

Implementing Competency-based Accounting Education and Training

Presented by:

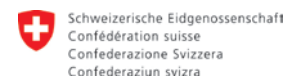
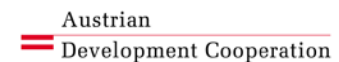
Alfred Borgonovo, Senior Financial Management Specialist, CFRR, World Bank

<<29 November 2018>>

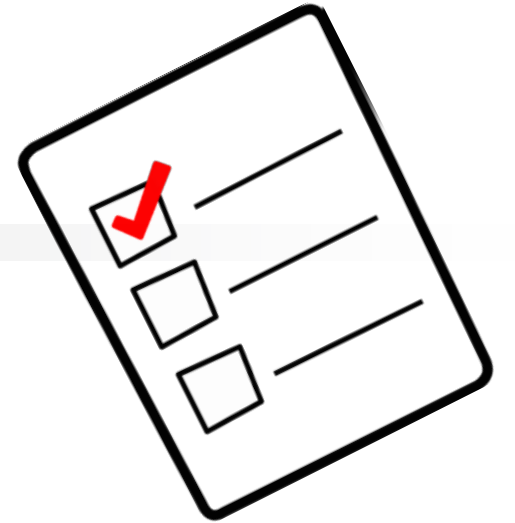
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Agenda



A. The CBAETC Guide:

Part I: Introduction

Part II: Overview of the CBAETC Journey

Part III: Stages of CBAETC

Part IV: Appendices

B. What makes the Guide practical?

C. Activities

Learning Objectives

- » Introduce participants to the *Competency-Based Accounting Education and Training (CBAETC) Guide* developed by the CFRR
- » Review the meaning and importance of competence
- » Overview the process of implementing CBAETC
- » Highlight the key features of the *CBAETC Guide* that make it practical
- » Gain some hands-on practice applying the *CBAETC Guide*



A.

***Competency-Based Accounting
Education, Training, and
Certification (CBAETC) Guide***

Part I: Introduction

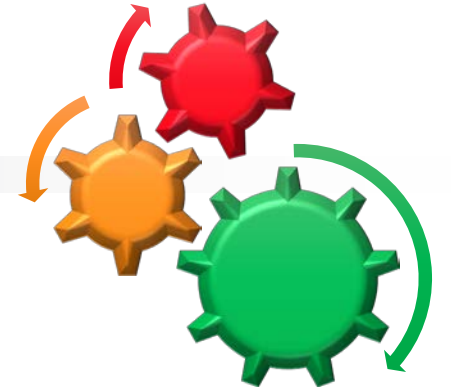
CBAETC Guide Part I: Introduction

Who is the *Guide* for?

- » Everyone responsible for accounting education, training, or certification
- » Universities, PAOs, Training Institutions, Policy-makers/Regulators, etc.
- » Universities and Training Institutions: *Support the foundations* of competence
- » PAOs: Required to *ensure member competence*
- » Policy-makers/Regulators: *Codify* competence requirements



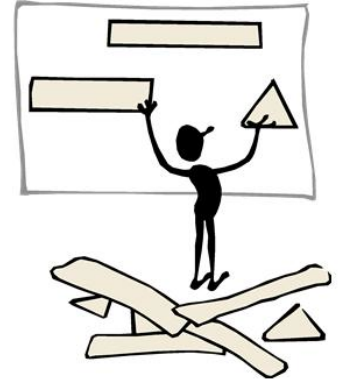
CBAETC Guide Part I: Introduction



The purpose of the *Guide* is to:

- » Convey the essential features of competency-based accounting education, training, and certification (CBAETC);
- » Support understanding of the gap between current competence levels and necessary levels;
- » Assist countries to develop in-country plans and to implement in-country processes that produce accountants with higher-order skills relevant to their economies' rapidly evolving needs;
- » Support improvement in financial reporting, auditing, and regulation.

What is Competence?



Professional Competence:

- » IFAC definition: "the ability to perform a role to a defined standard"
- » Professional competence "goes beyond knowledge ...; it is the integration and application of
 - (a) technical competence,
 - (b) professional skills, and
 - (c) professional values, ethics, and attitudes"

Source: IAESB 2017 Handbook of International Education Pronouncements, para. 18

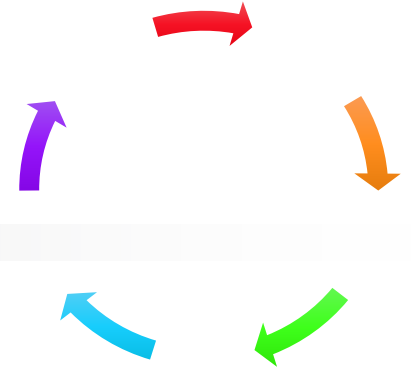
What is Competence?



Professional Competence supports professional judgment:

- » helping to evaluate risk
- » monitoring and ensuring quality and transparency of financial reporting
- » providing leadership in ethical decision-making
- » evaluating complex transactions and emerging issues to ensure financial reporting remains relevant and useful for users
- » interpreting and applying relevant standards and regulation
- » approaching information with a critical and questioning mindset
- » participating in strategic planning

What is Competence?



Professional Competence:

- » When developing and qualifying professional accountants and auditors, it's not enough that they *know* what the standards require.
- » Professionals need to be able to *perform* their roles competently, to the level expected by the public, clients, and employers.
- » Through professional judgment and competence, professional accountants support business decision-making that fosters public trust, economic stability, and growth.

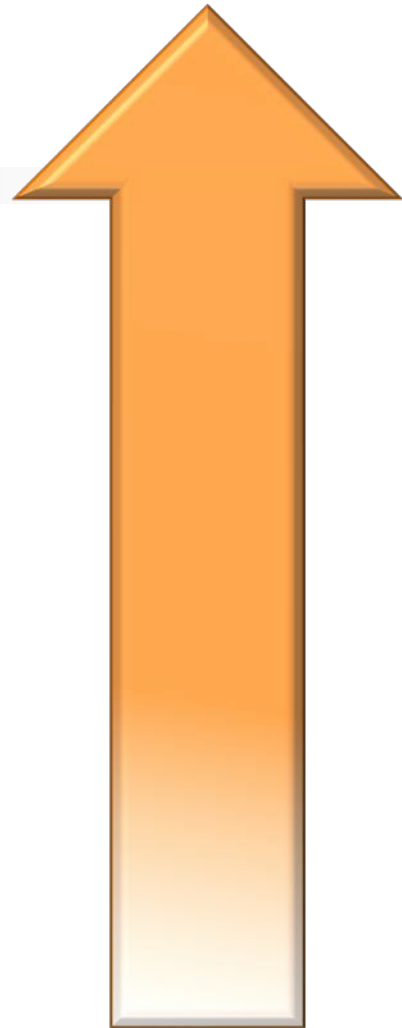
CBAETC Guide Part I: Introduction

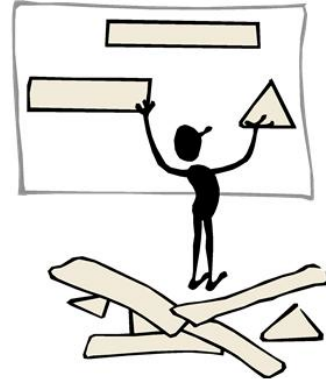
CBAETC focuses on developing competence, not just knowledge

Knowledge-based approach	Competency-based approach
Tests “Do you know how to...?”	Tests “Can you...”
Focuses on what principles, concepts, facts or procedures need to be <i>learned</i> .	Focuses on what tasks or outcomes need to be <i>demonstrated</i> .
Focuses on <i>theory and concepts</i> .	Focuses on <i>practical application</i> of theory.
Sets <i>minimum pass marks</i> for percentage of knowledge that needs to be learned and conveyed in assessments.	Sets <i>minimum proficiency levels</i> to be attained and demonstrated in order to be deemed sufficiently competent for a role.
Often includes rote learning and tests memory.	Includes hands-on learning and active engagement, and tests application of knowledge and skills in relevant contexts.

Why does CBAETC matter?

- » Competency-based education and training are necessary to comply with international standards.
- » This approach increases maturity and capacity of PAOs/universities, which improves reputation.
- » Improved professional competence of accountants and auditors protects the public.

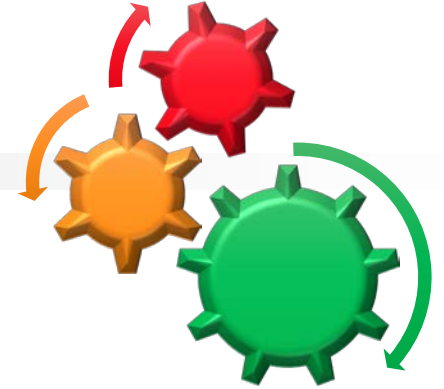




What are the main outcomes and outputs of CBAETC?

1. **Organizational Vision:** Clearly articulated mission, strategy, and expected outcomes of the entire program
2. A current, relevant, and validated **Competency Framework** underpinning the program
3. Detailed **supporting Competency Maps** to document linkages between program elements

... continued



...Main outcomes and outputs of CBAETC:

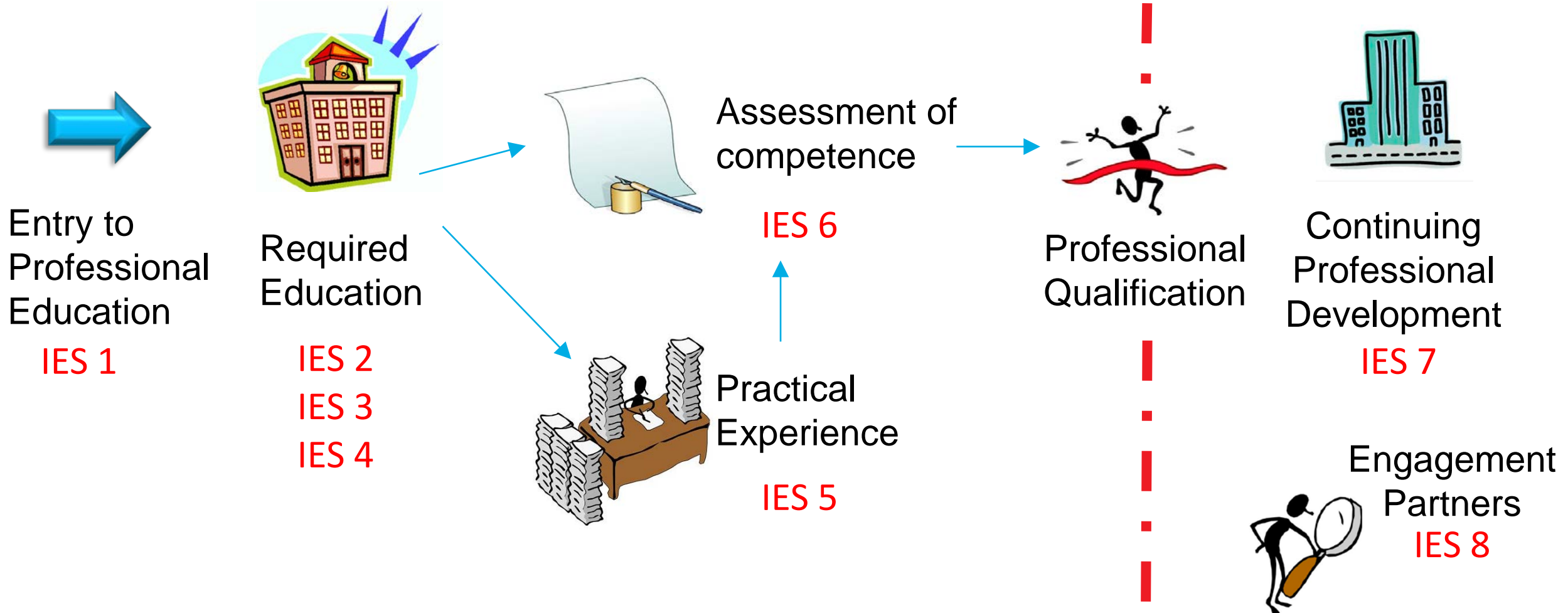
4. **Competency-based education and assessment tools**
5. **Enhanced operational capacity** among educators, practical experience supervisors, and administrators
6. **Enhanced competence of professional accountants** – this is the overarching purpose of CBAETC



International Standards for CBAETC

- » IFAC's International Accounting Education Standards Board (IAESB) maintains International Education Standards (IESs)
- » IFAC member bodies are required to comply with the IESs
- » IESs specify competency areas, learning outcomes, and proficiency levels for Initial Professional Development (IPD) and Continuing Professional Development (CPD)
- » IESs and other IAESB guidance documents are valuable resources for CBAETC

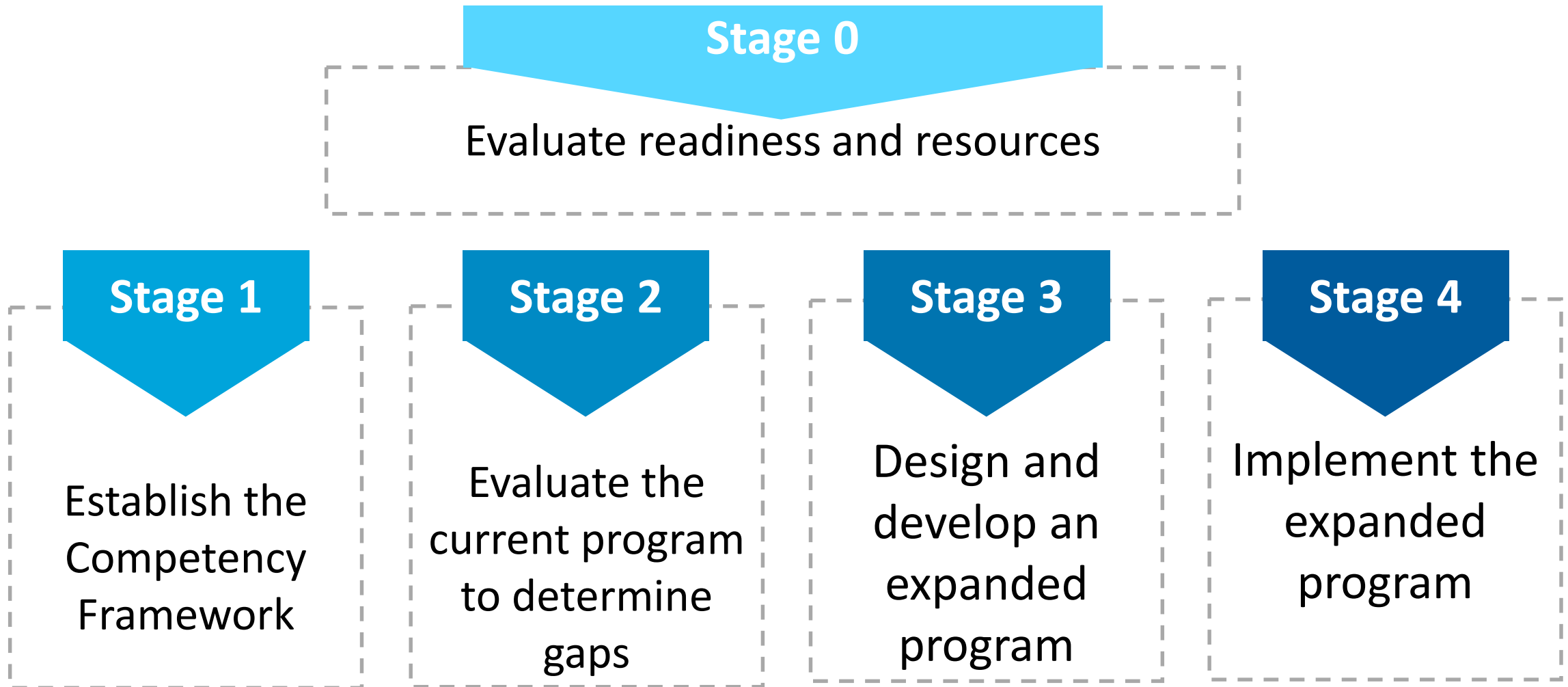
International Education Standards



CBAETC Guide

**Part II: Overview of the CBAETC
Journey**

CBAETC Guide Part II: Overview of the Journey



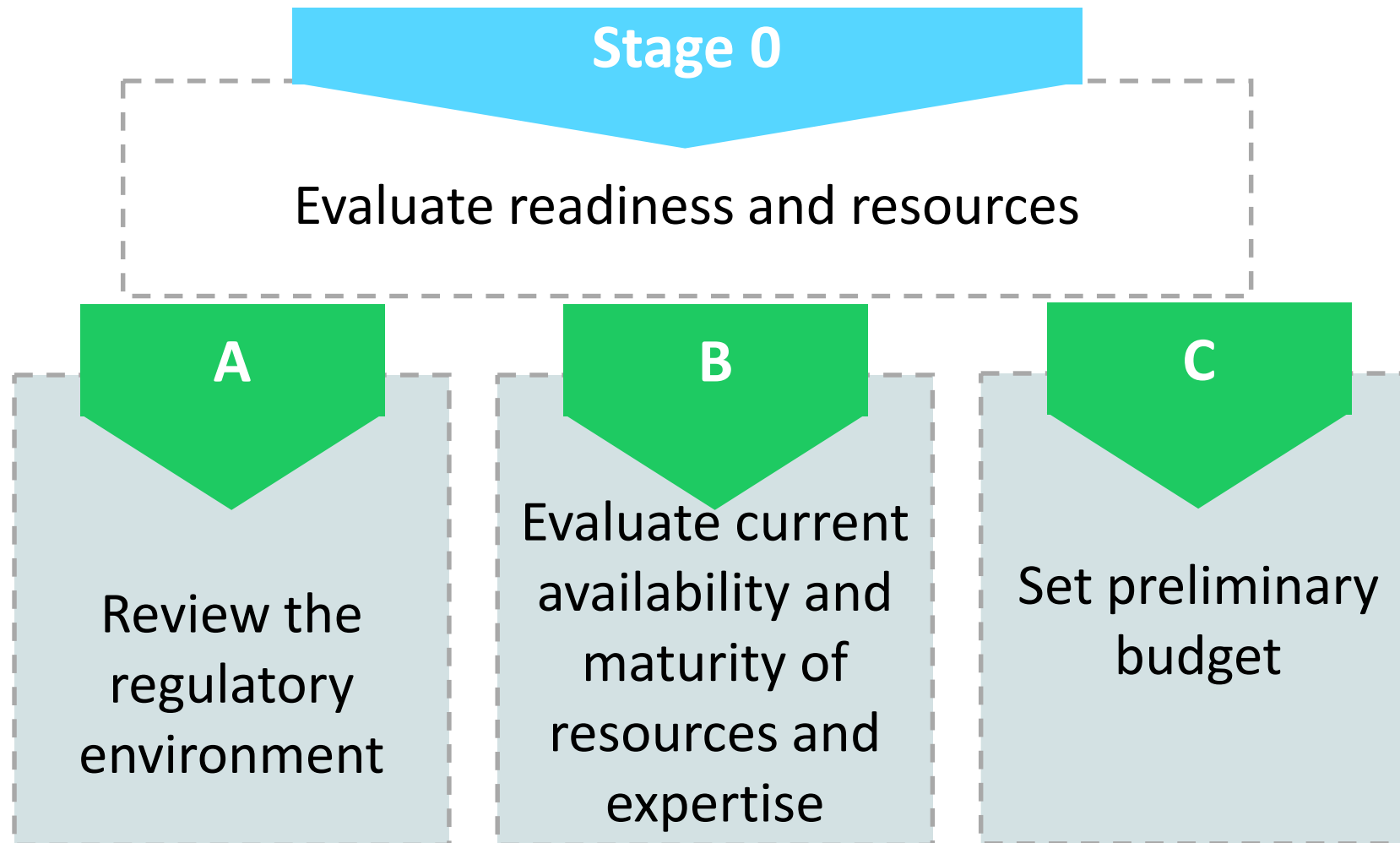
CBAETC Guide Part II: Overview of the Journey

Stage 0

Evaluate readiness and resources

Review the local regulatory environment governing the profession within the jurisdiction, and assess the financial and human resources able to be sourced and allocated to CBAETC.

CBAETC Guide Part II: Overview of the Journey



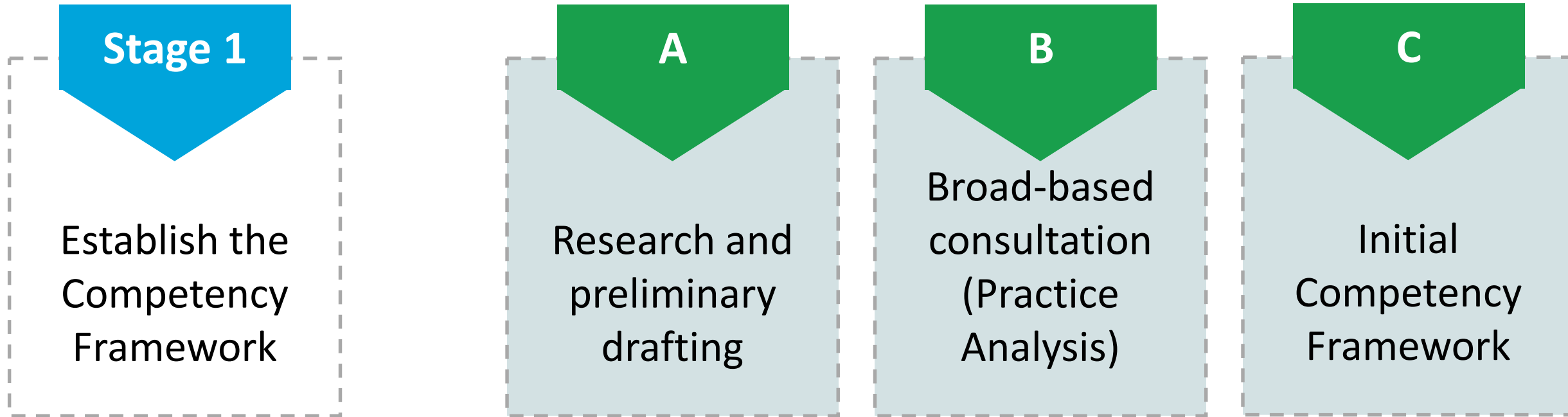
CBAETC Guide Part II: Overview of the Journey

Stage 1

Establish the
Competency
Framework

Establish the competencies and proficiency levels that newly-certified members of the PAO (or equivalent body) should possess to serve client and employer needs in the domestic context, and the knowledge topics that support the competencies.

CBAETC Guide Part II: Overview of the Journey



CBAETC Guide Part II: Overview of the Journey

Stage 1

Establish the
Competency
Framework

COMPETENCY FRAMEWORK

**COMPETENCY
DOMAINS**

e.g., Financial Accounting, Audit,
Strategy, Communications

**COMPETENCY
STATEMENTS**

**LEVELS OF
PROFICIENCY**

e.g., “Develops the
audit plan” at Level “B”

KNOWLEDGE TOPICS

e.g.,
• ISA 300
• Materiality
• Scope and timing

CBAETC Guide Part II: Overview of the Journey

Stage 2

Evaluate the current program to determine gaps

Review the existing program elements and evaluate the current level of competence among practicing professionals, to establish gaps from the desired competence levels.

CBAETC Guide Part II: Overview of the Journey

Stage 2

Evaluate the current program to determine gaps

A

Evaluate the current status

B

Understand the gaps between the current status and desired outcomes

CBAETC Guide Part II: Overview of the Journey

Stage 3

Design and develop an expanded program

Design an expanded program that incorporates existing program elements, as appropriate:

- Develop new education, training, and assessment elements and/or accreditation policies to adequately cover the Competency Framework.
- Ensure that all new elements are aligned and mapped to the Competency Framework.
- Revise/enhance CPD requirements and options to address gaps in the competence of existing members.

CBAETC Guide Part II: Overview of the Journey

Stage 3

Design and develop an expanded program

A

Determine scope

B

Design new elements and map competencies

C

Develop new program elements and update mappings

D

Train instructors and trainers

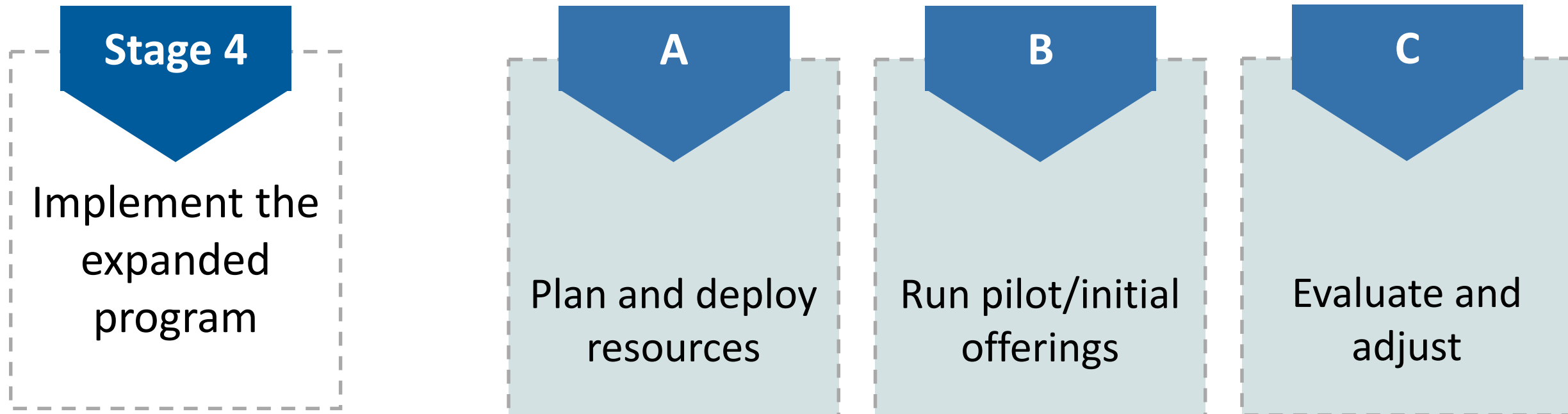
CBAETC Guide Part II: Overview of the Journey

Stage 4

Implement the
expanded
program

Take the actions necessary to properly implement the new program elements in education, evaluation, training and CPD. This includes setting timelines, deploying resources, and evaluating results.

CBAETC Guide Part II: Overview of the Journey

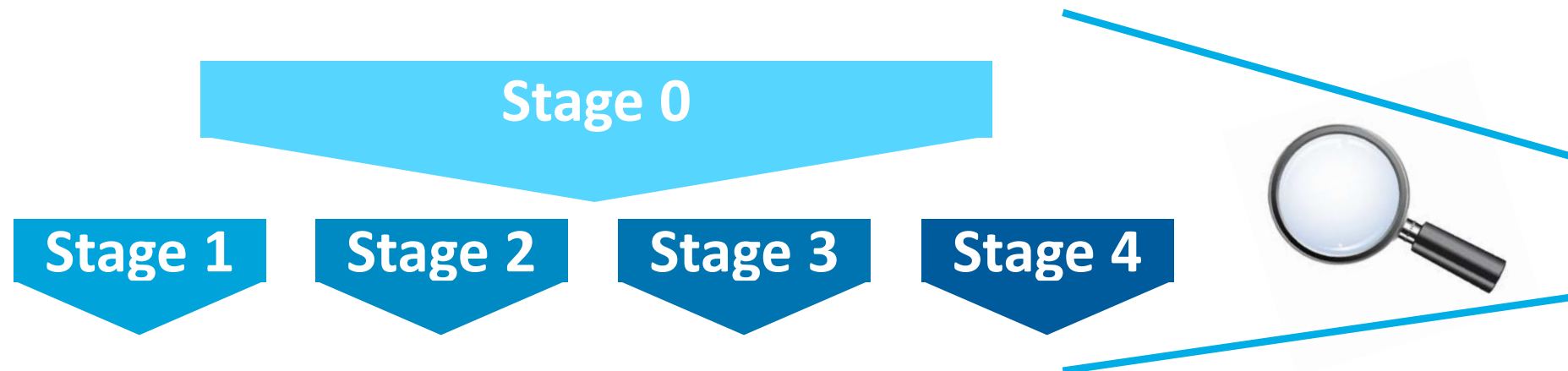


CBAETC Guide
**Part III: The 4 Stages of the
CBAETC Journey**

Part III: The 4 Stages of the CBAETC Journey

Part III: In-depth look at the 4 Stages of CBAETC:

- » Guidance on how to complete each sub-phase
- » Illustrations of key outcomes
- » Guidance on both *Comprehensive* and *Condensed* approaches (to help when resources are constrained)



Part III: The 4 Stages of the CBAETC Journey



Stage

Part III takes each Stage...



A



B

...and each sub-stage within it...

Part III: The 4 Stages of the CBAETC Journey

A

... and breaks each sub-stage down into steps...

A1.

A2.

A3.

... with step-by-step checklists

The background is a solid orange color with a low-poly, geometric pattern of various sized triangles and polygons, creating a textured, crystalline effect.

CBAETC Guide
Part IV: Appendices

Part IV - Appendices

Appendices: Illustrations and Resources

- » Key resources from international good practice
- » Illustrative excerpts to help readers understand context and concepts



Appendices: Illustrations and Resources

- A1. Poland: Implementation of CBAETC by The National Chamber of Statutory Auditors (KIBR)
- A2. Serbia: Project for Improving Accounting and Audit Curricula for University and Professional Education Programs
- A3. South Africa: Implementation of CBAETC in conjunction with Framework-based teaching

Appendices: Illustrations and Resources, continued

- A4. The Philippines: Re-designing the Accountancy Curriculum
- A5. Ghana: Reform of the CA qualification through twinning with ICAEW
- A6. Palestine: Palestinian Women Accounting Technician Program

Appendices: Illustrations and Resources

B1: Using IAESB's International Education Standards as a key reference for CBAETC

B2: Comparing sample Competency Domains

B3: Setting Proficiency Levels at Interim Points

Appendices: Illustrations and Resources

C1: Framework-based teaching

C2: PAO outsourcing through partnering with Tertiary Institutions
– SAICA Example

C3: Continuous review – AICPA example

B.

**Key Features of the *Guide*:
What makes it Practical?**



Key Features of the Guide: Icons

Icons to highlight features:



Terminology used



Who to include



Key resources



Condensed approach



Important Tips



Key Features of the Guide: Who to involve



Lists of who to involve in the various stages – for example:

When performing a Practice Analysis, the groups targeted depend on jurisdictional specific attributes, but should include:

- regulators
- employers
- clients
- recent and experienced professional accountants
- experienced accounting educators
- professional recruiters

Key Features of the Guide: Resources



Lists of resources to use, with guidance on how to use them:

➤ Excerpts from IAESB IESs

➤ Illustrations from Competency Frameworks of established PAOs



Table A: Learning Outcomes for Technical Competence

Competence Area

(a) Financial accounting and reporting (Intermediate)

- (i) Apply accounting principles to transactions and other events.
- (ii) Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.

...



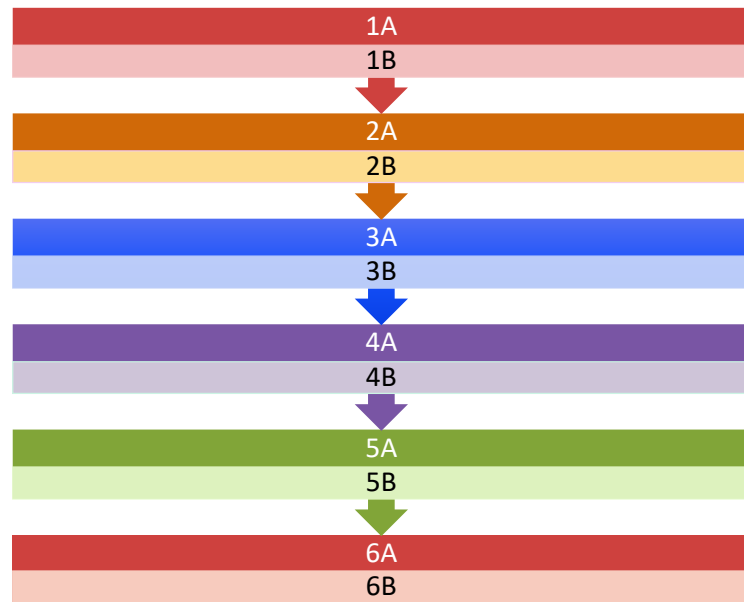
Competency	Entry	Core			Electives				Capstone	
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2
TECHNICAL COMPETENCIES										
1. FINANCIAL REPORTING										
1.1 Financial Reporting Needs and Systems										
1.1.1	Evaluates financial reporting needs	B	A	A					>	>
1.1.2	Evaluates the appropriateness of the basis of financial reporting	B	A	A					>	>
1.1.3	Evaluates reporting processes to support reliable financial reporting	B	A	A					>	>
1.1.4	Explains implications of current trends and emerging issues in financial reporting	C	C	C			B		>	>
1.1.5	Identifies financial reporting needs for the public sector	C	C	C					>	>

Key Features of the Guide: Comprehensive and Condensed Approaches

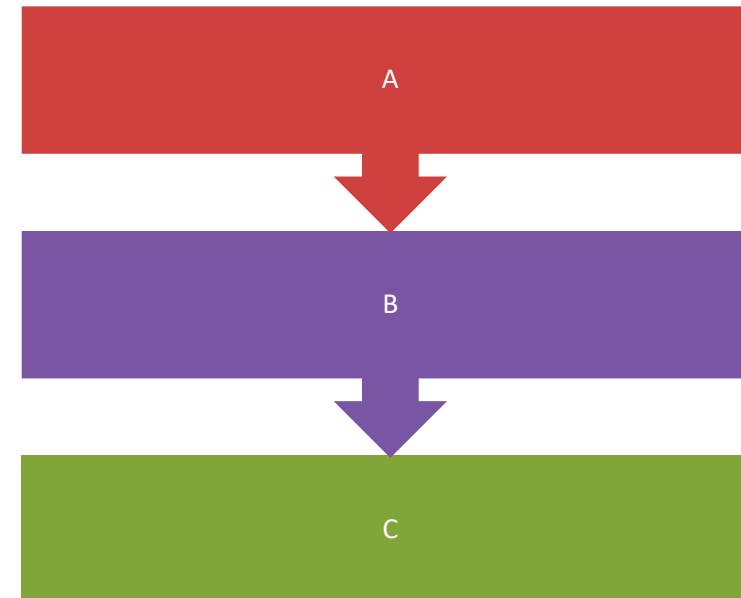


Guidance on both *Comprehensive* and *Condensed* approaches (to help when resources are constrained)

Comprehensive



Condensed





Key Features of the Guide: Practical questions

Practical questions for each stage – for example

- » Why is this Stage necessary?
- » What will we have achieved when we've completed this Stage?
- » How do we get there?

Why is this Stage necessary?

In order to successfully develop and assess the competence of accounting professionals and students, it is necessary to specify a comprehensive and clear set of competency statements and requisite proficiency levels, along with the knowledge topics that support competence. This Competency Framework is used ...

Key Features of the Guide: Resources

References the Common Core Syllabus:

COMPETENCY AREA: FINANCIAL ACCOUNTING AND REPORTING	СФЕРА КОМПЕТЕНТНОСТИ: ФИНАНСОВЫЙ УЧЕТ И ПРЕДСТАВЛЕНИЕ ФИНАНСОВОЙ ОТЧЕТНОСТИ
LEARNING OBJECTIVE/MAIN CAPABILITIES	ЦЕЛЬ ОБУЧЕНИЯ/ОСНОВНЫЕ СПОСОБНОСТИ
On successful completion of this paper, candidates should be able to:	После успешной сдачи этой работы кандидаты должны уметь:
F. Financial Accounting Concepts	F. Понятия финансового учета
F1. Explain the context and purpose of financial reporting	F1. Объяснение контекста и назначения финансовой отчетности
F2. Define the qualitative characteristics of financial information	F2. Определение качественных характеристик финансовой информации
F3. Discuss and apply the conceptual and regulatory frameworks for financial reporting...	F3. Обсуждение и применение концептуальных и нормативных основ финансовой отчетности...

Key Features of the Guide: Regional Examples

Illustrations and examples of how other groups have used the various stages of CBAETC with Condensed approaches

» e.g., CBAETC projects in Poland and Serbia



C.

**Activities: Get to know the
Guide**

C. Activities

Activity: Stage 0

» In your jurisdiction, what resources could be available?



Stage 0

Evaluate readiness and resources

A

Review the regulatory environment

B

Evaluate current availability and maturity of resources and expertise

C

Set preliminary budget

C. Activities



Activity: Stage 0 Debrief

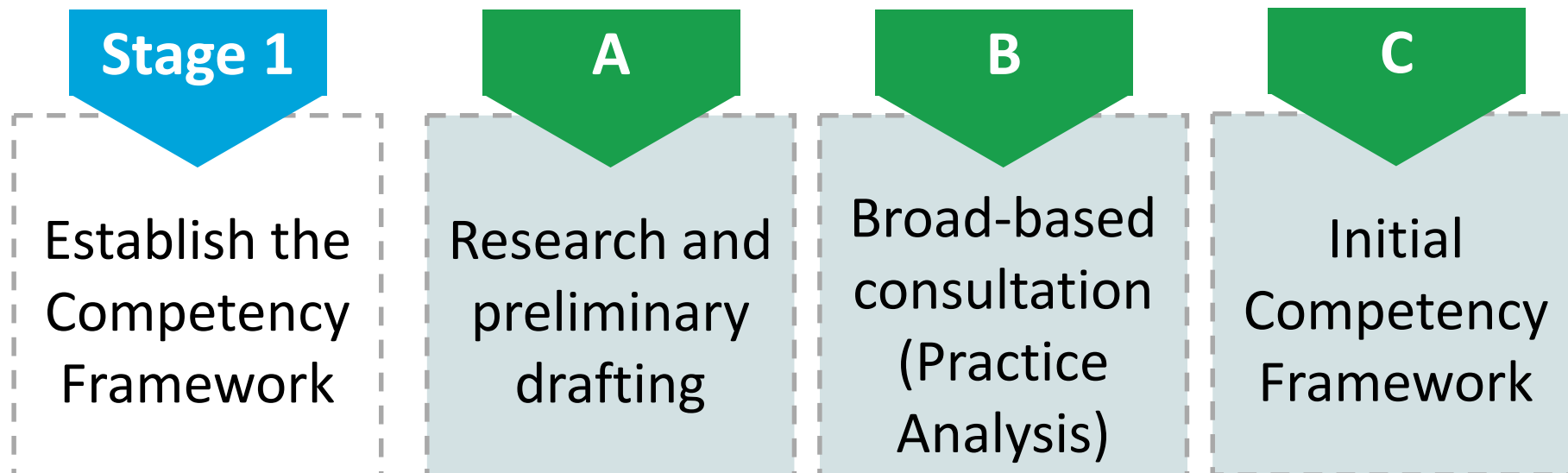
Resources to consider include:

- » Funding sources within the organization
- » Access to expertise in the organization, at universities/training institutions
- » Expertise from firms and other employers
- » Partnering options with other regulators and educators
- » Volunteers from the membership

C. Activities

Activity: Stage 1

» When establishing a Competency Framework in your region, what are some of the specific local factors/characteristics/needs that would have to be considered?



C. Activities



Activity: Stage 1 Debrief

Factors/characteristics/needs include:

- » Local trends – extent of technology impacts, current/anticipated roles expected of businesses and accountants/auditors, business risks in the local environment.
- » Findings of ROSC performed, if applicable.
- » Maturity of other Competency Frameworks in the region.

C. Activities

Activity: Stage 2

- » Discuss who within your local context is in the best position to inventory and map your program elements.
- » What gaps do you anticipate would be determined during the process?

Stage 2

Evaluate the current program to determine gaps

A

Evaluate the current status

B

Understand the gaps between the current status and desired outcomes



C. Activities



Activity: Stage 2 Debrief

Who is in best position to inventory and map?

- » Consider those who develop and deliver materials and program elements, in conjunction with those who developed and best understand the Competency Framework.

What gaps would you anticipate?

- » Think of the current perceived or actual weaknesses of accounting and audit professionals, from the point of view of the clients, employers, regulators, etc.

C. Activities

Activity: Stage 3

» An expanded program often relies on accrediting partner universities to help close gaps in competencies at the IPD level. What accreditation criteria would be most important in your jurisdiction?



Stage 3

Design and develop an expanded program

A

Determine scope

B

Design new elements and map competencies

C

Develop new program elements and update mappings

D

Train instructors and trainers

C. Activities



Activity: Stage 3 Debrief

Essential criteria may include:

- » Commitment to a competency-based approach
- » Commitment to the profession
- » Faculty qualifications and support
- » Inclusion of ethics and professionalism in programs
- » Sufficient depth and breadth in course materials
- » Teaching and assessment methods that evaluate competence at the expected proficiency levels

C. Activities

Activity: Stage 4

» Throughout the CBAETC process, and especially during implementation of new program elements, it is essential to communicate with stakeholders. In your jurisdiction, which stakeholders will be most important to communicate with?

Stage 4

Implement
the
expanded
program

A

Plan and
deploy
resources

B

Run
pilot/initial
offerings

C

Evaluate and
adjust



C. Activities



Activity: Stage 4 Debrief

Most important stakeholders to communicate with may include:

- » Government/Regulators
- » Partner universities
- » Employer groups
- » The membership (especially those impacted and the key ambassadors)
- » Students and potential students
- » The public

C. Activities

Wrap-up Activity

» What are some tangible outcomes that you would expect to see in your jurisdiction in the longer term as a result of a greater focus on CBAETC at the IPD and CPD levels?



C. Activities



Wrap-up Activity Debrief

Outcomes expected in the longer term may include:

- » Greater respect and recognition from government and public
- » Fewer disciplinary issues
- » Ability to charge higher fees
- » Stronger students/candidates being consistently attracted to the profession
- » Stronger partnerships with stakeholders

Thank You!!

Questions? Comments?

Feedback?