



# **Organizing Public Sector Accounting Education in Azerbaijan: Experience of the Finance Research and Education Center and New Challenges**

## Accounting reform in Azerbaijan comprises the following stages:



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**Stage 1** – Adopting a package of legislative acts governing accounting entities' activities related to the preparation and presentation of financial statements in compliance with the international standards.

**Stage 2** – Preparing and implementing a set of activities discussed in the relevant regulations related to the presentation of new financial statements by accounting entities within the time limit set in the legislation of Azerbaijan.

**Stage 3** – Implementing the continuing education process to ensure development of necessary knowledge related to the preparation of new financial statements by accounting entities and external and internal audit of the statements for quality and timeliness of presentation.



Thus, stage 2 of the reform created the environment and institutional framework necessary for undertakings to prepare their statements based on the international standards.

At the same time, implementation of standards revealed a number of immediate challenges. First and foremost, it is lack of skilled accounting and auditing staff. And this, in turn, has had a direct impact on the quality of statements and eventually results in poor reform outcomes.

In the context of mass transition to the IFRS (IPSAS), the “education” component is the most important reform area. Given that, a number of activities were launched in 2009–2010.



- With a view to helping address the challenges which emerged in the process of ensuring compliance of the public sector reporting with the international standards, in 2012-2015, the Ministry of Finance of the Republic of Azerbaijan and the World Bank organized under the Corporate and Public Sector Accountability Project (CAPSAP) training courses for staff of the accounting entities funded from the state budget.



## Human Capacity, Training, and Challenges

- It is not necessary to support many public sector accounting staff with specialized knowledge of IPSAS because there is hardly ever demand for more subtle nuances of IPSAS
- Insufficient human capacity
- Budget execution statements are prepared based on cash accounting
- State-owned enterprises prepare their statements on the accrual basis.
- A key challenge is low interest of experienced staff employed in the sector for many years in the transition to the new framework.
- Lack of training literature in the Azerbaijani language.

## Using Differentiated Training Programmes

- Manuals were translated in the Azerbaijani language
- Accountants database was developed at the initial stage
- By experience and level of knowledge
- Classification of institutions by area of activity (education, health, etc.)
- Accountants work schedule (reporting schedule)
- By region-specific context



## Training courses were delivered in three subject areas:

- Financial Accounting
- Business Law and Taxes
- National Accounting Standards for Budget Institutions

4,966 persons throughout the republic attended the training courses with 3,500 budget institutions covered.



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THANK YOU!