

National Education Reform Initiatives and the case of Georgia

Lejla Begtasevic Rudalija, Consultant

World Bank Centre for Financial Reporting Reform

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National Initiatives for Strengthening Accounting Education

CFRR >>

**Centre for Financial
Reporting Reform**




WORLD BANK GROUP
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Strengthening Auditing and Reporting in
the Countries of the Eastern Partnership

STAREP is co-funded by:

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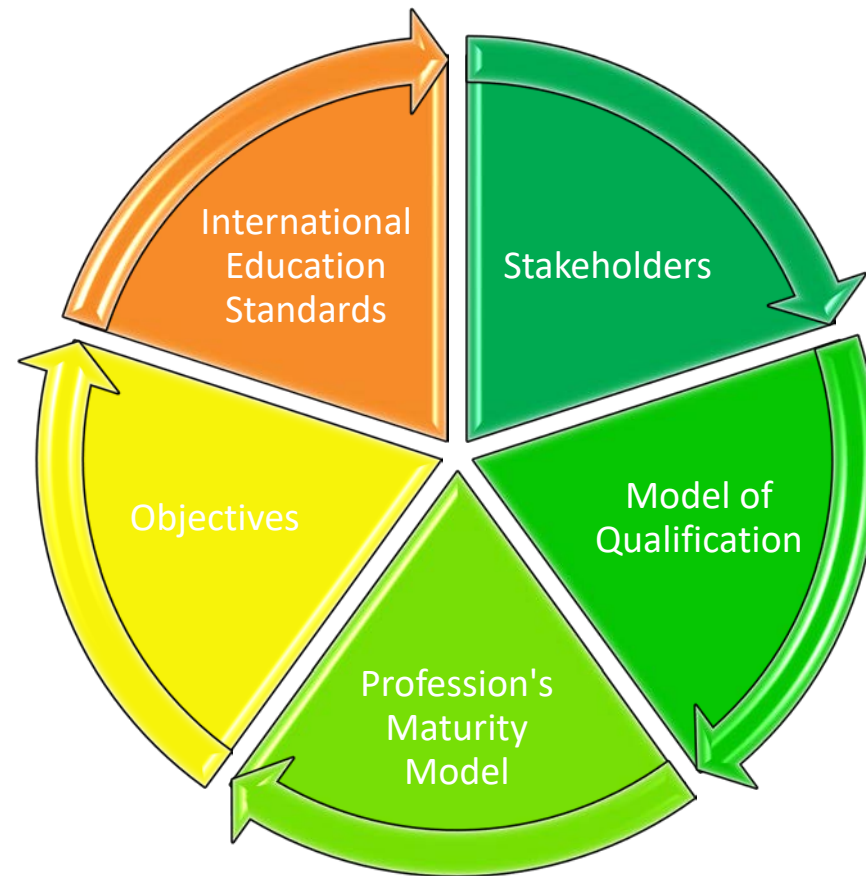
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 LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

- » “National Initiatives for Strengthening Accounting Education”
EDUCoP in Minsk, October 2016
 - » Evaluating the current strengths and weaknesses of accounting and auditing professional education and certification models in each STAREP country;
 - » Identifying synergies and gaps in accounting and auditing education between the university and professional levels;
 - » Outlining a long term vision for each country;
 - » Prioritizing key initiatives and determining the next steps to be undertaken in the short term

Action Plan





Outline of presentation

Presentation is based on the answers from EDUCoP members

- » International Education Standards
- » Profession's Maturity Model
- » Objectives



Review of International Education Standards



International Education Standards

International Education Standards (IESs):

- » prescribe standards of **generally accepted “good practice”** in the education and development of professional accountants
- » promote **consistency and convergence** in high quality accounting education
- » represent **benchmarks** that the education programs of **IFAC member bodies** are expected to meet

International Education Standards – “Cradle to Grave”



Entry to
Professional
Education
IES 1



Required
Education
IES 2, 3, 4



Exams
IES 6



Experience
IES 5



Professional
Qualification



Continuing
Professional
Development
IES 7



Engagement
Partners
IES 8



IES 1 Entry requirements

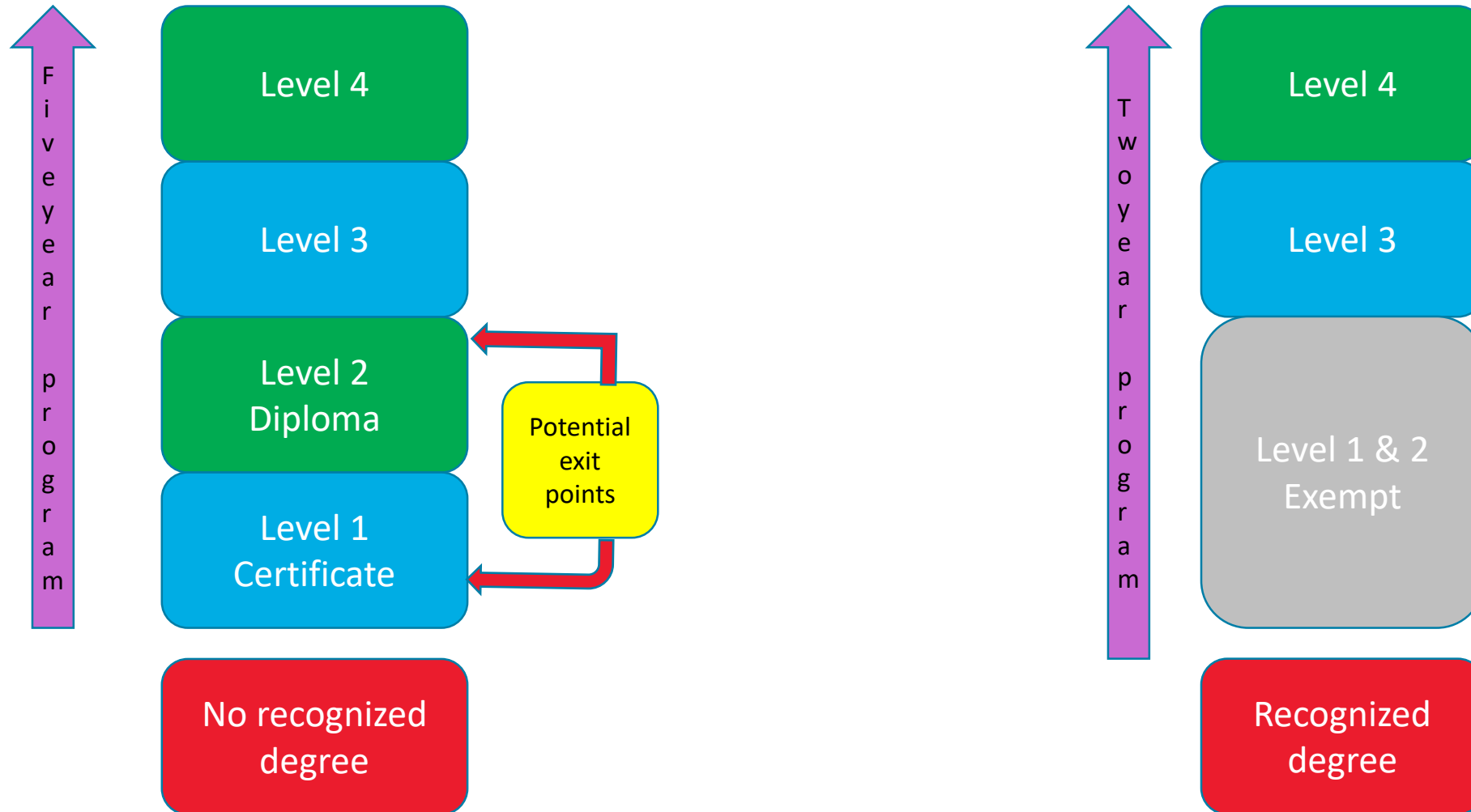
- » IES 1 establishes fair and proportionate educational entry requirements for professional accounting education programs
 - » Fair and proportionate requirements
 - » Neither too high nor too low
 - » Allow entrance to those with reasonable chance of successful completion
 - » Nor representing excessive barriers to entry



Illustrative example on IES 1

- » An illustrative example of a fictitious member body which highlights the factors to take into consideration when setting educational entry requirements (source <https://www.ifac.org/system/files/publications/files/Illustrative-Example-IES-1-Sept-2016.pdf>)
- » Two routes available:
 - » The graduate route
 - » The non graduate route

Illustrative example on IES 1



Illustrative example on IES 1

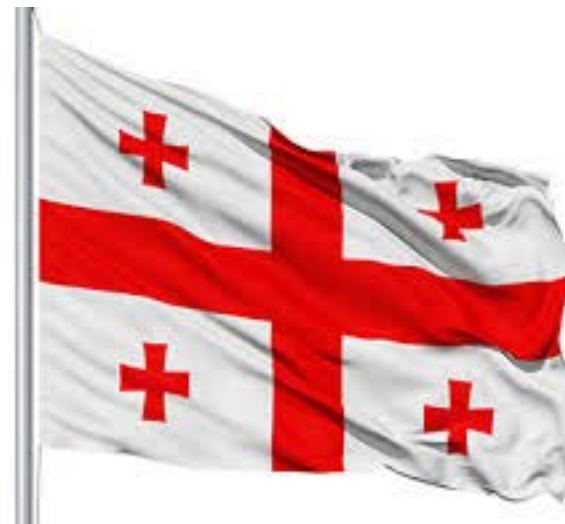
Graduate route

Must have a specific overall degree grade which equates to an average mark of 60% or if the overall degree grade is less than 60% must achieve a mark of at least 60% in final year modules in financial accounting, management accounting and audit.

Non-graduate route

- Must have a final school leaving certificate or equivalent.
- Must achieve a mark of at least 65% for final school year in Mathematics and English.
- Aspiring professional accountants without a school leaving certificate but who have three years of experience working in an accounting environment will be required to undertake a basic skills proficiency assessment. Only candidates with a score of 75% will be accepted.

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Entrance requirements to the professional education program

- » Higher education – Bachelor degree in any field
- » If not Bachelor degree → 5th level of academic education or 4th semester of Bachelor education with the requirement of Bachelor degree prior to completing the certification program



IES 2 Initial Professional Development

- » IES 2 establishes the technical competence needed by aspiring professional accountants.
- » Prescribe learning outcomes to be achieved by aspiring professional accountants by the end of IPD
 - » 11 competence areas & accompanying proficiency levels
 - » 46 learning outcomes
- » You may include:
 - » Additional competence areas
 - » Increase the level of proficiency for some competence areas; or
 - » Develop additional learning outcomes



IES 2 IPD – Technical Competence

- » Learning outcomes are prescribed by a number of the IESs. Demonstrating the achievement of these outcomes provides evidence of the professional competence of the individual to perform the role of a professional accountant.
- » A learning outcomes approach embodies the idea that learning and development experiences are most effective when based on what the individual needs to demonstrate.
- » The guiding principles describe the fundamental elements of a learning outcomes approach and can be applied to Initial Professional Development (IPD) professional accounting education programs, Continuing Professional Development (CPD) programs, and the development of professional competence through practical experience.

IES 2 IPD – Technical Competence

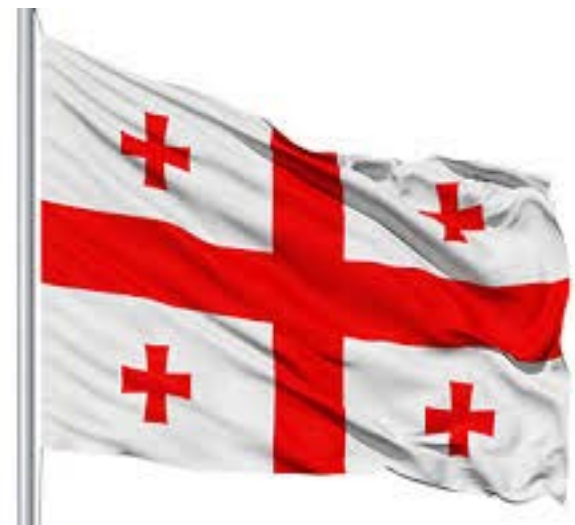
11 Competence Areas are prescribed, together with levels of proficiency to be achieved by the end of IPD and specific Learning Outcome statements.



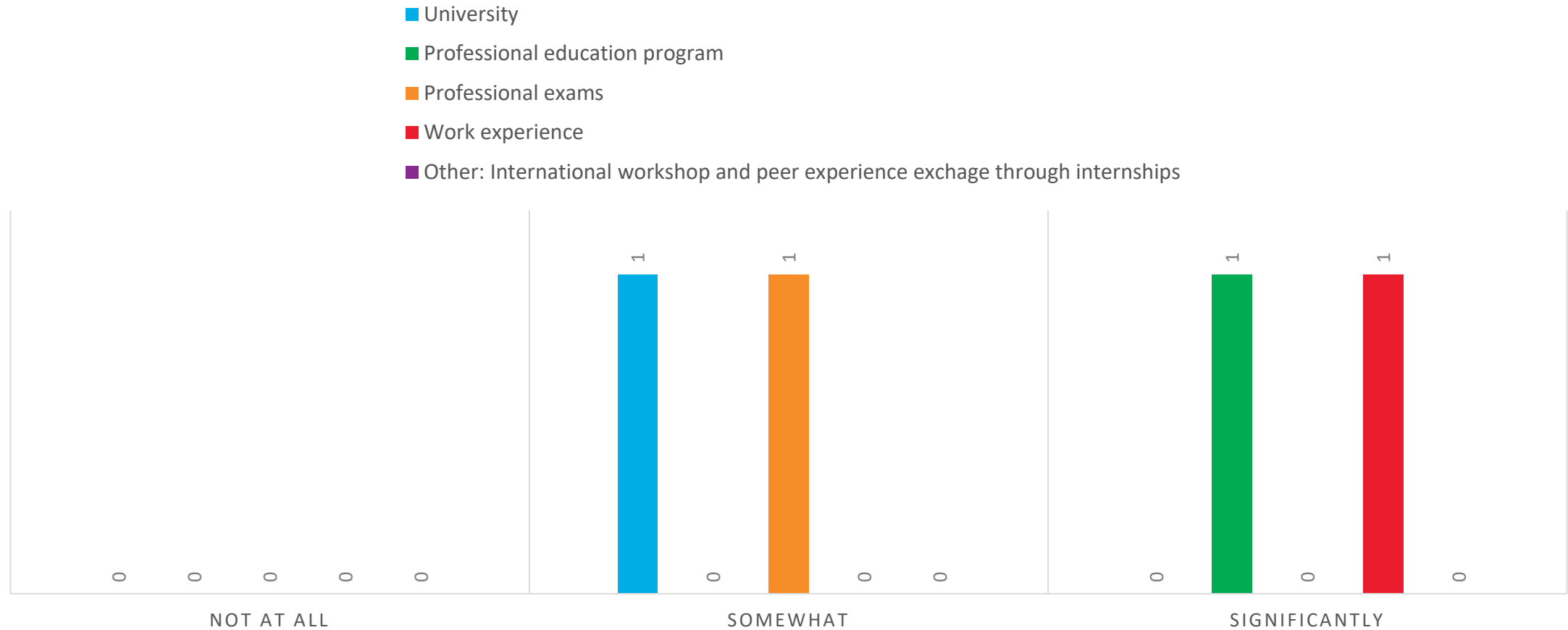
1. Financial accounting and reporting – Intermediate
Example LO: “Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.”
2. Management accounting – Intermediate
Example LO: “Analyze financial and non-financial data to provide relevant information for management decision making.”
3. Finance and financial management – Intermediate



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At what stage of education and training candidates develop and demonstrate these learning outcomes





Key changes

- » University educational programs that are accredited by internationally recognized professional organizations or SARAS



IES 3 Initial Professional Development – Professional skills

- » IES 3 establishes the professional skills needed by aspiring professional accountants
- » Prescribe learning outcomes to be achieved by the end of IPD
 - » 4 competence areas & proficiency levels
 - » Intellectual (intermediate)
 - » Interpersonal & communication (intermediate)
 - » Personal (intermediate)
 - » Organizational (intermediate)
 - » 24 learning outcomes

4 Competence Areas, all at the Intermediate level

1. **Intellectual** skills - solve problems, make decisions, exercise professional judgment
2. **Interpersonal** and **communication** skills - work and interact effectively with others
3. **Personal** skills – demonstrate appropriate attitudes and behavior
4. **Organizational** skills - work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available





IES 4 Initial Professional Development – Professional Values, Ethics & Attitudes

- » IES 4 establishes the professional values, ethics and attitudes needed by aspiring professional accountants
- » Prescribes learning outcomes to be achieved by the end of IPD
 - » 3 competence areas & proficiency levels
 - » Professional skepticism & professional judgment (intermediate)
 - » Ethical principles (intermediate)
 - » Commitment to the public interest (intermediate)
 - » 12 learning outcomes

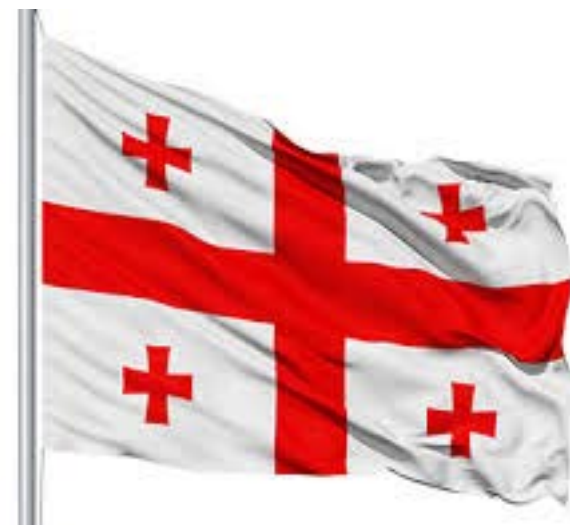
IES 4 IPD – Professional Values, Ethics, Attitudes

3 Competence Areas, all at the Intermediate level

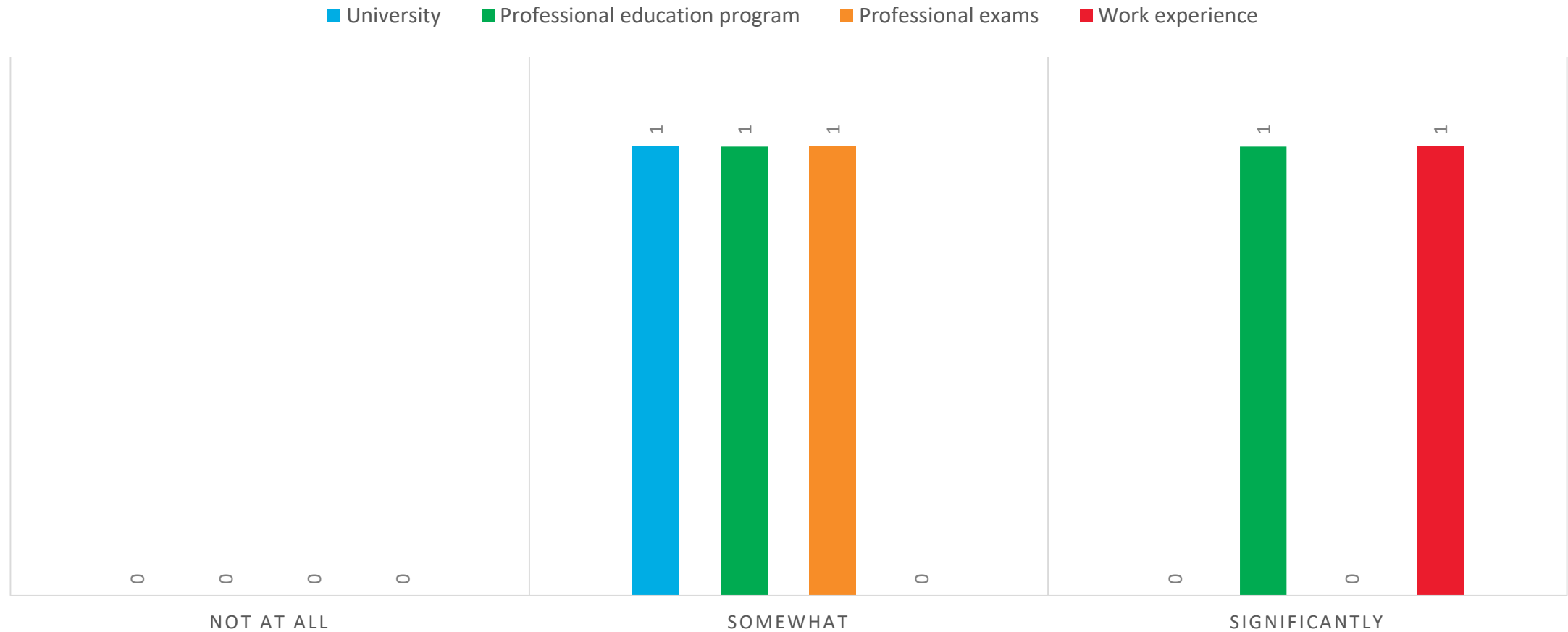
1. **Professional skepticism** and **professional judgment** – possess a questioning mindset, critically evaluate, form well-reasoned conclusions
2. **Ethical principles** – explain and apply ethical principles and determine ethical consequences (based on IESBA *Code of Ethics for Professional Accountants* and national requirements)
3. **Commitment to the public interest** – relate the concepts of ethics, governance, laws & regulation, and consequences to the profession and the public



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At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes





Key changes

» Develop study courses in ethical issues of accounting and audit



IES 5 Initial Professional Development – Practical Experience

- » IES 5 established the practical experience to perform a role as a professional accountant
 - » Require practical experience to be completed by the end of IPD
 - » Require sufficient practical experience
- » IES 5 establish the preferred approach to measure practical experience using one of following 3 approaches: output based, input based or combination approach

IES 5 IPD – Practical Experience

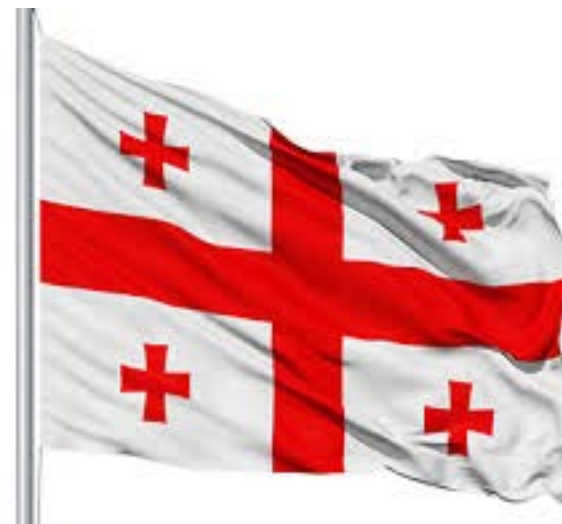
Practical experience:



- » can be gained in whatever roles are deemed appropriate (e.g., general accountant, management accountant, auditor)
- » can be completed at the same time as, or after, the education requirements
- » should be under the guidance and direction of a professional accountant (practical experience supervisor)
- » should be assessed, recorded and reviewed periodically (e.g., using training logs)



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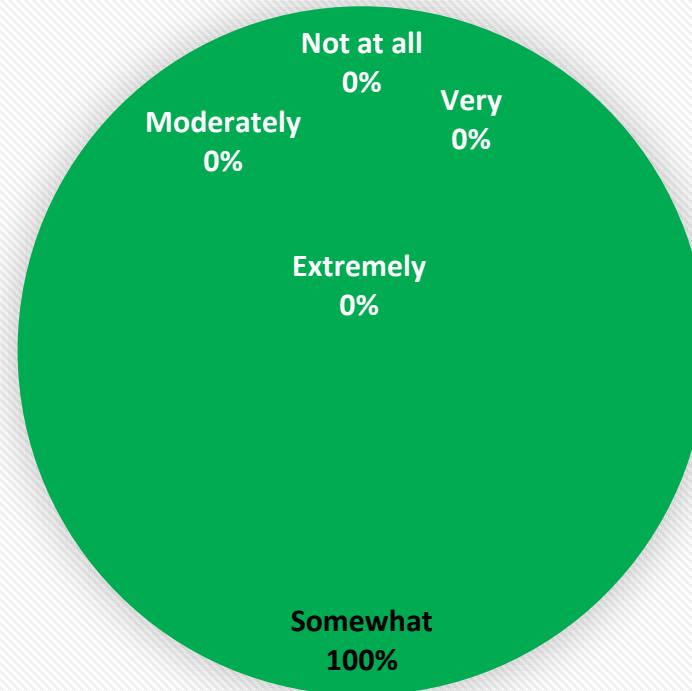


How is a candidate's work experience monitored

- » Not monitored. Professional organizations require proving one's work experience before granting a professional qualification. However, the process itself is not monitored

How satisfied are you with experience requirements

Work experience requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

- » The law already includes the following requirement: Three years working experience under auditor's supervision

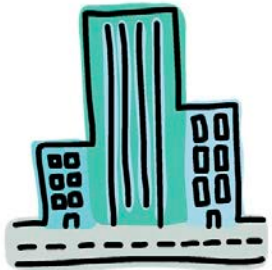


IES 6 Initial Professional Development – Assessment of Professional Competence

- » IES 6 establishes the assessment requirements for professional competence
 - » Design assessment activities that have high levels of reliability, validity, equity, transparency and sufficiency
 - » Base the assessment of professional competence on verifiable evidence
- » Assessment is the responsibility of IFAC member bodies, but other stakeholders such as employers, regulators, licensing bodies, universities, colleges, and private education providers may provide substantive input into assessment activities

IES 7 Continuing Professional Development

- » IES 7 requires IFAC member bodies to:
 - » foster a commitment to **lifelong learning** among professional accountants
 - » facilitate **access to CPD opportunities** and resources for their members
 - » adopt **prescribed requirements** relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures
 - » have a systematic process for **monitoring** compliance and **sanctioning** non-compliance



IES 7 Continuing Professional Development

» Meeting CPD requirements can be measured using:

» **Output-based**

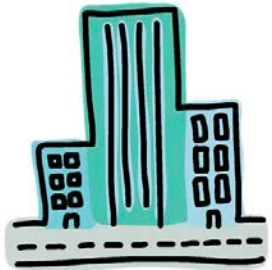
*demonstrate competence has been maintained;
evidence is objectively verified and measured*

» **Input-based**

*requiring 120 hours over rolling 3 years, including
60 hours verifiable, with a minimum of 20 hours per year*

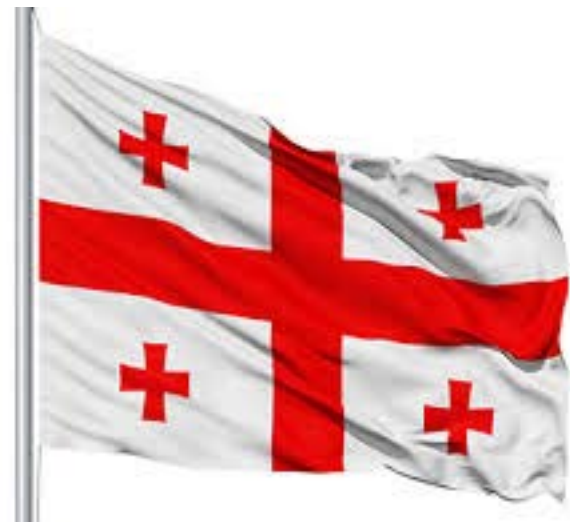
» **Combination**

with elements of input and output approaches





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Key changes

- » Enhancement of professional competencies will depend on how effective SARAS will be in developing educational standards on CPD requirements and monitoring in renewing these standards on an annual basis



IES 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

- » Prescribe learning outcomes to be achieved by professional accountants when developing or maintaining professional competence to perform the role of an engagement partner
 - » 15 competence areas
 - » 28 learning outcomes
 - » Build on learning outcomes from IESs 2, 3 and 4
- » Require engagement partner to undertake CPD that develops and maintains the professional competence required for the role

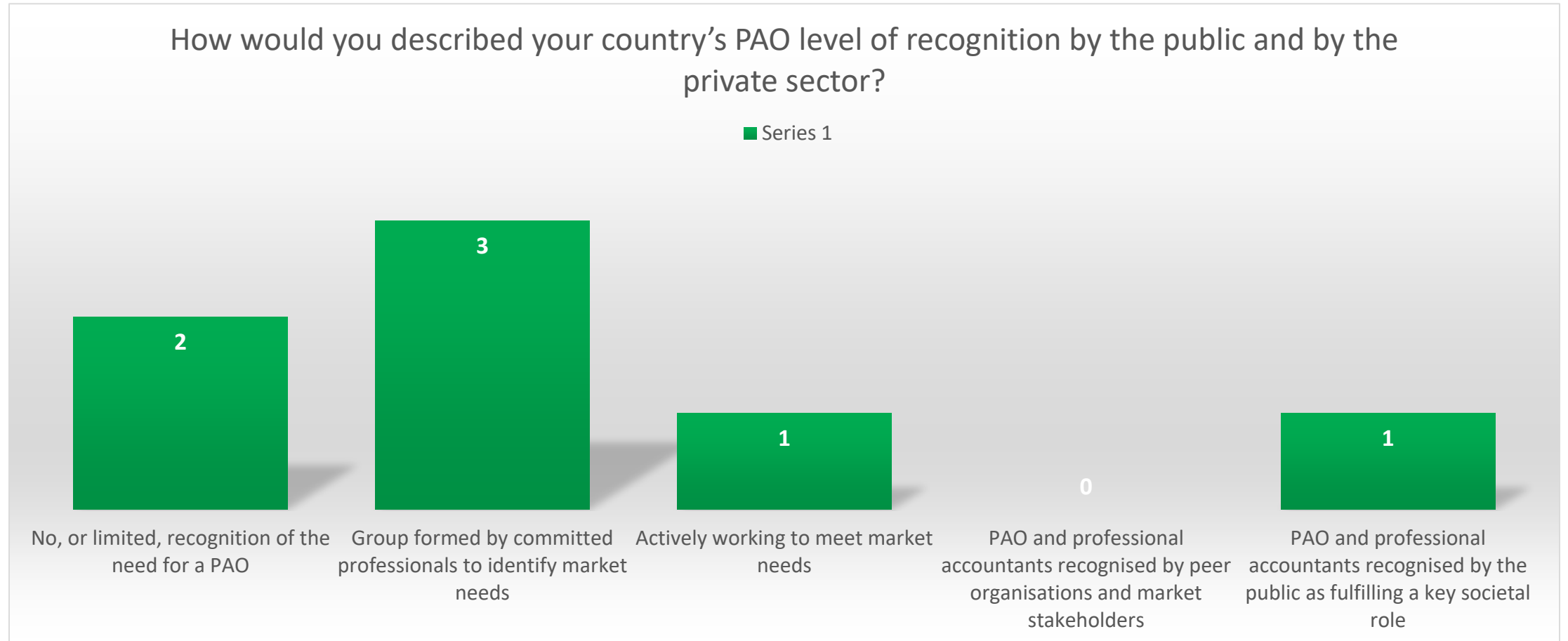
- » IES 8 is written for those professional accountants who are already performing the role of engagement partner. IES 8 does not prescribe requirements about licensing, highlight the need for an undergraduate degree or set the minimum requirements.

- » Evidence that engagement partners have undertaken CPD to develop and maintain the professional competence required for their role as an engagement partner can be obtained in various ways (subject to any constraints that obligations to maintain confidentiality may impose). Examples include:
 - » Reviewing CPD records;
 - » Performing quality checks on the relevance of CPD completed;
 - » Internal or external quality control reviews;
 - » Reviewing personal development areas and learning completed as part of performance reviews; and
 - » Verifying that partners have performed a self-assessment of the practical experience they have obtained.

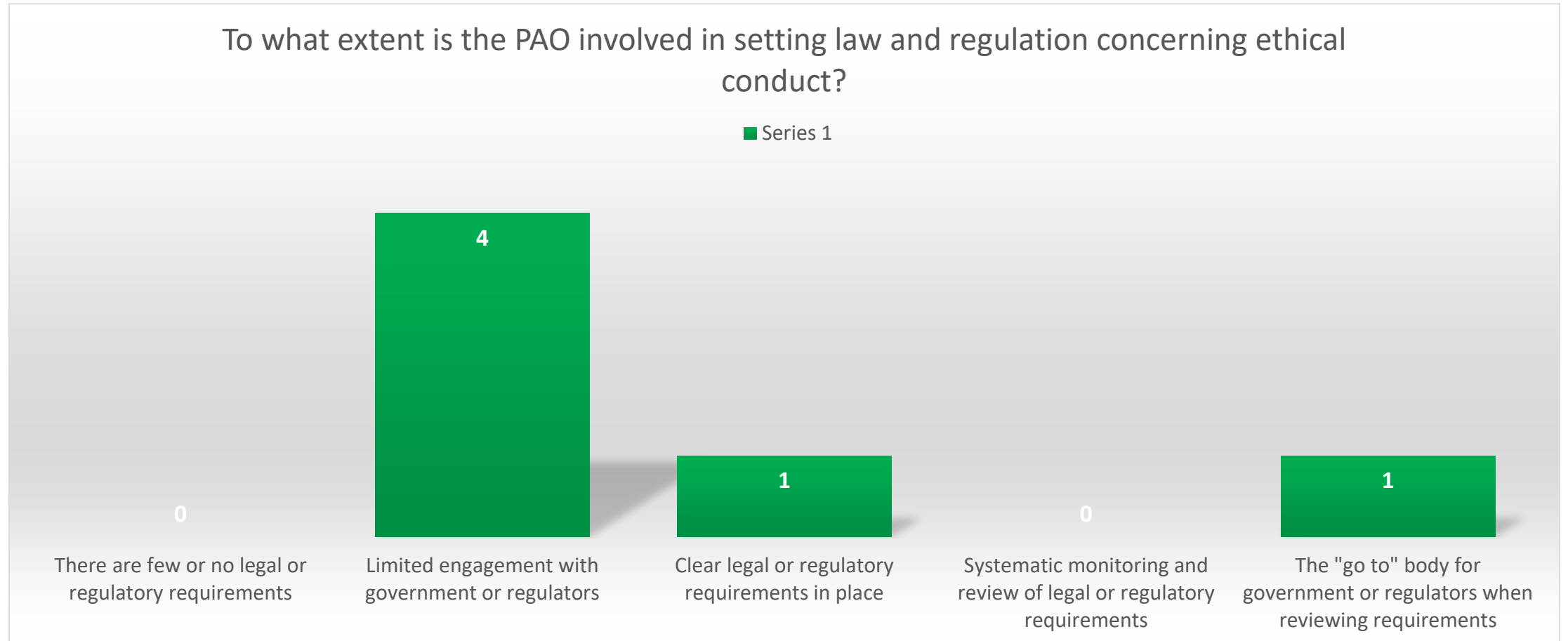


Profession's Maturity Model

Rating the Profession's Maturity Model



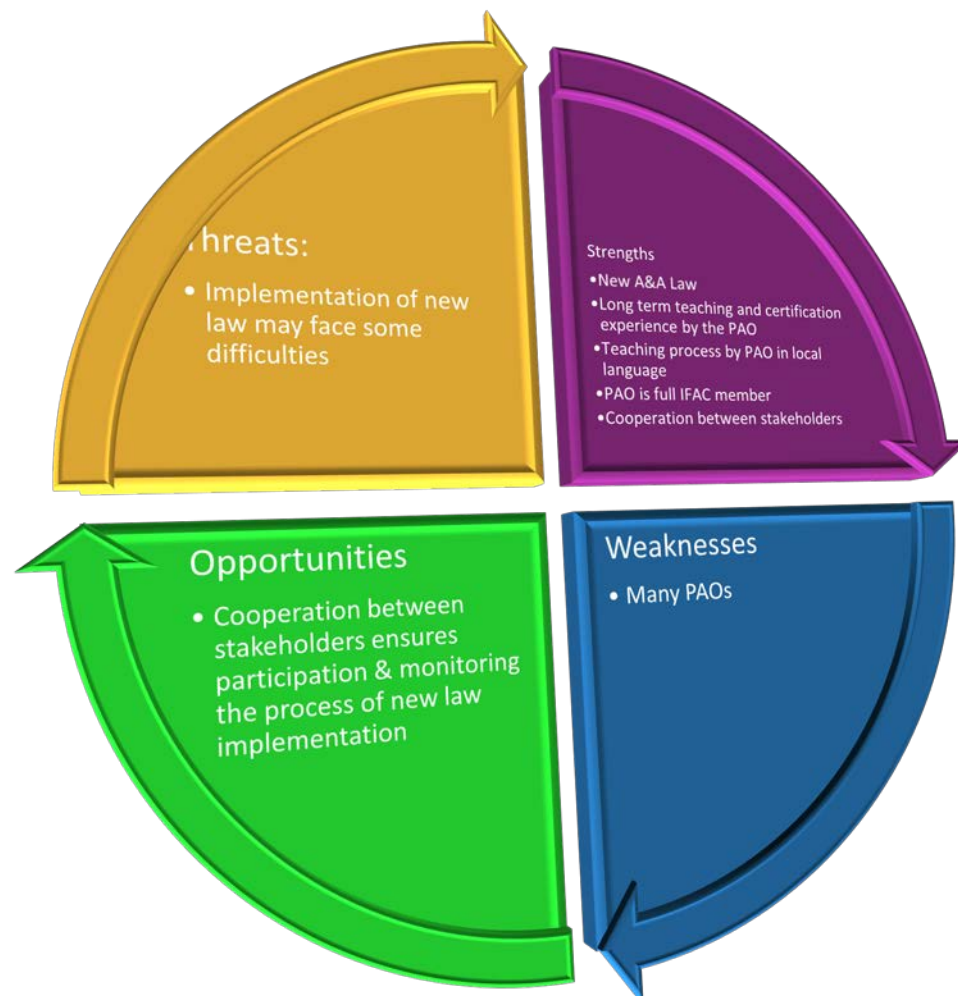
Rating the Profession's Maturity Model



Rating the Profession's Maturity Model



SWOT Analysis





Objectives



Objectives - Georgia

- » **Priority 1:** Development of educational standards for accounting and audit. Continuing professional development.
- » **Priority 2:** Ensuring involvement of PAO and universities in the process of developing educational standards.
- » **Priority 3:** Capacity building improving qualification of human resources. Elaboration of teaching material.

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Thank you!