCA and other international examining bodies.
- The career centers of universities should regularly send students for practical experience and improved contacts with the profession.
- Certification has to be conducted in a unified form and should be accepted by all NGOs.
- Books and resources need to be written and translated in line with international standards.

Republic of Belarus

The Republic of Belarus is ranked 49/190 in the World Bank's Doing Business 2020 Report.

Belarus has a population of just under 10 million, with a GNI per capita of USD 5,280. Belarus has retained closer political and economic ties to Russia than any of the other former Soviet Republics. Belarus and Russia signed a treaty on a two-state union on 8 December 1999 envisioning greater political and economic integration. Although Belarus agreed to a framework to carry out the accord, serious implementation has yet to take place. In January 2015, jointly with Russian and Kazakhstan, Belarus signed the treaty establishing the Eurasian Economic Union. The country's agricultural base is largely dependent on government subsidies. Following the collapse of the Soviet Union, an initial burst of economic reforms included privatization of state enterprises, creation of private property rights, and the acceptance of private entrepreneurship, but by 1994 the reform effort dissipated. About 80% of industry remains in state hands, and foreign investment has virtually disappeared. Several businesses have been renationalized. State-owned enterprises (SOEs) account for 70-75% of gross domestic product (GDP), and state banks make up 75% of the banking sector. Belarus has pursued a gradual transition path, characterized by limited structural reforms and a modest expansion of the private sector. Policies have focused on upgrading SOEs with the help of subsidies and preferential loans through state-owned banks. Economic growth has been accompanied by an impressive fall in the number of households below the poverty line and an increase in household income among the bottom 40 percent. The proceeds from that growth have been redistributed through real wage growth, utility subsidies, and the maintenance of employment in SOEs and the public sector. Unfortunately, the factors that enabled Belarus's past success are no longer in play. The capacity of capital accumulation to drive economic growth is exhausted, the energy subsidies stemming from bilateral agreements with Russia are smaller, and public debt ratios to GDP are growing.

Accountancy education

There are 17 institutions of higher education that train specialists in accounting, 13 of which are state-owned (including a branch of the Russian Plekhanov Economic University), and 4 private educational institutions. All institutions follow a framework strictly regulated by the Ministry of Education. In the Republic of Belarus all higher educational institutions are subject to state accreditation. This includes both universities and specialties. Training for each specialty is carried out on the basis of higher education standards set by the Ministry of Education of the Republic of Belarus. Universities can deviate from the standard curriculum under the block of disciplines "university component", up to about 20% of the curriculum. At the same time, the curriculum of any university is coordinated with the Educational and Methodological Association under each area. For the "accounting" group of specialties this is the Educational and Methodological Association of Belarus State Economic University. This

system means all universities of the country follow practically the same educational approach. Training of specialists in the field of accounting is carried out in two stages: Stage 1 (bachelor's degree) - four years of training, Stage 2 (master's degree) 2 years of training. The master's degree program is represented by two areas: a research-oriented master's degree in "Accounting and Statistics", and a practice-oriented master's degree in "Accounting, Analysis, and Audit". Master's degree training is carried out in 8 universities in Belarus, of which only four have master's degree programs with a strong practical element. Currently, the legislation does not contain mandatory requirements for the level of education required to work as an accountant or to obtain the qualification of an auditor.

Priorities for strengthening accountancy education

Higher educational institutions

- Curricula and training plans should be adapted to meet labor market needs. Qualifications and competencies should be tailored to those required by international professional organizations (ACCA, Chartered Financial Analyst, Certified Internal Auditor, Chartered Institute of Management Accountants, Project Management Professional, etc.). Teaching of accounting, analysis, and audit subjects should be carried out in accordance with the provisions of the IESs.
- Curricula for the 1st and 2nd levels of higher education should be integrated with the structure and content of training programs and qualification examinations for international professional organizations.
- New knowledge emerging from business, professional public associations and groups (IFAC and others), consulting firms, and audit companies should be rapidly transmitted and disseminated among educators. 2-3 instructors from each program at each educational institution should receive curriculum training each year. Relevant educational literature should be published and a train the trainer system introduced.
- The status and duties of professors should be reviewed and updated so that sufficient time and resources are dedicated to research and the development of updated, competency-based course materials and examinations based on the evolving needs of employers, that lead to increased long-term benefits for students.
- Teaching departments should be expanded to include teachers of related disciplines which significantly impact on the professional competence of graduates. For example, departments teaching accountants, analysts, and auditors should employ experts in computerization of accounting, taxation, and commercial law. The undergraduate curriculum should allocate not less than 60% of teaching time to core subjects.

- The number of subjects studied should be reduced to 5-6 per semester, also the educational process should be adjusted with significantly reduced lecturing hours (up to 30-40%) and greater emphasis on student self-preparation.
- The possibilities of distance learning should be expanded to become a form of basic education. Lecturing on known texts that are available in any textbook is a useless and expensive waste of time. Teaching should focus on delivering only new and system-development topics that structure, order, and update knowledge.
- Business education, postgraduate education, and professional development should be developed on the basis of international professional organizations' (ACCA, Chartered Institute of Management Accountants, Project Management Professional, etc.) materials. This can provide a stable source of income for universities and a significant source of individuals who require professional development (more than the number of potential applicants coming from high schools). There is always demand for up to date professional knowledge. In addition to the economic benefits, this benefits teachers too whose training attracts more people. Business education also offers opportunities to develop closer cooperation with professional associations and foreign business schools.

Professional accountancy organizations

- A single professional community should be created to promote common professional standards and international best practices based on international standards and develop joint visions and proposals in support of professional development and the development of skills of professional accountants.
- The PAO should join international professional organizations, notably IFAC.
- A unified system of continuous professional training should be introduced, developed on the basis of IFAC, IESs, and best practices.
- Curricula should be harmonized in preparation for professional certification with the curricula of the 1st and 2nd stages of higher education and international certification programs.
- There should be effective interaction between professional organizations for joint work on regular updates and harmonization of training programs and cooperation should be established with the leading international organizations that train professional accountants (ACCA, Chartered Institute of Management Accountants, and others).

Georgia

Georgia is ranked 7/190 in the World Bank's Doing Business 2020 Report. Georgia has a population of just over 3.7 million, with a GNI per capita of USD 3,790. Georgia's main economic activities include cultivation of agricultural products such as grapes, citrus fruits,

and hazelnuts; mining of manganese, copper, and gold; and producing alcoholic and nonalcoholic beverages, metals, machinery, and chemicals in small-scale industries. The country is pinning its hopes for faster growth on a continued effort to build up infrastructure, enhance support for entrepreneurship, simplify regulations, and improve professional education, in order to attract foreign investment and boost employment, with a focus on transportation projects, tourism, hydropower, and agriculture. Deep reforms in economic management and governance have earned Georgia a reputation of “star reformer.” To bolster the private sector, Georgia has introduced rules and regulations that make it easier to do business, and the country’s international ratings on governance and the investment climate have soared. In mid-2014, Georgia concluded an association agreement with the EU, paving the way to free trade and visa-free travel. In 2017, Georgia signed a free trade agreement with China as part of Tbilisi’s efforts to diversify its economic ties. Georgia is seeking to develop its Black Sea ports to further facilitate East-West trade.

Accountancy education summary

There are seven leading universities in Georgia offering degrees with significant accounting and audit content, three are public and four are private. Black Sea University offers a specialized degree in accounting and audit, while others include these topics in their business administration studies. In 2019, the Ministry of Education recommended universities to move towards more specialization, which might result in more specialized accounting and audit degrees. Most universities offering degrees in accounting and audit are integrated with the Bologna Process and enjoy basic ACCA exemptions. Currently, PAOs with certification programs recognized by SARAS are in the process of collaborating with the universities in an effort to grant exemptions from certain exams to respective students.

Priorities for strengthening accountancy education

- The key priority in the area of accounting education is to ensure SARAS is able to fulfill its mandate.
- PAOs should enhance collaboration with their member auditing firms to ensure practical training possibilities for aspiring professionals. Assistance will need to be provided to PAOs to help them develop procedures and tools to work with candidates and employers in creating and implementing a competency-based practical experience program.
- The development of case studies and use of software to allow students to simulate real world business situations would be very beneficial in light of the difficulty of getting practical experience opportunities for students and aspiring professionals, shared by

many stakeholders. Case studies can be developed locally by practicing professors with a little funding from potential donors.

- Developing courses in ethical issues facing accountants and auditors has been established as a key challenge highlighted by the benchmarking tool and recognized as a priority by Georgia's members of the STAREP EduCoP.

Some of the broader, long-term objectives agreed by local stakeholders include:

- Greater cooperation between accounting education institutions at different levels (for instance, universities, colleges) and PAOs to align accounting and auditing education with the market's and profession's needs. The need to align and integrate university accounting and auditing programs with professional certification programs is a precondition for a solid education system in this field and to ensure efficient use of resources.
- Promoting a learning outcome-based approach to university accounting and auditing education and identifying occupational skills to be acquired from practical experience.
- Enhancing the profession's role in accounting and auditing education development by creating necessary incentives to ensure that accountants and auditors want to become members of a professional organization and the latter want to become full members of the IFAC. A national champion (institution, professional association, etc.) should be identified to promote reforms in the field and contribute to the achievement of goals and priorities.

Moldova

The Republic of Moldova is ranked 48/190 in the World Bank's Doing Business 2020 Report.

Moldova has a population of 3.5 million, with a GNI per capita of USD 2,180. With a moderate climate and productive farmland, Moldova's economy relies heavily on its agriculture sector, featuring fruits, vegetables, wine, wheat, and tobacco. The government's stated goal of EU integration has resulted in some market-oriented progress. In 2014, Moldova signed an Association Agreement and a Deep and Comprehensive Free Trade Agreement with the EU, connecting Moldovan products to the world's largest market. European integration has anchored the Government's policy reform agenda, but reforms that are good on paper have yet to materialize. A vulnerable political system, polarized society, adverse external environment, and skills mismatch in the labor market, as well as climate-related shocks, are Moldova's biggest economic challenges. Transparency, accountability, and corruption are crucial concerns. Business confidence is low, and the macroeconomic framework remains vulnerable. External budget support, based on an agreement with the International Monetary Fund, has a high level of conditionality. Continued economic stabilization, the advancement of key economic reforms, and the creation of a rule-based environment for businesses are

the country's key goals. Moldova's large-scale out-migration, combined with decreasing fertility rates, has led to an alarming decline in the population and hastened the ageing of the population. This puts pressure on the pension system and limits the country's long-term competitiveness.

Accountancy education summary

Currently there are 13 higher education institutions that prepare specialists in the accounting field: six are public and seven are private institutions. The respective institutions are at different phases of integration with the Bologna Process. Since 2005, accounting students have been trained in two phases: three years in cycle I: license, and two years in cycle II: master's degree. Applicable law does not require a master's degree in order to be employed as an accountant or to be made an auditor. Two higher education institutions have initiated procedures to match some courses with the requirements of ACCA with the following results: ASEM graduates of cycle I Accounting, Accounting Faculty, benefit from 7 exemptions and the USM graduates of cycle I Accounting, Economic Sciences Faculty, benefit from 8 exemptions.

Priorities for strengthening accountancy education

- Synergy between accounting and auditing education and professional levels should be improved.
- A common framework of technical professional skills should be established, that differentiates according to the level of education (higher, secondary, vocational) based on IES 2: Initial Professional Development – Technical Competence provisions. This would allow educational institutions to incorporate learning outcomes into study programs, and thus facilitate access to the professional accounting and auditing qualification.
- The assessment mechanism of university programs and curricula standards should be developed to provide graduates with exemption from some exams to obtain professional auditor qualifications.
- Mechanisms to ensure student-centered education should be implemented to develop skills needed by the labor market. There should be continuous and efficient communication with employers from private and public sectors to ensure that the skills of future graduates correspond with the requirements of potential employers.
- Cooperation protocols between universities and internship partners from private sector and professional associations should be initiated to facilitate cooperation with business. Universities should be encouraged to obtain and maintain the accreditation of accounting and auditing education by international professional organizations.

- A detailed guide should be developed on drafting/content of exams to effectively test the professional skills of the auditor (applied in universities who train accountants and auditors), directed to testing the skill-based objectives and not theoretical knowledge.
- The role of the profession in promoting accounting and auditing education should be enhanced.
- The definition of professional associations in accounting and auditing should be agreed; amendment of the legal framework initiated (for instance, the law on not-for-profit organizations) and international practices regarding good governance in professional accounting associations implemented.
- A certification program for accountants should be developed and implemented, in accordance with the IESs (based on accumulated experience of ACAP in managing CAP/CIPA certificates).
- Quality control methodologies for members of professional accounting associations should be enhanced/developed and implemented, based on risk analysis.
- A compulsory monitoring framework of continuing professional development requirements for members of professional accounting associations should be enhanced/developed and implemented based on learning outcomes assessment.
- Professional accounting associations should be encouraged to become members of IFAC and initiate voluntary consolidation of existing professional accounting associations.
- Development partners should be identified to organize training in the practical application of IFRS, ISA, and new national regulations in accordance with the *acquis communautaire* in corporate financial reporting.
- Tracking of graduates' employment by higher education institutions should be enhanced.
- There should be methodological support for accounting and auditing education development and strengthening at university and professional levels.
- Reputable publications that offer methodological support relevant to auditors' qualifications in EU Member States should be identified and translated into the Romanian language (with the support of development partners).
- Regular training of trainers courses should be organized at different levels (university, professional accounting organizations, continuing professional development courses) to ensure a quality approach in teaching IFRS, ISA, Code of Ethics, national accounting standards, and other subjects in the field of accounting and auditing related to continuing professional development (with the support of development partners).
- Manuals and a detailed training methodology should be developed, to support development and maintenance of the professional skills necessary for high quality service provision in accounting.

- Practical applications to improve understanding and implementation of IFRS, ISA, Code of Ethics, and national accounting standards should be developed.
- Applications that could facilitate online communication with students should be developed and implemented, as well as digital methodological support and e-learning platforms both in higher education and continuing professional development.

Ukraine

Ukraine is ranked 65/190 in the World Bank's Doing Business 2020 report. Ukraine has a population of almost 45 million, with a GNI per capita of USD 2,388. After Russia, the Ukrainian Republic was the most important economic component of the former Soviet Union, producing about four times the output of the next-ranking Republic. Ukraine has made significant progress on reforms designed to make the country prosperous, democratic, and transparent, including creation of a national anti-corruption agency, overhaul of the banking sector, establishment of a transparent VAT refund system, and increased transparency in government procurement. But more improvements are needed, including fighting corruption, developing capital markets, improving the business environment to attract foreign investment, privatizing SOEs, and land reform. In 2014, Ukraine signed an Association Agreement and a Deep and Comprehensive Free Trade Agreement with the EU. Key reforms undertaken since 2014 include: carrying out significant fiscal consolidation, moving to a flexible exchange rate, reforming energy tariffs and social assistance, enhancing the transparency of public procurement, and simplifying business regulations. Other important reforms include: stabilizing and restructuring the banking sector, adopting a health reform package, moving forward on pension reform, and establishing anti-corruption agencies and asset disclosure for public officials, all the while contending with powerful vested interests that continue to oppose reforms. Going forward, Ukraine will need to advance reforms on multiple fronts to achieve sustainable recovery and shared prosperity.

Accountancy education summary

In academic year 2017-2018 there are 289 higher education institutions of the III-IV accreditation level in Ukraine, of which 83% award degrees in accounting and auditing. Of the total number of higher education institutions, 212 are state-owned and 77 are privately owned. According to Article 5 of the Law on Higher Education, degrees in "Accounting and Taxation" are awarded at four levels: the first is the bachelor's level (four years of study), the second is the master's level (two years of study), the third is the educational research level (PhD, Doctor of Philosophy, four years), and the fourth is the scientific research level (Doctor of Sciences, four years).

Priorities for strengthening accountancy education

Institutions:

- The Higher Education Standard for a bachelor's degree and for a master's degree, based on IESs, should be finalized and introduced to all higher education institutions.
- Greater digitalization should be introduced for the higher and professional education of accountants and auditors.
- The setting and conduct of examinations should be aligned with the requirements of IES 6.
- The continuing professional development of teaching staff should be facilitated;
- The system of practical training for students should be developed.
- Cooperation between higher education institutions and employers should be formalized.
- Partnerships and mutual recognition with foreign universities should be developed;
- Cooperation with leading professional accountancy and audit organizations should be formalized.

Professional education at the level of PAOs:

- The concept of professional accountant should be introduced.
- A unified system of continuing professional training based on IES and best practices should be introduced.
- There should be mutual recognition of continuing professional education programs conducted by different PAOs.
- All stakeholder efforts to develop the profession should be consolidated with the public interest in mind, unified professional standards and ethics should be promoted.
- A monitoring system for compliance with continuing professional development requirements should be introduced for accountants who are subject to public interest.

International cooperation, recognition and interaction at all levels:

- Twinning programs should be introduced between Ukrainian higher education institutions and leading universities in Europe.
- Cooperation should be established with leading (internationally recognized) professional organizations which provide training for professional accountants (ACCA, Chartered Institute of Management Accountants, etc.)
- Cooperation with national and international partners should be further strengthened within the framework of STAREP EduCoP.

APPENDIX 4. A COLLECTION OF GOOD PRACTICES IN ACCOUNTANCY EDUCATION

The following good practices in accountancy education have been shared by EduCoP members.

Faculty of Economics and Management, Yerevan State University, Armenia: Meeting demand for advanced accounting IT knowledge and skills

Developing accounting education processes is considered through several key factors, i.e.:

- (i) **Market demand.** There is a great demand for professionals with applied knowledge and skills in the field of accounting in Armenia and the demand is growing; to meet the needs of the labor market, there is a need to develop educational programs and processes in a more practical way;
- (ii) **Technological changes.** Technological changes across the financial reporting supply chain impact the information and communications skills needed by professional accountants to perform their roles; and
- (iii) **Development of electronic systems.** Integration with internet banking, e-invoice accounts, tax reporting systems, etc. provide efficient work and save time.

This growing demand for accountants to have advanced IT knowledge and skills forced the faculty to prepare a new IT course for academic study. A computer lab was equipped with special accounting software for both graduate and undergraduate students in cooperation with an Armenian software company, which has around 30 years of experience. The main purpose of the course is to inform students about automation of the financial process, introduce them to innovative technologies, share experience, and provide students with professional knowledge to help them to become demanded specialists.

The implementation process included the following **key steps**:

1. **Developing subject contents.** The following subjects are covered by the new IT course:
 - *General ledger.* The general ledger is the main part of accounting where accounting operations from all sections are transferred - finances, debtors, creditors, sale, warehouse, fixed assets, and payroll. That is why this module

emphasizes that power, flexibility, and reporting functionality are very important in accounting.

- *Cash Assets.* Together with the general ledger module, the cash assets module examines recording input and withdrawal of cash and non-cash. Complete accounting gives permanent control of money flows and enables users to be informed about money balance at any time.
 - *Debtors and Creditors.* Together with the general ledger module, the debtors and creditors module serves to control interrelations between suppliers, buyers, accountable persons, and debtor/creditors. This module makes accountants' work more productive and reduces time spent on writing-off sale and payment documents. It allows tracking and discovery of unpaid debts in time, reduces the number of expired debts, and improves cash-in flow. It helps to indicate and encourage loyal customers.
 - *Warehouse and trade.* In this module students learn that by automating the accounting of inventory holdings they can follow warehouse turnover and trade and find out quickly which products or product types are demanded and maximize profit.
 - *Fixed assets.* The accounting of fixed assets is one of the most important components of company accounting. It makes their accounting and control accurate and quick. Both financial and tax accounting of fixed assets are implemented in the system and a linear method of depreciation calculation is used.
 - *Payroll.* Employees' personal information (date of birth, sex, passport, and social security card numbers, etc.), registration of employment contract terms (department, position, wage rate, etc.), salary calculations, and payment are submitted into the system. Employment contract and civil law legislative peculiarities are also considered in this module.
2. **Discussions with software suppliers.** The selected supplier has been on the Armenian market for more than 30 years.
 3. **Establishing computer classroom (lab), software installation and setup.** Each student has their own desk and computer. This allows them to work independently under the direct supervision of the lecturer. The tasks are regularly checked during classes and any mistakes are identified by the lecturer, who comments and corrects them. The students are encouraged to ask questions when doing tasks.
 4. **Selection of training methods.** At the beginning of each class the students revise previous materials. They undertake tasks individually in the system which allows them to repeat and learn the previous material. If students have difficulties completing tasks the lecturer summarizes related materials. Training includes practical work, team work,

and individual assignments. There is an opportunity to share experience among participants.

5. **Trainers' selection.** The course is delivered by specialists in accounting automation who have both teaching and extensive practical experience working with systems and their implementation. Proficiency of lecturers ensures high-quality and efficient teaching.
6. **Evaluation.** Evaluation is a combined assessment of each student's learning achievement (testing what the student knows or knows how to do), general performance (the quality of the student's work), and effort (how hard the student worked in the course). Students have two mid-term exams and a final exam.

Ministry of Education, Azerbaijan: Role of the Ministry of Education and its relationships with local universities

Higher education system in Azerbaijan

The Ministry of Education is the central executive body governing the education system of Azerbaijan. Currently, there are 51 higher education institutions (for a population of 9.8 million) of which 20 are public, 18 are state, 11 are private, and 2 are branches of Russian higher education institutions. The establishment and operation of educational institutions, both state and private, is monitored by the Ministry of Education and competent authorities. The state policy for higher education is defined by the Science, Higher, and Secondary Professional Education Department of the Ministry of Education. Among the main functions of this department are: improvement of the documentation regulating the activities of education institutions; development of study programs; organization of the education process with credit transfer and accumulation system and regular updating of academic and administrative staff on current legislation; monitoring of the quality of education; implementation of the provisions of the Bologna Declaration. Educational institutions have equal status, regardless of ownership or founder's identity. The state ensures the development of all educational institutions, including private, through giving them credits, allocating grants, and granting concessions to state educational institutions in accordance with legislation.

Source of funding of higher education institutions

The main funding source for higher education institutions in Azerbaijan, both public and private, is student tuition fees. Tuition fees can be paid by the government or by the student.

A 2015 Ministry of Education order created a student loan mechanism and established a fund for students unable to pay tuition fees at universities under the Ministry of Education. In addition, according to the Law on Education, a higher education institution can acquire funds and obtain resources from other sources such as national and international projects, real estate, donations, consultancy services, etc., as long as they are not prohibited by legislation.

The structure of the higher education system

Access to higher education is open to every person who finishes the secondary level of general school education. Azerbaijan began reform of its higher education system by joining the Bologna Process in 2005, followed by the adoption of the new Law on Education in 2009. This law formally introduced the European Credit Transfer System, a three-cycle system of study and diploma supplement. Since academic year 2009/2010, all new students at all higher education institutions study under the reformed programs.

Curriculum

Curricula in Azerbaijan are defined at national level. They are designed by national level working groups of specialties experts selected by the Ministry of Education, the authority responsible for approval of the curricula. Curricula include compulsory and optional subjects. Optional subjects are defined by the higher education institutions concerned. They include academic disciplines, scientific methodologies, and techniques. There are also a number of international curricula implemented with the approval of the Ministry of Education. Academic programs of bachelor studies include the following disciplinary categories: humanities (15-20 %) and core subjects (80-85 %).

Challenges

There are several challenges for the higher education system as a whole. Study programs need to be improved to make them more competence based and student-centered. Although current study programs reflect competences for each discipline, they are not used in practice. Many academic staff are not competent to assess the knowledge and skills of the students using the competence-based approach. A support tool to improve study programs might be training of trainers by international experts. Training of trainers is also needed to improve the teaching methodology. Most teachers use old-fashioned teaching methodology, which is based on theory and 'learning by heart'.

There is a gap between labor market requirements and study programs written by and for academic staff. This lack of cooperation is also seen in the employment of graduates. There is no mechanism to assist students/graduates find employment opportunities. Universities are narrowly focused on education. Legislation requiring higher education institutions to increase their research or education orientation is not yet functioning and some lack modern laboratories needed for research and innovation. These identified challenges all relate to a lack of self-assessment. Most universities do not have departments responsible for quality assurance. Where some, recently established, quality assurance departments do exist they do not function as they should. Improvements to the areas identified require resources, time, and real commitment to change.

Perspectives

Although the Ministry of Education does not have a dedicated fund for improvements, it makes good use of opportunities such as twinning projects, the Technical Assistance and Information Exchange (TAIEX) instrument of the European Commission, Erasmus+ projects, and others. A second twinning project is underway to improve a number of study programs, the quality assurance system, university-business cooperation, and higher education legislative matters in Azerbaijan. A TAIEX program is working on the national qualification framework. The Ministry of Education participates in almost all capacity building Erasmus+ projects of the universities and supports internationalization of the universities through double degrees, bilateral agreements, and protocols, mobility of the students and academic staff, implementation of best practices, grants, and other tools. A State Strategy on the Improvement of Education has been approved by the President which includes many aspects of higher education targeted for improvement.

Polotsk State University, Republic of Belarus: Implementation of an internal quality assurance system

The Polotsk State University has implemented an internal quality assurance system. Quantitative and qualitative information on current trends and challenges of educational and methodology approaches, education outcomes, and labor market demands were gathered using questionnaires. Information was sought on competence-based learning outcomes for three groups of respondents – graduates, teaching staff, and employers. The objective was to identify the competencies in demand with employers and the university's ability to satisfy that demand. The first survey, using interactive technologies, was conducted in 2018. It

helped identify weaknesses in graduates' competencies in the opinion of both the graduates and their employers, as well as best teaching practices to develop the resulting competencies.

Nowadays employers expect job applicants to possess professional competencies as well as certain soft skills not traditionally taught at university. The five core soft skills found to be most valued by employers are:

- **Effective interpersonal skills.** Ability to present yourself, a product, a new project idea; clear and well-structured speaking, proactive listening, hearing your counterpart, maintaining business correspondence.
- **Critical thinking skills.** These skills can prevent damage and incorrect decisions in the company. Any team needs someone with constructive criticism skills to bring the project to a new development level.
- **Ability to work in a team.** This implies high responsibility for work deliverables and their quality, for meeting all deadlines. Team skills are closely linked to interpersonal skills.
- **Understanding the links and effect of technology on business.** Senior executives must be aware of the possible impact of the emergence and decline of certain technologies on their business.
- **Prioritizing and time management.** Multitasking is a highly demanded albeit arguable skill. Doing all tasks at once exposes one to the risk of failing all tasks. It is important to set correct priorities and follow the plan.

As a result of these efforts, the university established the Career Centre so that students could obtain soft communication skills and the Foreign Languages Centre.

Faculty of Business Management, International Black Sea University, Tbilisi, Georgia: Development of bachelor educational program in accounting and audit

The Faculty of Business Management introduced a new bachelor educational program in accounting in 2011, accredited by the National Center for Educational Quality Enhancement. Student admissions to the program were initially very poor (2-3 students) until academic year 2015-16.

The faculty started to study the reasons for low admissions and decided to check the demand for the same educational programs (or concentrations/modules) at other universities, as well as market demand for the accounting and audit profession. Positive results were observed, there was quite high demand for the subject at other leading universities and quite high

demand for the professionals in the market. The most actively used portals were selected to study market demand. Data from 2016-2018 showed that there were around 679 accounting and audit vacancies and 646 bachelor's level or student were required.

The educational program lacked any verification process with graduates to check their employment success or their satisfaction with the qualification obtained (whether they met market requirements; skills required by the market that they had gained (or not) through the program). The Faculty looked too at the employment statistics of graduates of other disciplines (including finance) and found that the vast majority of graduates of bachelor program in finances were continuing their career and were successfully employed in the field of accounting and audit.

No external factors hindering admissions were identified so **the faculty considered internal factors for the low admissions rate** and decided to **modify the content** of the program. The process of modification started in 2015 and since then the program has been considerably modified and renamed "Accounting and Audit". New compulsory and elective courses were added to the program –Financial Reporting, Consolidated Financial Reporting, Introduction to Audit, Audit and Assurance, Tax Administration, Taxation of International Transactions, Tax Planning and Strategy, Real Estate Valuation, Bank Accounting, Ethical Issues of Accounting, Principles of Taxation – and the sequence of courses and prerequisites were modified. The modifications were made based on consultations with lecturers (both academic and invited staff), students, potential employers, and professional organizations.

The university developed a laboratory with accounting software applications in support of the program. Since 2013 demand for bachelor educational programs in accounting and audit increased, including students' mobility.

To further develop the program, the faculty started collaborating with GFPAA. In May 2015 the first memorandum was signed with GFPAA, according to which bachelor accounting and audit graduates are exempted from the F1 professional certification exam, in 2017 two more exemptions were achieved in F2 and F3. Exemptions are achieved if a program covers 80% or more of the content of the corresponding book. GFPAA listed the topics the program should include and the university reported about coverage, including information about which topic was covered in which course, the contact hours spent for each topic, and the literature used. Based on this, exemptions in F1, F2, and F3 were achieved.

Currently, the process of exemptions is controlled and led by SARAS. The faculty cooperates with SARAS and plans to continue the process of further exemptions. Following national accreditation of the program the faculty now plans to apply for ACCA exemptions.

The faculty also intends to monitor the employment process of graduates and to study their satisfaction with the skills and qualifications obtained through the program, to help uncover deficiencies and to develop the program further. In addition, as extracurricular activities, the

faculty often organizes and invites specialists in the field for public lectures and discussions with students to popularize the subject and increase student awareness of market demands and the importance of the specialty, and encourages students' participation in interuniversity competitions on relevant issues (e.g. imitated tax disputes).

Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP): Practical methods applied in accounting and auditing education

In Moldova, universities are seeking to adopt education strategies that satisfy all learning types and styles. Thus, in accounting and auditing education, educators often opt for analysis and review of complex practical situations and include various cases studies, which require each student's professional judgment and direct involvement in discussions. Students use their theoretical and practical knowledge, and experience to explain their opinion and reasoning. There is also discussion of the impact of proposed solutions on decision-making by financial information users. Students might role play different perspectives, e.g. accountant, prospective investor, tax officer, chief financial officer, financial analyst, to develop students' understandings and ability to:

- form professional judgments;
- develop and shape responsibility for own actions;
- develop skills in identifying key issues and information for timely and accurate decision making;
- help avoid making future mistakes and errors in professional activities;
- assess and adjust knowledge and skills;
- develop a comprehensive idea of the impact accounting data has on investor decision-making.

The learning environment seeks to take account of relations among all involved, fostering a spirit of collaboration and cooperation open to experience transfer by professionals.

Ukrainian Federation of Professional Accountants and Auditors (UFPAA): Development of a new certification program for UFPAA members

The development of a new certification program for UFPAA members began on the recommendation of IFAC in order to harmonize with new IES requirements. The provisional title for the new program is **CPA Ukraine** and a brand image has been developed for visualization purposes. The experience of professional associations operating in the UK (ACCA; ICAS), Canada, Australia, and Western Balkan countries and the EduCOP helped inform the development of competency spheres. As a result, academic programs and curricula have been revised for managerial and financial accounting, financial management, taxes, and to gain ACCA exemptions. The new certification program has been expanded to include: added value in business; corporate strategies; business communication and communication skills; corporate culture and communication. This aims to improve the profession's 'soft skills'.

Improved collaboration among all stakeholders, in particular due to their joint participation in the STAREP program, has facilitated closer communication among the main professional training stakeholders in Ukraine (higher education establishments, professional associations and the regulators). As a result, UFPAA was involved as an external reviewer of the Ukrainian Ministry of Education and Science's higher education standards (at their request) for the first time. The UFPAA recommendations were taken into account.

UFPAA is developing a partnership memorandum with the higher education establishments that participated in the profiling tool exercise. They will compare their programs with ACCA in order to harmonize Level I certification competencies for UFPAA members with the new Level I (bachelor's level) and Level II (master's level) higher education standards in Specialism 071: Accounting and Taxes (that already incorporate much of IES 1 to 6). It is expected that in future, after the final skills verification system is improved in higher education establishments, alumni of UFPAA-accredited higher education establishments can be awarded Level I certification in order to shorten the total period required for professional recognition.

Kyiv National Economic University named after Vadym Hetman, Ukraine: Implementing a new academic program in digital accounting

Kyiv National Economic University introduced, for the first time in Ukraine, a bachelor's degree specialized in digital accounting training in academic year 2018/2019, as part of Specialism 071: Accounting and Taxes.

In addition to traditional professional accounting and auditing competencies, the digital accounting academic program gives students the opportunity to use cutting edge theoretical knowledge and practical skills in the digital economy environment. This includes knowledge of electronic business and IT law; accounting and auditing skills based on digital technologies and cloud infrastructures; intelligent business analysis of data and monitored accounting environment programming skills; and knowledge of cyber-security basics. The focus is on the development of skills and abilities to: implement innovative technology knowledge in the digital economy and digital single market; apply a range of social networking work-tools, observe the digital do's and don'ts, and perform intelligent data analysis; and develop, place, and support diverse IT resources and internet services.

The digital accounting academic program enables future professionals to form a system of accounting and tax knowledge, competencies, and practical skills focused on:

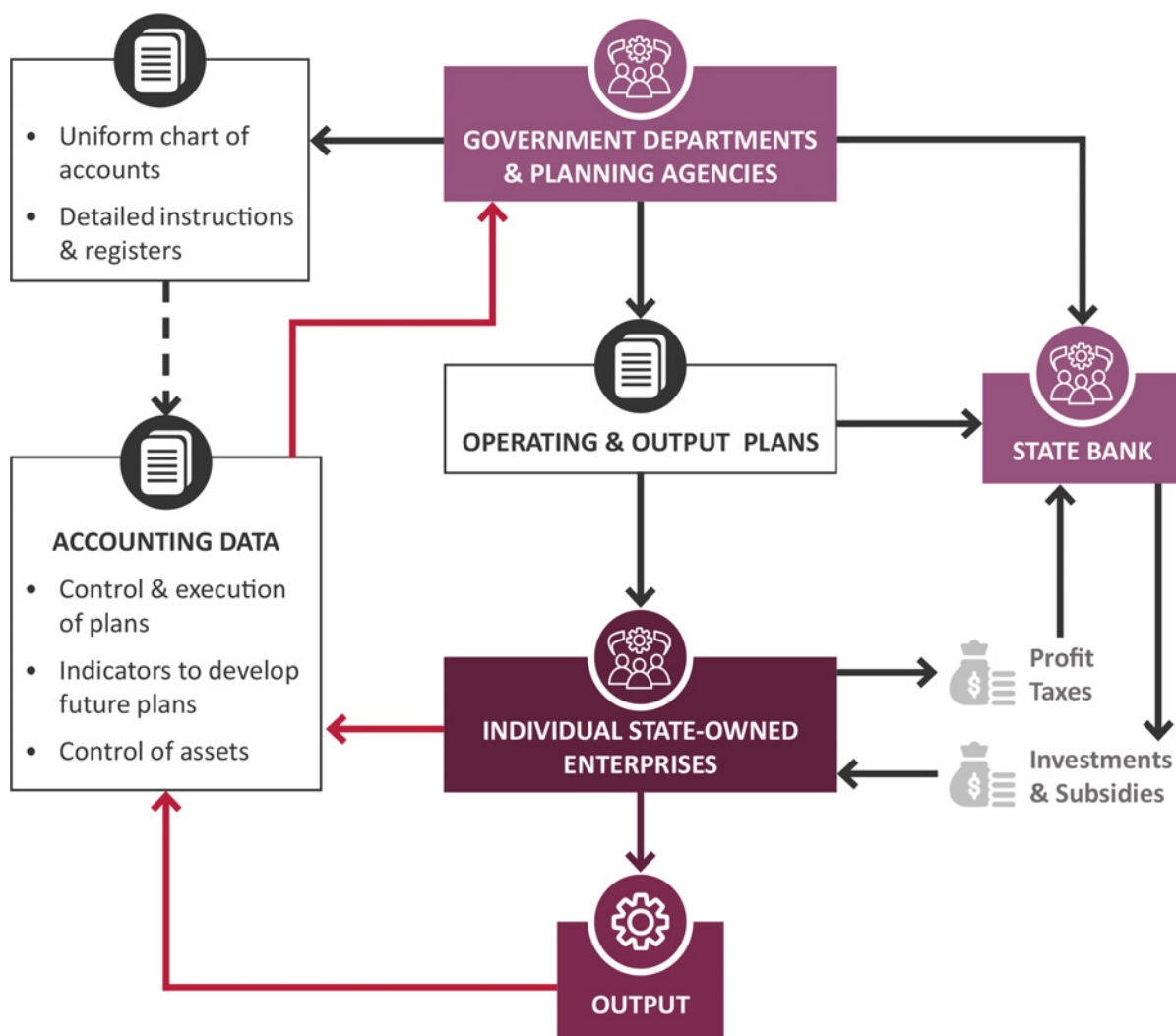
- Understanding the approaches to building electronic business and the toolkit for operation in diverse market segments;
- Using digital technologies applicable in accounting and auditing;
- Mastering organizational skills and methodology to provide online accounting services from up-to-date IT platforms;
- Ability to use cloud and other innovative technologies;
- Understanding cyber-threats and data protection systems, in particular from the perspective of organizing an information protection system in an enterprise;
- Understanding the ideas underlying digital auditing services and related technologies and toolkits;
- Ability to analyze and fulfil applied infographics and info-design tasks as a business promotion tool;
- Mastering e-trading and e-procurement skills, etc.

Industry 4.0 class ERP systems are used for the training process. While in training, students will have an opportunity to obtain user certificates for the following software applications: Galaxy ERP, Parus accounting software (Ukraine), SaaS Accounting, Master Accounting Software, ISpro, M.E.Doc (Ukraine), KIT-AUDIT (Russia), etc.

APPENDIX 5. THE LEGACY OF THE SOVIET UNION

In spite of the differences in political and legal structures, the six STAREP countries were all members of the Soviet Union for several decades, until 1991. To better understand current accounting education practices and challenges it is useful to understand the legacy from the Soviet era.

Figure 6. Accounting in the Former Soviet Union

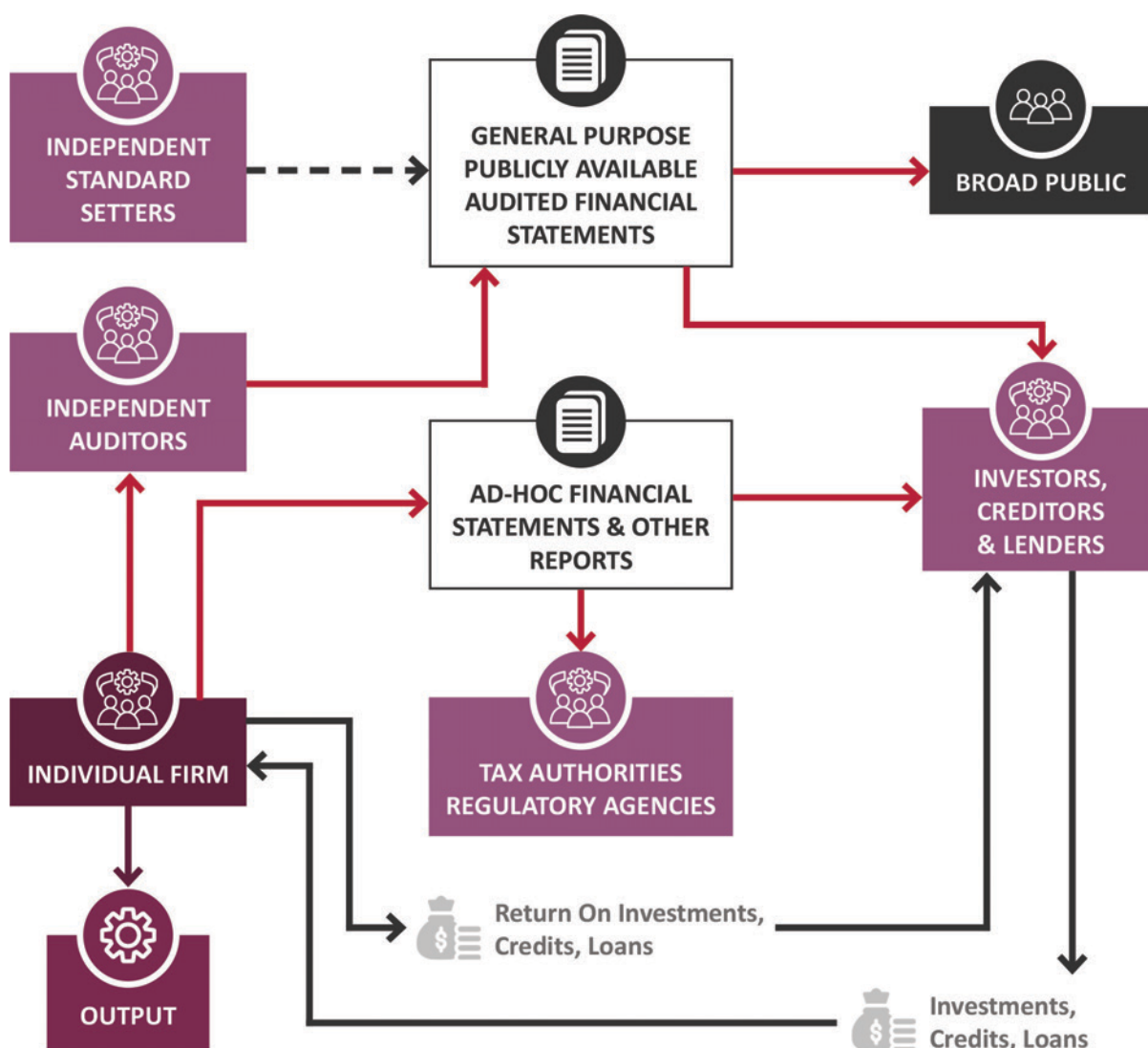


STAREP countries membership in the Soviet Union

#	Country	Membership start	Independence declared
1	Armenia	December 30, 1922	September 21, 1991

#	Country	Membership start	Independence declared
2	Azerbaijan	December 30, 1922	October 18, 1991
3	Republic of Belarus	December 30, 1922	August 25, 1991
4	Georgia	December 30, 1922	April 09, 1991
5	Republic of Moldova	August 02, 1940	August 27, 1991
6	Ukraine	December 30, 1922	August 24, 1991

Figure 7. Accounting in a market economy



The financial reporting environment

In the Soviet Union, accounting information was used mainly by the central government for economic planning and control; there were some similarities between Soviet and Western accounting. Based on the communist precept that the “people” own all of the means of production, the ownership of specific assets was determined by the central government. Land and resources neither belonged to any one enterprise nor were recorded on the balance sheet of a particular enterprise.³⁶ The communist system also failed to recognize economic costs for the use of capital, land, and natural resources. Some of the similarities between Soviet and Western accounting include the use of double-entry bookkeeping, the accrual basis for accounting, and a general ledger, together with a series of subsidiary ledgers to record the result of specific operations. The role of enterprise accounting was very important in the Soviet Union’s economic development and the implementation of a standardized accounting system in the 1920s is credited as a factor which sustained the economic growth recorded during the period 1928 to 1961. A resolution of the Council of People’s Commissars dated September 8th, 1923 made double-entry accounting mandatory for all enterprises except small traders and cottage industries. A period during which open discussion of accounting options was possible ensued, and an organization for professional accountants was formed in 1924: the Institute for State Accounting Experts. However, in the spring of 1934, a series of accounting decrees was issued which became the basis of Soviet accounting principles, and barely changed throughout the following 60 years. The Institute for State Accounting Experts was dissolved in 1931, and not until 1968 was another attempt made to organize Soviet accountants. Accountants in the Soviet Union could progress through three different professional levels. Chief Accountant represented the highest level, being the third in command at each enterprise. Below the Chief Accountant were positions of bookkeepers and, at lower levels, index-card clerks and calculating machine operators.

Accounting was not a highly respected profession in the Soviet Union. A significant challenge to the development of the accounting profession was the fact that accounting was not a highly respected profession in the Soviet Union. The bureaucratic rules, hours of work, and benefits that rarely exceeded those of other laborers, caused accountants to become technicians rather than problem-solvers. In 1979, an article published by the Planning Commission of the Russian Federation reported that only 100 accountants with advanced technical training were annually taking jobs with enterprises under the jurisdiction of the Ministry of Trade, although approximately 400 to 500 were needed.³⁷

The Central Statistical Administration had primary responsibility for the operation of accounting systems in the Soviet Union. The Central Statistical Administration and the

³⁶ Marc I. Lebow and Rasoul H. Tondkar, Accounting in the Soviet Union, *The International Journal of Accounting*, Vol 22, Issue 1, 1986, pp 61-79

³⁷ Maureen H. Berry, “The Accounting Function in Socialist Economies” *International Journal of Accounting*, (Fall 1982), 194.

Ministry of Finance jointly performed the roles of setting standards, developing regulations, and standardizing documents for the operation of the national system of accounting. The relevant Ministry for a particular industry could also interpret or modify the rules, which all firms in that industry would then need to apply. Decision-making in the Soviet economy was relatively centralized and the planning mechanism generated information that it used to coordinate decision-making. The state directed the basic decisions about production, distribution, and accumulation. The decisions were executed through the planning system using state-owned resources. The physical production plan for each enterprise, as dictated by the central government, was used to generate a financial plan (the Gosplan), which was generally the physical plan restated in monetary terms. Once a plan was developed, it was disseminated to the enterprises, who were responsible for its execution. Plan instructions specified what to produce, the technology to be used, and how products were to be distributed through the state distribution system.

Interactions among enterprises were limited. Rather than taking place between enterprises, command and information flows were mostly between the enterprise and the planner and government agencies (i.e. ministries) which coordinated information flows. The administrative-command system was a hierarchical command system in which public ownership was combined with material incentives aimed at encouraging the carrying out of state and party directives. The allocation of resources in the Soviet Union was primarily conducted through the plan. Short-term, medium-term, and even long-term “perspective” plans were developed.

Material balance planning was an important part of the overall coordination of the system and achieving the plan was enterprise management’s top priority. The Central Planning Board specified a list of goods and services to be produced, and also determined the inputs (land, labor, capital, and intermediate products) needed to produce the planned output. This organization of economic activity enabled planners to determine which products, sectors, or regions would achieve rapid growth. It was a time-consuming and complex system, even though it appears that behind the façade of rigid centralized planning, numerous informal and some quasi-market mechanisms affected resource allocation. Managers’ performance was assessed on the basis of fulfillment of the target. Maximizing output was rewarding to the manager and the enterprise and could lead to the receipt of a managerial bonus and other rewards. In this context, dysfunctional managerial behavior was likely and planners monitored enterprise performance. However, the bias for reporting favorable results ran through all levels of the soviet economy.

Prices were mostly set by administrative authorities on the basis of the average cost; the state bank provided an important monitoring function. Prices were mostly set by administrative authorities on the basis of the average cost from the industrial branch plus a small profit markup and usually excluded interest charges. It resulted in enterprises making both planned profits and planned losses within the same branch. Prices were reviewed on a

periodic basis, but usually lagged behind cost increases. Wholesale prices played primarily an accounting role as far as inter-enterprise relations were concerned.³⁸ Since most Soviet enterprises were budget-financed, the state bank (Gosbank) provided another monitoring function. Funds both to and from enterprises flowed through Gosbank into and out of the state budget. Profits, too, were channeled through the state bank, and profit taxes were the major source of Soviet budgetary revenue.

Challenges with the Soviet accounting system were numerous. First and foremost, it wasn't designed to provide enterprise managers with the type of information needed for decision making. Because prices were set by the government, profits for an enterprise could be easily manipulated. The system required each enterprise to meet or exceed the production plan set in the Gosplan. Increasing profits could be achieved by either producing the goods at a lower cost per unit than specified in the Gosplan or producing more goods. Because a guaranteed market existed for all goods produced and at a price set by the government, there was a strong incentive to produce goods of substandard quality, by using less raw material which in turn allows more units to be produced. Gains or losses realized on the disposal of fixed assets were not reflected in the operating results of the enterprise, creating no incentives for management to use assets in a responsible manner. These practices were very different from those prevalent in market economies, further highlighting the gap in skills required of accountants within and outside the former Soviet Union.

Accounting in higher education

Higher education figured prominently in the central state plans which were very detailed. Narrow specializations and narrowly specialized institutions proliferated as higher education became dedicated to the training of experts for the socialist economy. New institutions of higher education were almost exclusively of a technical character. They were located close to related industrial production and placed under the ministry that best knew their place in the plan. Higher education in the Soviet era went through different phases of change, but some trends and practices were fairly consistent across the different members of the Soviet bloc:

- It was a highly centralized system, based on subjugating education to the needs of the state.
- State planning dictated the training needs of a cadre of state planners and managers.
- Technical education was a priority, as many engineers were needed to support the objectives of economic growth and technological progress.

³⁸ Comparative Economic Systems, 6th Edition, page 202

- Acquisition of knowledge took a back seat to supporting the master plan. Modern, specialized knowledge was deemed more important, and many faculties and universities were transferred to the competent production ministries³⁹.

Certain technical schools were required to attach themselves to industrial enterprises. One interesting outcome of making the university an instrument of the state supporting the achievement of the plan was the requirement of certain technical schools to attach themselves to industrial enterprises, where students were made to work throughout the school year.

Higher education was standardized and rigidly defined; there were no options for students to choose subjects of study. Higher education was standardized and uniformly divided into faculties, directed by deans, and then into departments, directed by senior professors. A system of ranks was established consisting of rector, prorector, dean; professor (head of department) and ordinary professor; and docent and assistant. After completing a University Diploma, individuals could apply for admission to *aspirantura*, which lasted three to four years, and led to a degree of candidate of sciences. Applicants had to pass entrance examinations in the fundamentals of Marxism-Leninism, a foreign language, and their specialization. The first part of *aspirantura* lasted two years, after which graduate students were examined in several topics including historical materialism and a topic related to their field of study. The remaining year was devoted to writing a dissertation on a theme approved by the rector and the academic council.⁴⁰ Soviet students could not choose subjects of study and were forced to adhere to fixed lesson plans and examination schedules that were standardized throughout the country. Regardless of speciality, students were made to take course work in ideological subjects for the duration of their studies, including Marxist-Leninist philosophy and political economy.

The accounting profession

In the Soviet environment, accountants performed tasks which would be considered those of bookkeepers in mature market economies and auditing in the Western sense did not exist. Their jobs focused on recording transactions in accordance with very specific and detailed rules. They didn't have to make decisions and were not required to exercise professional judgment. In fact, should a particular problem arise, the instinct of an accountant in the Soviet Union would be to find a rule which they could apply. Accounting was not a prestigious profession and ranked very low in terms of desirability. In the Soviet Union,

³⁹ David-Fox, Michael. "The Assault on the Universities and the Dynamics of the Great Break", paper presented at a seminar on Academia in Upheaval: The origins and demise of the Communist Academic Regime in Russia and East Central Europe, Trondheim, Norway, 3-7 April 1997

⁴⁰ John Connelly, *Captive University, the Sovietization of East German, Czech, and Polish Higher Education, 1945-1956*, The University of North Carolina Press

auditing in the Western sense did not exist, although the results of the operations for an enterprise were reviewed by two types of auditors:

- Central government auditors whose primary responsibility was to determine whether an organization was meeting the goals specified in the Gosplan. Training as an accountant was not required for these tasks which did not encompass reviewing the enterprise's financial records.
- Because of the dual hierarchy of command through which the chief accountant reported to the director of the enterprise only for nonfinancial matters, he or she was expected to perform a function similar to that of an internal auditor in western corporations. The chief accountant would therefore report to the government on the transactions and financial reports of the enterprise.

All financial transactions flowed through the Gosbank, with control supplemented by the Communist Party. As previously mentioned, all financial transactions flowed through the Gosbank with which all firms maintained accounts. Gosbank would be readily aware of any enterprise experiencing financial difficulties. Another form of control was the Communist Party, which most Soviet managers were members of, and which often functioned as a distinct cell within the enterprise, able to monitor management effectiveness in discharging its stewardship responsibilities.

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